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The Swedish Premier, M. Tage Erlander, in his capacity of party leader, was one of the guests at a rally in Helsinki of the Finnish Social Democratic Party. M. Erlander greeted the Finnish sister party, and expressed his belief that the bonds between the two nations on either side of the Gulf of Bothnia would prevail over all vicissitudes. The Swedish Prime Minister's visit was greeted with satisfaction by all parties in Finland with the exception of the Folk Democrats. The latter, professed to view the visit with suspicion, and the Communist organ, *Työkansan Sanomat*, delivered an attack which through its absurdity and malevolence must distinguish it from all greetings ever accorded to a leading representative of a friendly Power.

THE LOW COUNTRIES

Belgium

The Chamber of Representatives assembled on the 25th March to hear M. Spaak's statement of policy. M. Spaak began by describing his efforts to form a four-party coalition. These had failed because of Liberal and Communist disapproval of his suggested programme. The alternative was a coalition of the two major parties, and this had been achieved through a compromise on the country's "main problems." An exception, however, was the *question royale*, on which "fundamental agreement" had been reached; but the Cabinet as a whole was fully alive to the necessity of promoting "some kind of settlement."

Turning to the details of the Cabinet's programme, M. Spaak dealt first with the question of female suffrage in parliamentary elections. Women, he assured the Chamber, would have to vote "by the end of this year or the beginning of the next." At the moment he did not propose to devote many words to finance, as in the near future the Chamber would hear a full statement on the subject from the Minister (M. Eyskens); but he wanted members to know that it was the Cabinet's intention to "complete" financial reconstruction and to retain the currency policy which had been followed ever since the liberation. The Cabinet, added M. Spaak, was aware that the entire system of taxation needed overhauling; but, for the time being, the "heavy" taxes now operating had to be paid, and attempts at evasion would be "seriously punished." He promised a simplification of the system. The payment of compensation for war damage, he continued, made a "broadening" of the credit system "imperative." Accordingly, the Cabinet proposed to alter the constitution of the National Fund for Industrial Credit so as to make it independent of "private capital": it would be run jointly by representatives of industry, labour and the Cabinet. At the same time, they preferred to modify the statutes of the *Banque nationale*, so that it, too, would be independent of "private interests" and thus be able the "more fully" to carry out Government policy. The new Cabinet's "economic aims" were identical with those of its predecessor, although different "methods" would have to be employed to achieve them in order to meet the altered circumstances. A Bill for the establishment of an Economic Council, Joint Professional Councils and Production Committees would be drafted and introduced forthwith. M. Spaak then declared that the problem of prices and wages still commanded the situation, and that so long as that was the case controls would have to stay, although their removal could be expected in any industry which could show a pre-war production level. The Cabinet were opposed to a general rise of wages; but it might be necessary to investigate claims for increases in certain industries. State intervention in industry—essential during the immediate post-war period—would cease. His predecessor's decision to raise the average price of coal to 629 francs a ton (which had proved his undoing) would, declared M. Spaak, be adhered to; and Parliament would be asked to approve the Coal Bill which was now before it. The Cabinet's programme for social welfare was comprehensive, and its keynote was the improvement of workers' "material circumstances": the setting up of a permanent system of unemployment insurance; the examination of the conditions of apprenticeship; the granting of unemployment, health and disability benefits; assistance in finding employment; an increase of old-age pensions (to 16,500 francs), together with a "re-equipment allowance" for pensioners of 1,500 francs; an increase of family allowances as soon as the "quarterly budgets" permitted; and financial aid to newly-married couples setting up house. M. Spaak then announced that the housing programme would be the responsibility of the Minister of Economic Co-ordination (M. de Groote). Grants towards the purchase of houses would be increased, and a "bonus system" instituted: the question of extending these grants-in-aid to persons who at present did not qualify for unemployment insurance was under consideration. The

Cabinet's agricultural policy had for its principal aims the repeal of "useless regulations," the "organisation of production," the securing to farmers of increased financial returns; and a Bill—the Farm Leases Bill—would be introduced in the Senate.

The "great effort" made by Belgium during the past two-and-a-half years, said M. Spaak in conclusion, had to be sustained "without pause and without weakening." "As far as I know," he added, "we have a stable majority which, I am sure, will keep us on the alert through criticism, and a two-fold Opposition which I hope will enable us to rebuild the country." Of the speakers who followed M. Spaak, the most striking contribution to the debate came from M. Devèze on behalf of the Liberals. In a rather bitter and sarcastic speech, he openly accused M. Spaak of having "manœuvred to keep the Liberals out of the Government." "The Premier," declared M. Devèze, "has now gratified a long-standing wish." He ventured to prophesy a short life for the new Cabinet. Pointing at the C.S.P. benches, he said that "all the Catholic Boy Scouts" had now entered the Cabinet; the contrast between the inexperience of its C.S.P. members and the experience of its Socialist members was "really striking." He thought the C.S.P. had been mistaken in joining the Cabinet "at this juncture." The agreement between the two parties could only encourage "widespread mistrust and opposition"; the main purpose of that agreement was the exclusion of the Liberals.

Winding up the debate (26th March), M. Spaak declared: "I have great hopes of co-operation between the Socialist Party and the C.S.P. I am a Socialist, but nothing in the words 'Social' and 'Christian' offends my ear; and I believe that the future of Europe lies in the combination of Socialism and Christian civilisation." A motion of confidence in the Government was carried by 148 to 13, with 22 abstentions, the Liberals voting against the motion and the Communists abstaining.

FRANCE

The National Assembly broke up last week for the Easter recess after voting another three months' provisional credits, amounting to 110 milliard fr. The Budget proper will be presented to the Assembly this month. The Minister of Finance has attributed the delay to his desire to produce a balanced ordinary Budget and he told the Assembly that this object was now virtually secured. Meanwhile an "Axe Committee" is engaged on the task of cutting civil service personnel and appointments: 20,000 posts have already been suppressed, but the goal is 50,000.

The National Economic Council met for the first time on the 26th March. Its existence is provided for in the new Constitution but it is a direct successor of the old Economic Council first set up in 1925. It is consultative but should have more authority than the old Council since the committees of the Assembly are obliged to listen to its advice before economic bills are discussed. The Economic Council has 184 members, representing the different trade unions, employers' and professional associations. At the opening meeting of the Council, presided over by M. Herriot, M. Ramadier referred to the good work done by the old Council and showed that the new one would be closely associated with the work of Parliament.

On the 30th March General de Gaulle made his first public appearance for six months when he unveiled a memorial at Bruneval on the Normandy coast in commemoration of the British raid of February 1942. There was a large audience assembled including H.M. Ambassador and British military personalities. General de Gaulle paid a warm tribute to Great Britain and referred to the co-operation between the Allies and the French resistance movement. His speech did not touch on politics, beyond his usual appeal for national union and some veiled attacks on the Communists, but it is expected that more may come of the speech that he is to make at Strasbourg on Easter Monday.

The last few weeks have seen a crop of scandals and unsavoury incidents, ranging from the discovery of a number of arms depôts in different parts of the country to a duel between the Socialist deputy, Gaston Defferre, and the Radical deputy, Paul Bastid, after a quarrel which arose out of the former's alleged connection with the famous wine scandal (see *Summaries* Nos. 363–4). M. Defferre's former chief, M. Gouin, has also been cited again by M. Yves Farge in connection with the wine scandal and he has asked to be allowed to make a statement before the committee of

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inquiry. The affair of the arms depôts was followed by the discovery of a subversive organisation inside the prison of Fresnes and the arrest of an Air Force General. A number of former "collaborators" who had taken refuge in religious houses were arrested, and this immediately led to a violent anti-clerical campaign in the Left-Wing press. The greatest sensation was perhaps caused by the discovery that a certain Joanovici, who had been a leading black marketeer, was both a collaborator and a resister and had useful connections within the Paris prefecture of police. The shortcomings thus revealed within the ranks of the police led to the suspension from his functions of M. Luizet, the Paris Prefect of Police, although his patriotic record remains untarnished. The efficiency of the magistrature has also been brought into question by the affair of René Hardy, another resister who was acquitted of a charge of collaboration with the Gestapo only to be re-arrested a few days later when new evidence was brought against him and he confessed. All these scandals have been used for political purposes by the Communists.

The High Court of Justice, meeting on the 25th March, sentenced to five years imprisonment M. Camille Chautemps, a well-known Radical Minister of the Third Republic, who was one of those Ministers who urged the conclusion of an Armistice in 1940. M. Chautemps is at present in the United States. On the 28th March Admiral de Laborde, commander of the French fleet which was scuttled at Toulon in November 1942, was sentenced to death.

The Franco-Italian Agreement, concluded last November, for the immigration into France of 200,000 Italian workers in 1947, was signed in Rome on the 21st March. The Italians are being received on favourable terms; they will be permitted to send home to their families 40 per cent. of their earnings or, if their families go to France with them, they may send 20 per cent. of their earnings to Italy.

(See also under "Germany" and "The Moscow Conference".)

SWITZERLAND

On the 24th March the Secretary of the Swiss Chamber of Commerce in Austria spoke to Austrian businessmen about Austrian-Swiss trade difficulties. He told how the trade agreement of August, 1946, was preceded in November, 1945, by barter agreements with Tyrol and Vorarlberg, which were disguised, rather than superseded, by the clearing agreement of October, 1946. Austrian exports to Switzerland in 1946 amounted to 41,700,000 Swiss francs, which was equal, in monetary value, to the highest pre-war figures. 80 per cent. of these exports were composed of goods manufactured from Swiss materials. Excluding goods delivered by Switzerland though not of Swiss origin, Switzerland exported to Austria goods valued at 19,500,000 Swiss francs. She also delivered relief consignments worth more than 20,000,000 Swiss francs.

Trade between the two countries was hindered by the unfavourable rate of exchange and by the Austrian fuel crisis. In time, Austrian reconstruction and renewed trade in Central Europe would remove conditions which had abnormally increased the mutual dependence of Austria and Switzerland. Switzerland would continue, however, to be dependent on Austrian timber, iron and steel, and would always be a good customer for leather and art goods while she herself could take Germany's place in providing dyes, chemicals and pharmaceutical products. Having introduced many improvements in her export industry during the last eight years, Switzerland is well able to re-equip Austrian industries with high-grade machine tools, textile and timber processing machines.

Three questions of foreign politics hold the main interest of Swiss public opinion. They are Switzerland's joining the United Nations, the future of Germany, and the attitude towards the Soviet Union. Much is said by the Swiss Press and official circles of Switzerland's intention of joining the United Nations, but only if she is allowed to maintain her traditional policy of neutrality.

SPAIN

Don Juan's consultations with his advisers (see *Summary* No. 384) have only confirmed the line already recorded here. There can be no question of negotiations with General Franco, except such as should lead to his handing over power to the Prince: and the idea of a Regency Council is ruled out. Discussions on the basis of a Right-Left entente are to continue, it being understood that the moment for action will depend on the Generals holding command in Spain, who alone can "deliver the goods." For that reason there can be no overt dealings with the Llopis Government-in-exile as such, inasmuch as it represents the opposite pole of "Republican legality" and includes a Communist Minister.

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Stung to action maybe by the moves of his opponents General Franco chose the eighth anniversary of the Nationalists' victory in the civil war for a formal proclamation of the long talked-of project of restoring a monarchy in Spain. At the tail end of one of his characteristic homilies, on the evening of the 31st March, he announced the setting-up of a Regency Council whose function it should be to nominate a royal successor in the event of his death or disability. Meanwhile the headship of the State, by Article I of the Bill for the succession, is formally vested in the Caudillo. The terms of that Article, as announced, are: "Spain as a political unit is a Catholic and social State which in accordance with its traditions becomes a kingdom.". Article 3 makes it quite clear that the Spanish Horthy will see to it if he can that his successor is someone of his own choosing: . . . . "a person of royal blood, having been proposed by the regency council and the Government together and accepted by two-thirds of the Cortes . . . ." [On the face of it this rules out a Franco dynasty!] But "should it be the opinion of the meeting that no person fulfilling these conditions is available, or should its proposal be rejected by the Cortes, a regent may be proposed." The regency council is to consist of: the Cardinal Primate (or, failing him, the most distinguished archbishop), the Chief of the General Staff (or, failing him, the senior of the Chiefs of Staff of the three Services), the President of the Council of State, the President of the Supreme Court of Justice and the President of the Institute of Spain, together with one counsellor nominated by each of the chief vocational groups in the Cortes.

This specious gesture is exactly in line with the cherished notion of resuscitating "the traditional Council of the Realm" which General Franco trotted out in the spring of 1945, following the proclamation by Don Juan in Lausanne (on the 22nd March) indicating that the claimant to the Throne would have no truck with Franco and the régime and would sponsor a liberal, progressive programme of conciliation. Everything that has happened since then has only fortified Don Juan in those intentions. Nor can the Caudillo imagine, one would think, that such a patent fake will in any way mitigate the general condemnation of his régime abroad—and specifically in the Resolution of the United Nations Assembly of the 12th December last. What he may be playing for is to grapple to himself the wavering allegiance of some of his Army colleagues and other notabilities who may be expected now to take the line of least resistance and stick to their guns—and gains.

For the past three weeks the Spanish press and radio have been orchestrating their hymns of praise for the memory of General Primo de Rivera on the occasion of the anniversary of his death in Paris in March, 1930, six weeks after King Alfonso XIII "dropped the pilot." On the 25th March his body (which was brought to Madrid at the time of his death and accorded a State funeral) was exhumed and laid in state at the Ministry of War. Elaborate arrangements were announced for the translation later in the day of the Dictator's remains to his birth-place, Jerez de la Frontera—where his only surviving son, Miguel, formerly Minister of Agriculture, is now the mayor. All schools and universities were closed in tribute to his memory.

The reason for this unwonted pomp and ceremony is not apparent. Presumably the Government had come to the decision that in present circumstances Spaniards would be disposed to look back with nostalgia to that six and a half years' period of order and (material) progress under Army rule before Republican agitation got under way, and that now was the time to take over, for the greater glory of the Caudillo, the assets of the spiritual heritage of that period, which have hitherto been exploited exclusively by the Falange party through the "legend" of José Antonio, its founder.

There are signs that the personal intrigues of Falange leaders are once more causing the Generalissimo a certain amount of trouble. The name of Manuel Hedilla—the Falange leader who was ousted in 1937 at the time of General Franco's decree for the unification of all parties, by which he became all-powerful—has cropped up again. Since he was released from prison last September he has been lying very low, but now, it appears, some of the Old Guard Falangists are working to stage a come-back for him, as the apostle of the *real* Party doctrines against the time-servers and yes-men. This group, incidentally, is jealous of the alleged success among some sections of the workers of the Minister of Labour, José-Antonio Girón. Another group, composed of the old original members of the

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J.O.N.S. (*Juntas de Ofensiva Nacional-Sindicalistas*) has been nursing the ambition of providing a bridge from the present régime to the Monarchy. One of the moving spirits for this Restoration, with or without Franco, is José-Maria de Areilza, who has acquired much merit by his recent book—"*Embajadores sobre España*" (see *Summary* No. 378). Characteristically General Franco has pricked that bubble by appointing Señor Areilza to be Ambassador in Buenos Aires, and he is due to leave on the 1st April. At the same time Tomás Suñer y Ferrer, Under-Secretary of State for Foreign Affairs—to whom the chief credit for the Argentine trade pact belongs—is also going to Buenos Aires, at his own request, as Consul-General.

It is unlikely in any case that these Falangist stalwarts would commend themselves either to the Monarchist minority groups who have hitherto cleaved to General Franco or, of course, to the "unconditional" Monarchists. Tension between Royalist supporters and the young bloods of the Party is evidently continuing in the capital: there was another affray the other day when Royalist students were set upon for the "offence" of wearing Monarchist badges, and one of them had his skull fractured.

An Anglo-Spanish Monetary Agreement was signed in London on Friday, the 28th March, to come into effect from the 8th April. It will have the effect of superseding the Anglo-Spanish Clearing of 1936 which was revived after the Civil War—a step rendered necessary, in any case, by the need to implement H.M. Government's undertakings under the terms of the Anglo-American Loan Agreement. The new Agreement will remain in force for two years. Each country will be entitled to hold currency of the other up to £2,000,000 to cover the needs of current trade; and, in addition, the Spanish Government agree to hold a further sterling amount of £8,000,000. Being in the nature of a technical readjustment this Agreement, of course, represents no change in H.M. Government's policy towards Spain, nor is it in any way a breach of our obligations under the United Nations Assembly Resolution of the 12th December last. A supplementary Agreement on the lines of those already made with Portugal, Belgium and the Netherlands will be concluded later specifically removing restrictions on the availability of sterling.

ITALY

After a long verbal battle the Constituent Assembly has approved by 350 votes to 149 the contentious Article 5 of the draft constitution which deals with relations between State and Church. The Article lays down that the State and the Catholic Church are each independent and sovereign in their own sphere and that their relations are regulated by the Lateran Pacts of 1929. It is provided that any modification of the Pacts agreed on bilaterally shall not necessitate a revision of the constitution. Other religious faiths are to have the right to organize themselves according to their own Statutes in so far as these are not contrary to Italian law.

The Lateran Pacts of 1929, consisting of a Treaty (with a financial convention annexed) and a Concordat, formally settled the long-standing dispute between Italy and the Holy See. Although the Treaty and the Concordat were negotiated, signed and ratified simultaneously, it is doubtful if they constitute a single legal unit. The Treaty fixed the general international status of the Holy See, whereas the concordat was only concerned with the Roman Catholic Church in Italy. The official papal view is that they are indissolubly connected and that if the Concordat is repudiated, the Treaty, and therewith the whole political settlement between Italy and the Holy See, falls. The Fascist Government, on the other hand, held that the two instruments existed separately and independently as from the date of their ratification, and hence that Italy remained free to denounce the Concordat without this affecting in any way the validity of the Treaty.

The Christian Democrats, Liberals and Communists voted in favour of Article 5 as it stood, the Socialists of both factions, Actionists and Qualunquists voted against it. Signor de Gasperi had made an impassioned appeal for the acceptance of the Article. Signor Togliatti, on behalf of the Communist Party, said it was necessary to know the Church's attitude and that this might be found in various articles in the *Osservatore Romano* which made it clear that, should Article 5 be rejected, religious peace would be deeply disturbed. It was on the basis of these documents that his Party had decided to vote for the Article, for it was only on religious peace that the unity of the proletariat could be maintained and the country rebuilt. He argued that this attitude was consistent with their past and present political actions. Signor Nenni, on behalf of the Socialist Party, made a bitter attack on the Article. The guarantee of religious peace depended, he said, on the secular State and it was precisely the Christian Democrats, by their intransigence, who drove free men to a revision of the Lateran Treaty. The Qualunquists, it is reported, went even beyond the draft and wished an amendment to be inserted providing that the Catholic religion was the official religion of the Republic. [The object of this amendment is not altogether clear as the Concordat had reaffirmed the position of Roman Catholicism as the State religion, a position which it already held (in theory at least) under the Piedmontese constitution of 1848.]

Both the Protestant and Jewish Communities in Italy have protested officially to Signor de Nicola, Provisional Head of the Italian State, on the subject of the Article. (Before the war 99·5 per cent. of the population of Italy described themselves in official statistical returns as Roman Catholics, although the proportion of those who were practising Catholics was, of course, much smaller.) The Protestants and Jews have complained that the State would contribute from taxation to the salaries of priests but not to those of pastors or of rabbis. Consequently non-Catholics would be paying towards the maintenance of the Catholic Church. Moreover, the Lateran Pacts contain a provision that the teaching in Italian schools shall conform to the doctrine of the Catholic Church—which non-Catholics consider an imposition on their children.

Finally they take objection to that part of the Lateran Pacts which forbids divorce. In Italy, they point out, adultery is practised on an immense scale, and only the very rich can obtain annulments of their marriages from the Sacra Ruota "on the most curious grounds." [The Concordat guaranteed free exercise of other "admitted faiths," but subsequent state legislation established a rigid governmental control over the administration and activities of the minority religions, and their freedom to make proselytes was hampered.]

Signor Monichella, head of the Italian Financial Delegation which recently visited London (see *Summary* No. 384) has now reported back to Rome, and on the 1st April it was announced that the Italian Council of Ministers had approved the financial and economic settlement reached by the Mission. The main questions under consideration were the conclusion of a payments agreement between the British and Italian Governments; the settlement of various mutual financial claims, including the U.K. Government's claims in respect of surplus stores transferred to the Italian Government, and the waiver by the U.K. Government of their rights under Article 79 of the Italian Peace Treaty to sequestration of Italian-owned assets in the U.K. It has now been agreed that a minimum sterling balance amounting to £10,000,000 will be maintained by the Italian Government which will also pay the U.K. Government £8,000,000 in cash in respect of the surplus stores; sterling balances of the Italian Government in excess to this £18,000,000 may be used by them in any currency area. In addition, where Italy has ratified the Peace Treaty, Italian assets in the U.K. will immediately be released. This last provision is in accordance with H.M. Government's policy of being willing to consider a revision of the terms of the Peace Treaty in any case which concerns the U.K. and Italy alone. Moreover, by waiving her rights under Article 79, H.M. Government has now waived all her remaining claims to reparations, the major claims having already been renounced at the Paris Conference.

The agreements will be concluded by an exchange of letters between Sir N. Charles and the Italian Government in the near future, probably just after Easter.

(See also under "France.")

THE VATICAN

On the 25th March the Italian Constituent Assembly approved by a majority of 201 Article 5 of the new Constitution: "The State and the Catholic Church are, each in its own sphere, independent and sovereign. Their relations are regulated by the Lateran Treaty. Any modification or change in this treaty accepted by both parties does not require the procedure of constitutional revision." "Thus," comments the *Osservatore Romano*, "the religious settlement now has a new signature, that of the freely elected representatives of the Italian people."

Recently the Vatican has been conducting a vigorous campaign to win the support of the "workers." The Bishop of Mainz talk to German Youth broadcast from the Vatican contained this phrase: "Our greatest interest is centred on working youth." A Vatican wireless talk in Italian on the 18th March began with the words: "Every political movement bases

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its programme on the workers . . . . the Church which was founded by a worker can find the way to the heart of the proletarian masses, because she speaks the language of love,'' and recalled how a Hungarian Bishop had been welcomed by a Factory Committee when he said that he came of a working class family. On the 10th anniversary of Pius XI's Encyclical against Atheistic Communism, the Vatican wireless described how '' Pius XII took the torch from the hands of his predecessor, and appealed particularly to the workers for their intelligent and active work.'' Marxism, it continued, meant class war. It must be anti-Catholic, and Catholics must be anti-Marxist; for as Pius XII said, in his Encyclical *Fulgens Radiatur*, on the fourteen hundredth anniversary of the death of St. Benedict, all men are sons of one Father, and, therefore, brothers—and he did not fail to point the moral for today's divergencies, contained in St. Benedict's insistence that manual and intellectual work must be combined in one whole.

SOUTH-EASTERN EUROPE

Hungary

The U.S. Government, having decided that a new Note on Soviet intervention in Hungary will at present serve no useful purpose (see last week's *Summary*), are preparing to strengthen their cause by a series of economic measures. Silver bullion and certain other Hungarian assets now in the U.S. zone of Germany are to be returned and Hungary will be supplied with 6,000,000 dollars' worth of raw cotton. The International Emergency Food Council has approved the delivery of 40,000 tons of grain, 5,000 tons of which have already been despatched in the form of seeds. Hungary will also obtain some benefit under general relief appropriation, but the exact amount cannot yet be forecast.

Communist pressure has not succeeded in forcing the Smallholders to unite with the left-wing *bloc* in condemning U.K. and U.S. '' interference '' in Hungarian affairs. The Red Army newspaper, *Uj Szó*, rebukes M. Sulyok, the leader of the Freedom Party, for stating that the exchange of Notes was no concern of Hungary's. The Communist newspaper, *Szabad Nép*, follows General Sviridov's lead in refuting the U.S. accusations. The Social Democratic organ, *Világosság*, regrets that the U.S. Note was based on incorrect information and hopes that the U.S.A. will publicly refuse to support reactionary elements The Communist Press likewise voiced violent disapproval of President Truman's speech of the 12th March which the Smallholder and moderate Press published side by side with both favourable and unfavourable comments from foreign newspapers. Except in right-wing circles the confidence engendered by the U.S. attitude has been largely modified by a reluctance to allow Hungary to become the centre of a Russo-American contest.

During the Foreign Ministry's Budget Debate M. Gyöngyösi re-stated Hungary's foreign policy which was, he declared, based on her desire to establish good relations with her neighbours. He paid tribute to the humanity shown by the Red Army in the exercise of their rights and to their help in creating the conditions required by a democratic state. Hungary, he added, was linked historically with the great Western Powers whose goodwill she valued highly. He expressed gratification at the recently resumed diplomatic relations with Austria and Italy. Hungary was on friendly terms with Yugoslavia and Roumania. She wished to implement her Repatriation Agreement with Czechoslovakia, but this was not a question for her alone.

The non-party *Magyar Nemzet* and the Social Democratic *Népszava* are hopeful about the outcome of the Hungarian-Czechoslovak negotiations which have been reopened at Bratislava. M. Sebestyen, the head of the Hungarian delegation, has expressed his determination to allow no obstacles to stand in the way of success, but in view of past history it would seem unreasonable to anticipate more than a strictly limited measure of progress if Czechoslovakia continues to dispossess her Magyar subjects mobilized for national service. Even the most conciliatory Hungarians, who are willing to overlook the fact that the number of Magyars called up under the Labour Decree is disproportionately high, find it impossible to concede Czechoslovakia's right to confiscate their property without compensation. M. Szakasits, the Social Democratic leader, is simultaneously conducting talks in Prague.

Conditions in the U.S. zone of Germany are still such as to preclude the further deportation of Swabians from Hungary for the time being. General Sviridov, on behalf of the Hungarian Government with whose decision he associated himself, refused an invitation sent by General Weems to appoint representatives to a conference in Berlin for a detailed discussion of the subject.

The proposal to make religious teaching optional has led to strikes and demonstrations among the school children and university students of Szeged. The instigators have been arrested and the situation is once more normal, but left-wing circles have unofficially asked themselves whether the reform is worth the hostility it has aroused, since the indications are that its effect will be small in the clerical movement which it was designed to weaken. Officially the spokesmen of all the Coalition Parties have justified it, the Smallholders' Secretary-General, Fr. Balogh, affirming that none of the Parties wished to destroy the Church. M. Nagy, speaking as a Calvinist, assured a delegation from Csepel that neither he nor M. Tildy would have supported the proposal had it been to the detriment of the country's religious life. Should the legislature pass the motion, religious teaching would still remain a regular part of the curriculum, and only on the request of their parents might children be exempted from receiving religious instruction.

Erratum. In last week's *Summary* for '' Pinnyés,'' read '' Dinnyés.''

Roumania

Activity in Opposition circles in exploiting the conditions under which the recent election was held was strengthened by the freely expressed concern of Great Britain and the U.S.A. although their action deliberately did not go beyond the expression of concern. As a result there have been arrests on a large scale, as part of a campaign of reprisal against the Opposition. It is reliably reported that the next move is to be the deportation to Russia of a number of persons in the following categories: (1) '' War Criminals '' to be tried under Article 6 of the Peace Treaty. This article specifies persons guilty of crimes against peace or humanity, and those who aided the enemy during the war. It would be interesting to know what the present '' powers that be '' would consider a crime against humanity. D-na Pauker in a recent conversation declared that she was '' not interested in human beings!'' (2) Germans, which, of course, may mean Roumanians from Transylvania of Saxon descent or with German names. During the last deportations the possession of a German name was considered crime enough to warrant deportation. (3) '' Subversive elements,'' which of course can be made to mean anything. On top of this comes the Roumanian reaction to President Truman's proposals. Roumania waited for a lead from the Russian press, and when they got this, launched out in a series of articles to which a considerable amount of care seems to have been devoted. The general line is the visualising of Europe divided into two camps, and the inevitability of another war. Turkey is regarded as a likely base for an attack on the Caucasus which is Russia's weakest point. American opinion regards the arrests as the Communist reaction to President Truman's move.

The U.S.A. authorities in Roumania have sent a Note to the Roumanian Government on the subject of the treatment of the Oil Companies. The note draws attention to certain Russian demands made on behalf of Sovrompetrol, including (*a*) the demand for special treatment as regards new concessions, (*b*) compensation for inadequate prices paid for products delivered, payment at world prices for future deliveries, and (*c*) the right to export. To all of these the Government promptly agreed. The Note affirms that their agreement with these demands violates the law of 1942, and discriminates against other companies. The Note goes on to demand no less favourable treatment for American companies, and asks that American property in Roumania will receive most favoured nation treatment, and will not be at a disadvantage as compared with Sovrompetrol.

The Danube remains closed to traffic on account of heavy floods, and the height of the river above Turnu Severin has caused vehicular traffic between Giurgiu and Ruschuk to be suspended. As soon as navigation permits, however, a new passenger service to Vienna is to be operated by Sovromtransport.

The Russian Government has pounced upon a number of railway wagons many of which are Allied-owned. They were originally seized by the Germans and then in turn taken possession of by the Russians. The gauge of them is now being altered, and they are to be removed to Russia as '' war trophies.''

It is reported from two sources, but not yet confirmed, that Carol, the former King of Roumania, has obtained a French visa and intends to return to Roumania and make trouble with Russian support. Up to the present the efforts of H.M. Government and the U.S. Government have successfully prevented these periodical plots from maturing.

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Meanwhile there has been little news of raids by the bandits. Counter-operations by the Greek Army and Gendarmerie continued, though on a reduced scale, in the areas of Nigrita, Xanthi and Lamia. In the Grevena area gendarmerie and army units gave ground under bandit pressure and withdrew towards Krania.

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The Bulgarian press naturally gave prominence to the arrival of the main party of the U.N. Investigation Commission at Sofia last week. The most restrained comment on the Government side was, as usual, published in the Zveno paper *Izgrev*. This welcomed the Commissioners, said it felt sure they must realise already that no genuine grounds existed for accusing Bulgaria of helping to create mischief near her southern frontier, and added: "We take this opportunity of saying that the Greek people are entirely unjustified when they blame their neighbours for every disturbance occurring in their country." The distinctively Communist papers were a good deal more unbalanced. It may here be remarked that some of the crudest and most irresponsible newspaper articles which have been appearing on the subject have been written by a prominent left-wing journalist called Vladimir Topencharov who has all the time been acting as a member of the Bulgarian liaison group officially attached to the Commission.

The United States delegate drew attention at a public session of the Commission on the 27th March to the Bulgarian Government's recent instructions that the population of Bulgarian ("Pirin") Macedonia were to be registered for the future not as Bulgars but as Macedonians. The Bulgarian liaison representative at once objected that the Macedonian question lay outside the Commission's competence: it was only being touched on, he felt sure, as "an attempt to divert investigation from the Greek internal situation."

Sofia Radio announced on the 26th March that a bill providing for a capital levy had received Cabinet approval and would shortly be submitted to the National Assembly by the Minister of Finance. Bulgarian citizens and companies would be liable to duty on all property, whether at home or abroad. Among organizations to be exempted were State and national institutions and enterprises, Fatherland Front Committees, and all party, trade union, educational, cultural and charitable bodies, including the Church. Farmers with less than three hectares of land would also be exempt. Foreign residents would have to pay on property in Bulgaria . . . . The decree of the 7th March (see *Summary* No. 384) now falls into its place, and it becomes somewhat easier to see how the ambitious two-year plan will be paid for. (It has been announced that 26,000 million leva—no more—will be provided towards it in this year's budget, although the cost of the plan for 1947 alone is estimated at 55,000 million. The whole budget amounts to precisely this sum—55,000 million leva.)

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REPEAT
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colleagues from Istanbul and elsewhere on 26th March was ascribed by the press to the need to answer American enquiries as to the precise kind of help they really want. Now that they regard effective assistance as a foregone conclusion, they may have more than their usual difficulty in making up their minds. When first commenting on the news of President Truman's message to Congress, M. Recep Peker, the Prime Minister, spoke of applying American financial help to industrial and economic schemes and to roads, transport, and social institutions, and he recalled that more than half the country's revenue was spent on defence. After struggling for years with the question "guns or butter?" the Turks may well be carried away by the quasi-certainty that they will get both and have only to specify details. Indeed some Turkish commentators have been a little inclined to look the American gift horse in the mouth and to take it as the due reward of Turkey's wartime role or of her evolution towards democracy, two subjects on which she deserves neither the smug credit taken by Turkish publicists nor the constant invective of the Soviet press and radio. All the same there is little doubt that, thanks to President Truman's initiative, the general apprehension of Russian intentions has been replaced by hope of better relations with Russia. In Government circles, nevertheless, there is constant fear that Great Britain and the United States may seek to appease the Soviet Government at Turkey's expense.

Until the question of American help overshadowed all else, party politics had been pursued with considerable acrimony in the press, in the Grand National Assembly and at local elections. The allegation of the Democratic (minority) Party that the Republican People's Party owed its victory in the municipal elections at the small town of Uşak to malpractice, created a good deal of fuss. The Democrats also made wholesale charges of intimidation by the gendarmerie during the municipal elections and the election of village headmen (muhtars) throughout the country. A reform on which the Democratic leader, M. Celal Bayar, is now concentrating is that votes should be fairly counted—which was not the case everywhere at the last general election.

At the invitation of the Speaker of the House of Commons six Turkish deputies —of whom two will be Democrats—will visit the United Kingdom in May. In return three British M.P.s have been invited to visit Turkey towards the end of April, after the Cairo meeting of the Interparliamentary Union.

THE MIDDLE EAST

Egypt

The pause which has followed the important debates in the Senate and the Resolution of the Arab League on the Egyptian question comes as somewhat of an anti-climax after these events, and there is still no news of the next step which the Government propose to take, or as to how they expect to extricate themselves from the difficulties in which their policy of extremism may land them. They must, by now, be fully aware that they can expect no further concessions from His Majesty's Government which would help to save their faces and permit them to withdraw from the project of appealing to the United Nations, and, in spite of the form of the unanimous resolution passed by the delegates to the Arab League Council, they can hardly have been left in any doubt of the true sentiments of the delegates or of their expectations of the result of the appeal when it is made.

The Minister of Finance, Abdul Maguid Badr Pasha, in the course of his Budget speech in the Chamber of Deputies on the 24th March announced that, at the preliminary talks about Egypt's sterling balances, the proposal of His Majesty's Government that the credit should be scaled down as being a war-debt between two Allies, had been rejected by the Egyptian Government on the ground that Egypt's war effort had much exceeded that called for by her international obligations. He gave some details also of the Government's plans for social reform, upon which they propose to spend something over £E26 million in the course of the next five years. The profits which have accrued from cotton sales during the war are to be devoted to the supplying of drinking-water in the villages. The General Reserve has been increased by over £E10 million during the financial year just ended, and now amounts to nearly £E68 million.

The resignation of Sir Hubert Huddleston from the post of Governor-General of the Sudan and the appointment of Sir Robert Howe in his place seem to have

baffled the Egyptian press, whose comments vary from that of *Akhbar al Yom*, which says that it is the result of the demand of the Egyptian Government, to that of a correspondent in the *Ahram*, who condemns the appointment and urges the appointment of an Egyptian.

The press campaign against British institutions in Egypt—which has been strongest in the organ of the Young Egypt Party, the Misr al Fattat—appears to have stimulated the series of bomb attacks which have recently occurred in Alexandria, and a more recent one on the premises of the Anglo-Egyptian Union in Cairo. The British Institute and the premises of the "Brethren of Freedom" have both been damaged, and an unexploded bomb has been found in Victoria College. There were no casualties.

Palestine

The appeal, reported last week, in which the Jewish Agency called upon the Yishuv for a united effort to develop and improve its economic position (which has been interpreted as an appeal to avoid strikes and lock-outs) was probably a result of the criticism to which the Agency has been subjected as a result of its passive attitude in face of the severe economic damage suffered from the imposition of Statutory Martial Law. In an attempt to re-establish its prestige the Agency has warned the public that the Government is trying to drive a wedge between the Yishuv and their national institutions, hoping that those who deviate from the line prescribed by the Agency or collaborate more than the Agency think desirable will be branded as quislings. The Agency statement has received some approval for the maintenance of the policy of the Basle Congress, but, on the whole, criticism in the Palestine press has been hostile, the right-wing *Haaretz*, which has been particularly vocal, saying that the Agency has undermined its own authority, and pointing to the need for strong leadership and effective representation. The London *Jewish Chronicle*, in a leading article on the 28th March, says: "the time has come—indeed it is long overdue—for Zionist and other Jewish bodies to meet together in an enlarged Jewish Agency expressing the widest possible measure of agreement that can be achieved in World Jewry on questions relating to the Jewish National Home and its future."

His Majesty King Abdullah, in a press interview at Amman on the 23rd March, is said to have advocated large-scale Arab immigration to Palestine as the best means of combating Jewish immigration and maintaining the Arab majority in the country.

The Arab Higher Executive met on the 26th March and approved new statutes for youth organisations which are to be published in a few days. They are also proposing to send permanent missions to London and New York and other delegations to organise the Arab communities in Europe, America and Asia. A cable is reported to have been sent to the four Foreign Ministers in Moscow drawing their attention to the Arab case in Palestine.

The second anniversary of the founding of the Arab League was widely but peaceably celebrated on the 22nd March.

(See also under "Arab League" and "Iraq".)

The Jewish Telegraphic Agency reported on the 24th March that a "cease fire" order had been issued to the Irgun Zvai Leumi pending "the result of negotiations now being conducted with responsible Jewish circles." In spite of this, acts of terrorism continue, and a British Army officer and a police officer were murdered near Ramleh on the 29th March. What is described by the correspondent of *The Times* as "the maniacal tendency" of the terrorists is further illustrated in the beating to death in the streets of Tel Aviv of a Jew who, it seems, had been some time ago unpopular with the Jewish community. On the 24th March the Palestine Discount Bank in Tel Aviv was held up by an armed gang who got away with £P27,500. A clerk who attempted to intervene was wounded. Explosions followed by fire caused serious damage to the oil storage tanks at Haifa on 31st March.

The Arab League

After the meeting of the Council on the 24th March at which the Palestine question was examined, a *communiqué* was issued announcing the unanimous decisions which had been reached. After a reference to the failure of the London Conference decisions are recorded to defend the Arab cause before the United Nations and to form a Committee to organise all the measures necessary for this purpose. The Council go on to recommend to the Governments of the Arab States that they should provide funds for the Arab Higher Committee so that it may intensify its propaganda campaign, and also that it may "send Palestinian scholastic missions to specialise in science and arts with a view to the creation

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of a University of Science and Arts in Palestine." Lively opposition is expressed to the continuance of Jewish immigration, and a protest is registered at the weakness of the measures taken against illegal immigration by His Majesty's Government.

The Council's previous decision regarding the unity and independence of Tripolitania was confirmed, and the Secretary-General was instructed to "make representations" so that the Arab League or "certain Arab countries" should participate in any enquiry or plebiscite destined to determine the political status of the country. The threat of famine is referred to, and the Secretary-General is to call upon the Arab countries for help if it becomes necessary.

Yusuf Yasin has told the Cairo correspondent of *The Observer* that the decisions were reached in absolute goodwill and understanding, and that he feels that the League has gained in strength and determination.

The appointment to the Secretaryship-General of the League was originally for a period of two years, which is now up. In spite of much discontent which has been expressed outside Egypt at Azzam Pasha's handling of the affairs of the League, there is, so far, no indication that any change is to be made.

Iraq

Nuri Pasha has told His Majesty's Ambassador that he regards the decision of the Arab League on Egypt as "illegal" (in the sense that it is not binding on Iraq unless it is approved by the Council of Ministers and confirmed by Parliament), although he excuses Fadhil al Jamali for failure to stand up alone against the views of the other delegates. His Majesty's Ambassador has, at his suggestion, written him a letter expressing surprise and concern at the terms of the resolution, and asking him how far the Iraq Government feel themselves to be bound by it. It remains to be seen how far Salih Jabr's new Cabinet (see below) are prepared to follow Nuri's lead in this matter. Article 7 of the Arab League Pact states clearly that "unanimous decisions by the Council are binding on all members of the League."

Meanwhile, in the hope of recalling the League to consideration of Iraq's views on Palestine instead of backing Assam's on Egypt, a joint meeting of both Houses of Parliament was summoned on the 24th March, at which a number of speakers criticised the Arab League for its inefficiency, lack of unity and neglect of the Palestine question. Finally, a resolution was adopted requiring the League unanimously to approve the following action :—

(1) The United Kingdom and the United States to be informed that they are responsible for the present critical state of affairs in Palestine;
(2) The Arabs to go to the United Nations and demand the setting-up of an independent Arab State of Palestine. If this demand is not met, reconsideration is to be given to economic and political relations with the United Kingdom and the United States;
(3) Full boycott to be imposed on Zionist goods, including those in transit.

If the resolution is not adopted by the League Iraq will consider herself free of all responsibility in the matter. This provision is intended to imply that Iraq might suspend her membership, or even withdraw from the League altogether. It appears from the *communiqué* issued by the League Council that they were unable to go so far as the Iraqi resolution demanded, and it remains to be seen how the Iraq Government will now act.

Meanwhile, Nuri Pasha has refused the Regent's request to form a new Government, and Salih Jabr has accepted the invitation to do so. Nuri has privately given as his reason for refusal that he can no longer work with the Regent, "who is always interfering."

The new Cabinet was formed on the 29th March, as follows :—

Prime Minister and Acting Minister of Interior : Salih Jabr.
Finance : Yusuf Ghanima.
Foreign Affairs : Muhammad Fadhil al Jamali.
Justice and Acting Economics : Jamal Baban.
Communications : Dhia Ja'far.
Defence : Shakir al Wadi.
Education : Taufiq Wahbi.
Supply : Abdulillah Hafidh.
Social Affairs : Jamil Abdul Wahhab.

Persia

On the eve of the Persian New Year (the 21st March) the Prime Minister made a long broadcast speech in which he announced details of his Government's Seven-Year Plan. This is, in effect, a blue print for the total regeneration of Persia. The expenditure involved is nearly rials 600,000 million (about £450 million), the equivalent of some fourteen years' annual ordinary revenue on the present basis. The Prime Minister stated that the larger part of this sum—the minimum needed to ensure to Persia her rightful place among the nations—would come from the national capital resources. There was no reference to the request for a loan from the International Bank (see *Summary* No. 383).

The full details of the plan are not yet known, but the main items covered are health services, education (see *Summary* No. 384), railway construction (see *Summary* No. 385), Army and security services, housing, industrial expansion (particularly in the spinning, sugar-refining and chemical industries), irrigation (including the construction and completion of ten dams) and agricultural development (especially in the fields of mechanisation and research).

On the 22nd February the Persian Government passed a decree preventing the dismissal of surplus workers from any factory without the prior sanction of the Ministry of Labour. This does not, however, apply to the Anglo-Iranian Oil Company. The new law has been passed with the object of safeguarding the interests of those employees, particularly mill-workers, who were taken into employment as the result of Tudeh pressure on their employers, many of whom are now anxious to reduce their staffs.

In this connection a statement by the Labour Attaché to His Majesty's Embassy, Tehran, is of considerable interest :—

> "The Tudeh Trade Union Movement, which, twelve months ago claimed 300,000 members, held a monopoly position as representing workers, intimidated employers and forced the Government into granting concessions, is now a very dim shadow of its former self [see *Summary* No. 383]. The Government, which had been waiting for an opportunity to attack the political and anti-national activities of the Tudeh Party, used the successful conclusion of the Azerbaijan campaign as the occasion for organising Trade Unions under the ægis of the Prime Minister's Democrat Party. There was continuous friction, with incidents of physical violence, between the members of the two rival Trade Unions, and throughout the country there were allegations by the Tudeh Unions that their premises and clubs had been invaded and seized by the Democrat Union."

But, as is pointed out by the British Military Attaché, "no false deduction should be made to the effect that the Tudeh Party, either in its original or reformed state, is dead. It is working actively underground in Abadan, and in Tehran it is biding its time, hoping, not unreasonably, that the general dissatisfaction with the existing state of affairs will pave the way for its return . . . ."

Ethiopia

There have been signs for some time that discontent at the incompetence of Ministers and officials has been growing. The Emperor has, of late, ceased to give that daily attention to administrative detail which he used formerly to display. The reason for this is not clear, but the result is that administrative chaos and incompetence is rife, and a situation is developing which is giving rise to some anxiety.

Relations between Ethiopia and His Majesty's Government are governed by the Agreement signed at Addis Ababa on the 19th December, 1944, which superseded the "Agreement and Military Convention of January, 1942. Article 6 establishes a British Military Mission, which is a unit of the military forces of His Majesty the King but is responsible to the Ethiopian Minister of War for the organisation, training and administration of the Ethiopian army. Article 7 provides for British military administration of the Ogaden district and a "reserved area" to the west of the British Somaliland frontier. Although efforts have been made to persuade the Emperor to give serious attention to rectification of the frontiers—which would include a settlement of the Ogaden and the "reserved area"—no progress has been made, and the suspicion has arisen that delays are deliberately created pending a settlement of the future of Eritrea by the United Nations.

THE FAR EAST

China

In Nanking interest has been centred in the proceedings of the third plenary session of the Kuomintang Central Executive Committee, which opened on the 15th and was brought to a close on the 24th March. General Chiang Kai-shek's speech before this Committee was mainly concerned with a lengthy survey of Kuomintang activities, in which he bluntly invited attention to

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achievements and shortcomings with equal impartiality. He emphasized above all, the necessity to proceed with determination towards the establishment of a democratic form of Government and the removal of all obstacles to national reconstruction; he declared that the next nine months would decide whether it was to be life or death to the Party; and he pleaded with members to crown the national revolution with success through unity.

Observers are reported to read into his speech another mild swinging of the big stick to reassert discipline in the ranks of the Party following the recent outbursts of unbridled attacks on Dr. T. V. Soong and his followers, as well as on the Political Science Group led by the Szechuen Governor, General Chang Chun, and accusations against General Cheng Yi for having been the cause of the Formosa revolt (see *Summary* No. 385).

It was thought that the formation of a Coalition Government would be announced at the end of the Central Executive Committee session, bringing with it a redistribution of portfolios. General expectation is that when these moves are made, General Chang Chun, despite his unpopularity with left wing and certain third party delegates, will be appointed President of the Executive Yuan to fill the vacancy created by the recent resignation of Dr. T. V. Soong, and now temporarily held by the Generalissimo. So far, however, no official announcement has been made and recent press reports carry the somewhat disturbing news that both the Young China and the Social Democratic Parties have created an awkward situation by suddenly threatening to withdraw their support unless the Government afford an assurance of their willingness to settle the Communist question by peaceful means immediately the Communists indicate their willingness to resume negotiations. In a joint letter presented to General Chiang Kai-shek they have also demanded that the Government follow a foreign policy equally friendly to all countries.

There have been persistent rumours—believed to have their source in semi-official circles in Nanking—that as soon as the reorganisation of the Government has been effected General Chiang Kai-shek intends to go abroad, probably visiting Great Britain and the United States of America. Colour has been added to these rumours by the report that General Chiang personally sponsored the C.E.C. resolution for the creation of the new post of Vice-President—to be filled by the Shansi war lord, Yen Hsi-shan. In Shanghai, the immediate reaction to the rumour of the Generalissimo's impending departure was to cause something of a panic in commercial and financial circles, which sent the price of all shares, as well as of Government bonds, toppling on the local stock exchange. This appears to have been short-lived, however, and a more recent test of public confidence in the Government is claimed from Nanking to have produced a positive reaction in the favourable reception of the two new State loans that have been floated in an endeavour to tide over the national financial crisis. Nevertheless, considerable care has been exercised to make these two loans attractive and the steps taken are perhaps worthy of note. In the first loan, which is run for a period of ten years and bear interest at 6 per cent., the bonds are to be purchased with gold or foreign currency, thus providing an outlet for local holdings recently rendered stagnant by Government "freezing" regulations. The other loan, which is for three years and the bonds of which are to be paid for and redeemed in Chinese currency at the prevailing official rates of exchange for the U.S. dollar, bears interest at no less than 20 per cent.

On the 25th March a State Department spokesman of the United States Government said that his Government had recently sent Notes to China and the Soviet Union, urging declarations by the two Governments of their intentions to implement the provisions of the agreements regarding Dairen, Manchuria, and the Changchun Railway. The Notes also expressed the hope that the necessary arrangements for the implementation of such declarations would be made in the near future. It is known that a few weeks ago the Soviet Ambassador in Nanking called on the Minister for Foreign Affairs to enquire whether or not the Chinese Government were prepared to assume charge of Dairen and to participate in the joint operation of the Changchun Railway as provided in the Sino-Soviet Treaty signed on the 14th August, 1945. The Minister for Foreign Affairs promised to give a definite reply to this enquiry "as soon as possible," but pointed out to the Soviet Ambassador that the Communist occupation of almost the whole of northern Manchuria made the working of the railway impossible and that the whole situation might have presented a very different picture today, had not the Chinese Government's earlier attempts to take action in regard to Dairen been obstructed.

This latter contention was reiterated by the Nanking Government spokesman at a press conference on the 26th March, when the problem seemed no nearer solution.

The latest information from Sinkiang is reported to be causing the Government some concern. There had been hopes that it might prove possible at least to delay Soviet infiltration to Sinkiang by granting the rebels a fairly wide measure of autonomy. It is understood, however, that the Chinese Government are now being pressed to extend these concessions considerably further and that the Chinese Ambassador in Moscow feels that it cannot be long before the Soviet Government become more actively interested in this Province.

In the field the star of the Government is said to be in the ascendant. In Shantung the position of the besieged city of Tsinan is claimed to have been considerably improved; while the Communists are reported to have lost much prestige in the fall of Yenan. The Communist Party leaders are said to be wandering from place to place in the mountains of northern Shansi in search of a new capital, hotly chivied by Government forces. Reports from Communist sources, on the other hand, indicate that they have established a temporary headquarters at Harbin.

In South China the disturbances in Formosa are reported to have been stamped out—apparently with considerable brutality. Many of the rioters have fled to the hills and the local Government authorities have called on them to give themselves up forthwith, or take the consequences.

Japan

Japanese press representatives were advised by a spokesman at S.C.A.P. Headquarters that the general election to be held in April gave the people an opportunity to guard themselves against two extremes. One danger lay in the existence of Fascist organizations which had declared war to the death on some of the established political parties. The other danger, which was specially stressed, lay in the avowed aim of extreme left-wing groups to utilise mass discontent over economic miseries to overthrow the "legitimate government." At the moment the civil rights of the people were being guarded by the occupation authorities and the United States would continue to fight "anti-democratic, purely political, ruthlessly aggressive Communism just as it had fought Nazism, Fascism and Tojo's Japanism." But, it was to be assumed, the Japanese people must learn to carry on the good fight themselves.

One of the political parties at least seems to have seen the writing on the wall. The Progressive Party announced its own demise for the 31st March. The revolt of the members who were trying to justify the party's name thus seems to have succeeded. Ashida, the leader of the malcontents, described the attitude of the conservative *bloc* in the party as dog-in-the-manger. At the meeting of the standing committee which decided upon dissolution of the party, Takao Saito, Minister without Portfolio in the present Cabinet, was elected chairman of the preparatory committee appointed to form a new party.

The Government are anxious to revise the election law and have introduced a bill to replace the present plural-ballot system based on large electoral areas by a single-ballot system based on small areas. The opposition regard the measure as a sinister move to swing the election in favour of the Government and are trying to talk the bill out. Internal party dissensions have not prevented the Liberals and Progressives from presenting a united front in an attempt to railroad the bill through the Diet, and in committee the opposition were reduced to using their fists on two members of the Liberal Party.

The feared March financial crisis did not come to a head, but General MacArthur has felt it necessary to send the Japanese Prime Minister a letter urging him to take "early and vigorous steps" to curb inflation and warning him that outside assistance as regards food, &c., was contingent upon the Japanese Government's ability to assume efficient collection and distribution of food and to introduce the economic and financial controls which the situation demanded. The disease, in fact, is chronic but is growing more acute. The Finance Minister expects great relief from the special war-profits taxes now to be collected. On the other hand the Government refused to accept the Opposition's demand that payment of principal and interest on war bonds should be repudiated though they promised to give the matter further consideration. The food situation has been slightly relieved by the authorised release of 87,500 tons of imported wheat, wheat products and beans but the "Oriental Economist" calculates that supplies of rice will be exhausted by the end

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of May—which suggests a further critical period from June to October.

It has been known since last autumn that the new Constitution has provoked considerable discussion in the Far Eastern Commission, some of whose members were doubtful whether it could be considered to represent the considered views of the Japanese people. On the 27th March the Commission publicly announced that it had adopted a policy decision calling for a review of the Constitution by the Diet and the Commission "not sooner than one year and not later than two years after it goes into effect [the 3rd May, 1947]." The review is designed to give the Japanese people an opportunity to reconsider their new Constitution in the light of experience of its working and to allow the Commission to satisfy itself that the Constitution fulfils the terms of the Potsdam Declaration and other controlling documents.

THE UNITED STATES OF AMERICA

The United States Government has now formally placed on record its views on the relationship between President Truman's Greek and Turkish policy and the broader aims and principles of the United Nations Charter. In a statement to the Security Council on the 28th March, Mr. Warren Austin said that every member of the United Nations was under an obligation under the Charter "to do its utmost to bring about a peaceful adjustment of any international situation before it becomes a threat to peace." The programme of assistance to Greece and Turkey contemplated by the United States was of an "emergency and temporary character," and the United States Government believed that the United Nations and its related agencies should assume the principal responsibility within their capabilities for the tasks of longer range. The United States was "giving momentum to the United Nations by its present policy." It also had "a special pressing interest" in obtaining "effective action" in the Greek case which the Security Council was still considering. In this connexion Mr. Austin suggested that representatives of the United Nations Balkan commission should remain in Greece until the deliberations of the Council have been concluded and that a system of border control should be instituted to safeguard the northern frontier of that country.

It remains to be seen how far Mr. Austin's statement will salve the consciences of those liberal-internationalists at home who have been upbraiding the President for trying to "by-pass" the United Nations. *Prima facie* it seems to meet those milder critics who, like Mr. Walter Lippmann, have continued to insist that the fact that the United Nations "is not capable of acting swiftly, effectively, or even of acting at all" does not relieve the United States of the obligation to consult the United Nations, and that, if Mr. Truman's policy "can be explained to Congress, and therefore to the world, it can also be explained to the United Nations." It was undoubtedly the persistence of such criticism that caused Mr. Dean Acheson to dwell at greater length upon the possible interrelation between the present United States policy and the functions of the United Nations in his testimony before the Senate Foreign Relations Committee on the 24th March than he had done in the otherwise almost identical statement which he had made to the House Committee on the 20th. Yet among Conservatives there has been growing impatience with the liberal-left-wing charges that the United States has "disavowed" the United Nations—charges which Mr. Sumner Welles has roundly denounced as outright "Soviet propaganda"—and M. Gromyko himself has caused opinion to harden in these quarters by his use of the veto on the Corfu channel case on the 25th March. As the *Philadelphia Inquirer* observes, "if the Albanian veto has proved nothing else, it demonstrated why it was necessary for the United States to go to it alone in the Greco-Turkish proposal without inviting time-wasting and morale-killing vetoes in the United Nations."

Although the hope that the President's programme would be approved by Congress by the 31st March has not been fulfilled, an effort is now being made to bring the preliminary Committee hearings to a close, and the 7th April has been set as the date for the opening of the full debate on the floor of the Senate. The Russophiles and the motley element on the Left which Theodore Roosevelt once characterized as the "lunatic fringe" are at the moment doing all in their power to confuse the issue and to delay a decision. They have sent Mr. La Guardia, as well as Mr. Allen D. Fields of *The Nation* and representatives of the American Socialist and Labour parties, to the Senate Committee hearings

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to insist that the question of Greece be turned over to the exclusive jurisdiction of the United Nations and that nothing whatsoever be done to assist the Turks. In the Senate itself, Senators Claude Pepper (Democrat, Florida) and Glen Taylor (Democrat, Idaho) have introduced a resolution calling for a contribution of 250 million dollars to the United Nations for the rehabilitation of the domestic economy of Greece and making this the limit of United States assistance and intervention.

Feeling in favour of the Truman policy is said to have been strengthened among members of Congress by the testimony which Mr. Lincoln MacVeagh, the U.S. Ambassador to Greece, presented to the House Foreign Affairs Committee at a session behind closed doors on the 25th March and by the evidence which Mr. Edwin C. Wilson, the U.S. Ambassador to Turkey, gave on the following day. At other meetings of the House and Senate Committees Mr. William Clayton, the Under-Secretary of State for Economic Affairs, has provided details of how the proposed 400 million dollars would be spent. Of the total of 300 million dollars requested for aid to Greece one-half would go towards rehabilitating civilian life and the other would be devoted to "making available to the Greek armed forces the arms, ammunition, clothing, rations and equipment necessary to deal effectively with the guerillas." The 100 million dollars requested for Turkey would be spent entirely on the Turkish armed forces and on projects which would contribute most directly to the Turkish defence programme. In Mr. Clayton's opinion, the military assistance granted to both countries, being essential to American security, and not creating in itself the wherewithal to repay, should be made as a "clear grant."

On the Moscow Conference comment has continued to follow the pattern set last week. In the extensive discussion on the future of Germany Mr. Hoover's report has received wide commendation among Conservatives, although the *New York Herald-Tribune* accuses the Republican ex-President of "going as far in one direction as Mr. Morgenthau went in another" and of completely overlooking the fear of an expanding German industry which pervades most of Continental Europe. There is considerable support for General Marshall in his firm refusal to "follow M. Molotov in a retreat from Potsdam to Yalta." Yet the publication of the complete texts of the Yalta and Potsdam agreements has evoked little of the interest which accompanied the revelation last year of the secret Yalta decision to hand over the Kuriles and Southern Sakhalin to the Soviet Union (see *Summary* No. 330).

Mr. Truman's Executive Order of the 22nd March for a purge of disloyal and subversive elements from the civil service (see last week's *Summary*) has produced the stormy reaction which might have been expected in advanced liberal quarters. Here it is felt that the President's measure will inevitably result in a large-scale exodus of progressive elements from public office and in the creation of an "inquisitorial atmosphere" which will have a deleterious effect upon the morale and efficiency of Government employees. The public in general, however, appears to be in complete sympathy with the Order, and it has accepted with equanimity the suggestion of Mr. Harry B. Mitchell, the President of the Civil Service Commission, that the new drive against disloyalty will cost the taxpayer another 12 to 13 million dollars and that the Commission alone will require an additional staff of between 2,500 and 3,000 to carry it out.

The absence of effective team-work among Republican leaders in Congress was once more demonstrated on the 27th March when Representative Harold Knutson (Republican, Minnesota), the Chairman of the Ways and Means Committee, succeeded in forcing through the House his bill to reduce income taxes this year by nearly 4,000 million dollars. The bill is retroactive to the 1st January and imposes a tax cut of up to 30 per cent. It is being strongly opposed by Senator Taft, the Chairman of the Republican Policy Committee in the Senate, who, although himself an inveterate advocate of lower taxation, believes that the reduction should not become effective until the 1st July and that it should not exceed 15 per cent. in the present circumstances. In the country at large the more thoughtful Republicans joined by the Scripps–Howard chain of newspapers and by the majority of Democratic and independent observers, continue to urge that the whole question of tax revision be deferred until it becomes clear what additional expenditure will be involved in the new foreign policy.

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LATIN AMERICA

Argentina

The Argentine delegation to the International Wheat Conference has decided not to join in any agreement. This, of course, is only consistent with Argentina's selling policy, which is simply to exploit the present shortage for all it is worth. Meanwhile President Perón has replied to suggestions that Argentina is hanging back in order to make money, by alleging that the Argentina sales monopoly has been forced on his Government by a buyers' monopoly. He denied that the State was making exorbitant profits, apparently on the ground that the Government had to pay for subsidising prices in Argentina. What President Perón calls "winning Argentine freedom" is, in the opinion of many, nothing more than winning votes for his régime by internal subsidies, which are compensated by screwing up export prices. President Perón is also reported to have drawn attention to the sacrifices of Señor Miranda, who, though a millionaire with many interests, gives his time to Argentine public affairs, and to his own state of poverty. Such protestations of poverty are hardly to be credited; certainly Señora Perón is not destitute.

In view of her influence, already noted in this *Summary* (see Nos. 366 and 385), it may be pertinent to give a few details of her career. She was born 28 years ago near Junin, where her mother was a dominating political influence. She left school at the age of 16; later tried her hand at acting, not very successfully, and only managed to hold a position as broadcaster by bestowing her favours on various directors. After the 1943 revolution she became the mistress of Colonel Imbert, then Postmaster General, in whose department she hastened to place her nominees. Soon after she transferred her patronage to Colonel Perón, with whom she lived openly, acting as his hostess. She married him in November 1945. She is a ruthless woman of limited intelligence, and her sudden elevation to the dignity of President's wife has gone to her head. She has set herself to achieve popularity with the masses, indulges in blatantly demagogic addresses to the poorer classes of the community and has her own office, where she receives delegations, it being generally accepted that she runs the Secretariat of Labour. If not concerned in questions of paramount political importance, she has sufficient influence with the President to permit her to summon Cabinet Ministers to meetings and to keep persons of the type of Sr. Largomarsino in positions offering full scope for their corrupt methods. Señora Perón has recently widened the scope of her activities by registering a large number of trade products with the trademark "*El Perônista*." Criticism of the President's wife became so intense last year that she had to close her office and lie low for a while, but she emerged triumphant, and her power is now at its zenith. She has, of course, many enemies, and these, with the President's evident reluctance to restrain her, may one day imperil Perón's own position.

Colombia

Results in the Parliamentary elections held on the 16th March indicate that the Conservatives have gained seats in both Chambers, and still have a majority over the Liberal party factions considered separately, though not if they are taken together. Dr. Gaitan has improved his position compared with the other half of the Liberal party, led by Dr. Santos, to what extent is not yet certain. The Communist Party met with a heavy defeat, losing the four seats it held, and consequently having no representation in the new Congress. The elections were marred by some unfortunate "incidents," which resulted in 11 persons being killed and 139 injured.

Mexico

President Truman arrived in Mexico City on the 3rd March, the first American President to set foot in the Mexican capital. His visit coincided with the centenary of the battle of Chapultepec, the culminating point of the 1847 war, in which Mexico lost Texas, Arizona, a large part of California and other huge extensions of territory. The loss of these lands has rankled in Mexican breasts, and there was the possibility that a sense of grievance might impel some hotheaded Mexican to chance a shot at the American President. Great preparations were made to welcome and protect Mr. Truman, who won all hearts by departing from the official programme to lay a wreath on the monument near Chapultepec in memory of the Mexican cadets who died fighting against the American forces. Mr. Truman, who declared that he and President Aleman were in substantial agreement on all points discussed, left on the 6th March. In spite of the fact that his departure took place before dawn, the entire Mexican Cabinet, headed by President, were at the airport to wish him "God Speed." Both from a political and social point of view the American President's visit was a very great success, and he left without one critical note being sounded.

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Peru

Recent serious food riots in Arequipa, and others of a similar nature in Lima and elsewhere have evoked a Presidential decree for the regulation of public meetings. This decree gives extensive powers to the authorities to break up meetings, close bars and places of amusement, obliges organisers of meetings to give two days' notice and permits only one meeting to be held in any town on a given day. As the Apristas are the only political party strong enough to provide a threat of uprising on a national scale, the decree indicates that the Government can rely on the army, and is not quite as intimidated by the Apra party as had been believed.

It is also reported that at least three groups have been projected or formed from the minor political parties, with a view to opposing the Apristas. These budding blocks roughly represent the Right, Centre and Left, and appear to have nothing in common but a desire to get rid of Aprismo.

UNITED NATIONS

Economic and Social Council

The Council concluded its fourth session on the 29th. March. On the 27th it had decided to hold only one more session in 1947, beginning on the 19th July. On the 25th March the following were elected to membership of the Sub-Commission on Prevention of Discrimination and Protection of Minorities: Mr. Borisov (U.S.S.R.), Mr. Chang (China), Mr. Daniels (U.S.A.), Mr. Ekstrand (Sweden), Mr. McNamara (Australia), Mr. Masani (India), Miss Elizabeth Monroe (U.K.), Mr. Nisot (Belgium), Mr. Pallares (Ecuador), Mr. Howard Roy (Haiti), Mr. Reze Zadeh Shafaq (Iran), Mr. Spanien (France). The following were elected to the Sub-Commission on Freedom of Information:—

Dr. Z. Chafee (U.S.A.).
Mr. R. J. Cruikshank (U.K.).
Mr. J. M. Pomakin (U.S.S.R.).
Dr. P. H. Chang (China).
Mr. Giraud (France).
Mr. Lopez (Philippine Republic).
Mr. Fontaina (Uruguay).
Mr. Fabrega (Panamá).
Mr. Ferguson (Canada).
Mr. Sychrava (Czechoslovakia).
Dr. Goldhart (Netherlands).
Mr. Christiansen (Norway).

Economic Commission for Europe

The establishment of an Economic Commission for Europe was finally approved by the Economic and Social Council on the 29th March and the first session of the Commission opens at Geneva on the 2nd May. The original proposal of the Devastated Areas Sub-Commission last September was well received by many European countries, including Poland and Czechoslovakia, but the Soviet Union was at first non-committal. However, after lengthy discussions in the Economic and Social Council at its third session and in the Assembly, the Council was unanimously instructed to give prompt and favourable consideration to the establishment of a commission at its fourth session. The exact terms of reference which have been the subject of debate during the past month, have not been easy to determine; several Russian amendments were voted down, and it remains to be seen whether the differences of opinion between East and West which these amendments expressed can be settled so easily.

The chief differences of opinion were over the desire of the Russians to minimise the control of the Economic and Social Council over the Economic Commission for Europe, and to eliminate as far as possible all references to liaison between the Commission and the Specialised Agencies. The reason for the Russian attitude was, primarily, the calculation that they would command a majority of votes on the Commission and would thus be able to wipe out at Geneva the defeats suffered by them in New York. With regard to Specialised Agencies, they were principally concerned to provide themselves with a shield against the working of the multilateral trade principles of the proposed International Trade Organisation.

The first tasks of the Commission will be to take over the temporary European economic bodies—the European Coal Organisation, the European Central Inland Transport Organisation and the Emergency Economic Committee for Europe, which have already dealt with the most urgent problems of rehabilitation and co-ordination of scarce resources—and to con-

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tinue such of their functions as are applicable to the period of reconstruction. This will probably occupy the Commission throughout its first year, after which it will begin to examine problems of development. In addition to these mainly executive functions the Commission is empowered to collect, evaluate and disseminate such economic, technological and statistical information as the Commission deems appropriate. The work of the Commission will be re-examined by the Council at the end of five years.

One of the subjects in which the Commission will take a lively interest at an early stage is the future of the German economy. The French tried very hard to include in the terms of reference some mention of the importance of the economy of Germany to that of Europe as a whole; but in this they were unsuccessful. It is clearly appropriate that the Commission should be in a position to make representations about Germany on questions affecting member countries of the Occupying Powers, and this in itself does not imply any commitment on the part of the Occupying Powers. The Terms of Reference provide that the Commission can undertake negotiations in (*inter alia*) Germany but only with the consent of the Control Authorities. In general the Occupying Powers will be represented on the Commission through individual national delegations, but experts from Germany will be brought in in a consultative capacity. As far as possible day-to-day German trade problems will continue to be discussed between the Bi-Zonal Authorities at Minden and the Commercial Attachés of other Powers.

The Commission will consist at first of all European countries which are members of the United Nations—and this is interpreted to include Iceland and Turkey—together with the United States. It is probable that non-United Nations European states will be invited to send observers, as will the established Specialised Agencies and the International Bank and Fund. The first meeting of the Commission will be held at Geneva for about a fortnight from the 2nd May, after which a small negotiating body will initiate the take-over of the Emergency European Organisations. The second meeting will take place at the end of June at which a report on the Commission's activities will be prepared for the Fifth Session of the Economic and Social Council.

The lead given in respect of Europe has been followed elsewhere and a corresponding Economic Commission for Asia and the Far East has been decided on. An attempt to enlarge the purview of the European Commission to include the whole Mediterranean littoral and to set up a similar body for the Near East and North Africa was not successful.

Non-Governmental Organisations

Some time ago, the Secretariat brought up the question whether the Assembly's Resolution on the Franco Government should be deemed to apply to Non-Governmental Organisations with branches in Spain. The United Kingdom took the line of reason, that, since the Resolution was aimed at the Government of Franco, it could not apply to Organisations which were by definition non-Governmental. The United States, who had agreed with the United Kingdom line in preliminary discussions out of Committee, then changed their attitude and put up a resolution which was so phrased as to be hard to oppose without giving an appearance of being pro-Franco but which by admitting in principle that the Assembly Resolution could apply to non-Governmental organisations, opened the door which may later lead to its further application to relationship between N.G.Os and Specialised Agencies. According to this Resolution:

> "international N.G.Os should be excluded from relationship under article 71 if they had legally constituted branches in Spain whose policies are determined and controlled by the Franco Government. They shall be eligible for consultative relationship (*a*) if they have only individual members in Spain, who are not organised into a legally constituted branch, (*b*) if the branches in Spain, though properly constituted serve the interests of the Spanish people rather than those of the Franco Government, (*c*) if such branches are not active at the present time."

This was passed in Committee, the U.K. abstaining. When the question came before the Council the French delegation moved an amendment which would have had the effect of cutting out reservation (*c*), and exposing the International Chamber of Commerce to fresh attack; H.M.G.'s original defence of it had been that its Spanish branch was moribund. This amendment was defeated, and the Economic and Social Council adopted the U.S.A. resolution given above with slight modification of (*b*). It is difficult to see what is gained by this heresy hunt among N.G.Os, and the United Nations may well deprive

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themselves of valuable scientific and humanitarian co-operation, as has happened already in the parallel cases of the International Penal and Penitentiary Commission and the Narcotic Drugs Commission.

World Federation of Trade Unions

A resolution on Trade Union rights had been placed on the Agenda of the Economic and Social Council at the request of the W.F.T.U. Its subject-matter brought it obviously within the province of the I.L.O. which was to meet in June. When the Council met on the 24th March, France and U.S.S.R. proposed that the question be postponed until the Council's next session in July, because the Secretary-General of the W.F.T.U. was absent. Such a postponement would have been a severe rebuff to the rights of the I.L.O. After a long debate the Chairman put, and carried by 9 votes to 6 a resolution requesting the I.L.O. to consider the memoranda of the W.F.T.U. and of the American Federation of Labour at its next session and to send a report for the Council to consider at its session in July. The Council also resolved to send the memoranda to the Human Rights Commission. In this way the rights of the I.L.O. and the Economic and Social Council have been studied though some may doubt the appropriateness of the Council requesting a report from an independent body like the I.L.O. with a time-limit attached to the request. A procedure has also been established by which in future items submitted by category (*a*) non-governmental organisations shall be examined by the Secretary-General, and where necessary discussed with the organisation, before being placed on the provisional agenda for consideration by the Agenda Committee.

Trusteeship Council

The Council held its first meeting on the 26th March, an occasion marked by the presence of the Secretary-General and by the wilful absence of the Soviet delegation. In view of the line taken by the Soviet delegation at the General Assembly, that the trusteeship agreements submitted were not in accordance with the Charter and therefore invalid, their absence is not entirely unexpected. Professor Francis Sayre (U.S.) was elected President and Sir Carl Berendsen (New Zealand) Vice-President. This means that representatives of a non-administering and an administering country respectively fill the two posts, and it is our view that this principle should be maintained, and that the presidency should alternate between the two. A Committee of full Council was appointed to examine any controversial rules of procedure. The Council itself adopts its own rules of procedure. At the meeting on March 27th it decided that there shall be two regular sessions each year. At present there are eight Trust Territories, Ruanda-Urundi under Belgium, Togoland and the Cameroons under France, Tanganyika, Togoland and the Cameroons under the U.K., New Guinea under Australia and Western Samoa under New Zealand.

Palestine

According to present arrangements, Sir Alexander Cadogan will ask the Secretary-General to put the Palestine question on the Agenda of the General Assembly at its September Session. H.M.G. will submit to the Assembly an account of the Administration of Palestine under the Mandate, and will invite the Assembly to "make recommendations concerning the future Government of Palestine." If the facts of the situation can be established beforehand, the September Assembly need not delay matters until 1948 by setting up Committees to investigate and report. Two procedures have been suggested for avoiding such delays, to set up a Committee either (i) by a special Session of the Assembly, or (ii) by the Authority of the Secretary-General, in agreement with member States. H.M.G. are ready to accept whichever wins general approval.

The Balkan Commission

For Senator Warren Austin's speech on U.S. policy towards Greece and Turkey, at the meeting of the Security Council on the 28th March see under "United States." For the Commission's activities see under "Greece."

THE MOSCOW CONFERENCE

Tuesday and Wednesday the 25th and 26th March were spent in discussing the Deputies' report on procedure for a German Peace Treaty. The traditional points of view were re-stated, and the entire draft, with the exception of the part dealing with the composition of the Peace Conference, was referred back to the Deputies,

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Mr. Bevin remarking that they had his sympathy.

Mr. Bevin proposed that Persia should be added to the eighteen Allies, following the Anglo-Soviet undertaking given to Persia in 1942. M. Molotov agreed, and the Soviet Press has been busy attributing the proposal to him and not to Mr. Bevin. Mr. Marshall urged that China should join the other members of the Council of Foreign Ministers in convening the Peace Conference. M. Molotov went so far as to agree that China should be a joint presiding Power, as at Paris, but not a convener. Mr. Marshall's other suggestions were :—

1. That the C.F.M. should draft the final text on the basis of all recommendations having a ⅔rds majority, and bearing in mind all other recommendations and opinions expressed at the Conference.
2. That all countries in a state of war with Germany should come to the Conference as equals, and later sign the Treaty.
3. That Germans should comment on the draft treaty, but should not be asked to sign the Treaty.

Instead he proposed that a clause be put in the new German constitution declaring that all authority exercised under the constitution must be exercised in accordance with the terms of the Peace Treaty. M. Bidault agreed that Germany should not sign, while Mr. Bevin and M. Molotov considered Germany's signature vital. Mr. Bevin aims at evolving, under the guidance of the Allied Control Council, a Germany which can accept and so sign the Treaty, at the same time as evolving, in consultations with the Allies, a Peace Treaty acceptable to world opinion. M. Molotov's reason was briefer—to secure that Germany would assume responsibility for carrying out the terms of the Treaty. In the course of this two-day debate on procedure, Mr. Bevin re-stated the principle that States which, like the Dominions, "were good enough to join us in fighting in 1939," had the right to continue with us in making the Peace. This was in answer to M. Molotov's traditional exclusiveness. Russia's delaying tactics in the Co-ordinating Committee were overcome by firmness on the parts of Mr. Bevin and Mr. Marshall. M. Vyshinsky had held up the Committee's work, which was to tabulate the agreements and disagreements arising from the Ministers' consideration of the Control Council's Report on Germany. He had been indulging in long political speeches on Displaced Persons, and other matters of substance which were irrelevant. When Mr. Bevin urged speed, M. Molotov suggested that the Ministers should examine those parts of the Committee's Report which were ready. Mr. Bevin said all or none, and Mr. Marshall added that M. Molotov could decide whether the Conference should make progress or not. He did, and agreed that the report should be completed by the 28th March.

Thursday's and Friday's sessions were in the nature of an Austrian interlude. M. Molotov's proposal to invite Yugoslav representatives to Moscow to express their views on the Austrian Treaty and on the Report of the Committee on Trieste finances was translated into an agreement to invite Italians and Yugoslavs to speak on Austria and to send memoranda on Trieste. The rest of the time was devoted to German assets in Eastern Austria. "The issue," as Mr. Marshall said towards the end of the second day, "was clear." All agreed that Russia had a right to German assets in Eastern Austria. It only remained to decide which these German assets were, or, in Mr. Bevin's words, "to exclude property taken by the Germans by force or duress." Russia has long been out to get all she can, and has expended a wealth of legal ingenuity to call "German" as many assets as possible. Mr. Bevin, Mr. Marshall and to a slightly less degree, M. Bidault, contend for an objective determination of each "asset," and insist on the need for some kind of arbitration in disputed cases. M. Molotov has so far shown an invincible dislike of arbitration. A single instance will illustrate his legal ingenuity. M. Bidault proposed to exclude from German assets "all property wrongfully taken from United Nations nationals or from Austrian nationals, for racial, religious or political reasons." M. Molotov at once wished to substitute "property seized by the Germans . . . . as a result of forcible action, or in the process of 'Aryanisation' without any compensation." Mr. Bevin explained that the Germans had generally paid some small compensation for the property they took, and pointing to the loop-holes in the Russian wording, asked whether any honest nation could wish to benefit by frauds committed under Hitler's régime. He saw dangers also in the French definition. It was finally decided that the Deputies should produce a Supplementary Report on German Assets in Austria,

which the Ministers would consider when they reached that part of the Austrian Treaty—a decision which is an advance on M. Molotov's first suggestion to postpone further action until the Minister's own discussions on the Treaty.

The remainder of Friday's meeting was devoted to arranging how best to approach the Report of the Co-ordinating Committee, and what States should attend the Peace Conference. M. Molotov, goaded perhaps by Mr. Marshall's proposal that all countries in a state of war with Germany should be on terms of equality, argued strongly for a distinction to be made in favour of those "who had taken part with substantial forces." M. Bidault thought the same and agreed with Mr. Marshall that it would be wiser to settle the composition of the Committees before that of the Conference. Mr. Bevin persuaded his colleagues to refer the composition of the Peace Conference to the deputies.

Saturday's short session resulted in an agreed procedure for dealing with the Co-ordinating Committee's Report. Mr. Marshall had suggested that the Ministers should deal with fundamental issues such as Economic Unity, Level of Industry and Reparations, and the Political Structure of Germany, leaving the other outstanding matters to a Special committee. M. Molotov wished to add Demilitarisation to the fundamentals. Mr. Bevin countered by proving that Demilitarisation involved Germany's industrial potential, which involved her level of industry, which involved the whole balance of her economy, and that therefore Demilitarisation was both military and economic. This was agreed, and "industrial demilitarisation" appeared on the agenda. The members of the Special Committee, which had to report by the 3rd April, were General Robertson, Mr. Mason, Mr. Alphand and Marshal Sokolovski.

Monday the 31st March marked a new stage in the Conference. Mr. Bevin circulated the United Kingdom proposals for Allied cooperation during the next phase in Germany, or, the principles of Potsdam revised in the light of experience, and introduced them in a speech which sums up British policy on the more important aspects of the German problem. The objective remains to rebuild Germany on democratic lines, and make her a member of the peaceful nations of the world. She must be shown a clear future, else she would despair. Economic unity to mean anything required four things: freedom of movement throughout all Germany for persons, trade and ideas: that German exports be used to pay for German imports: that the Four Powers share the past, present and future expenses of occupation: a central German administration with executive power. Potsdam required these four things, and to reject them, as some did, was to reject Potsdam. Mr. Bevin rejected the conditions which the Soviet had attached to their agreement to economic unity, (1) Immediate payment of reparations from current production, (2) Four Power control of the Ruhr, (3) an end to the fusion of the Anglo-American Zones. He rejected M. Bidault's condition that the German Treaty must guarantee coal to France, if France was to agree to economic unity, adding however that he hoped to make other arrangements to satisfy France's needs. The level of industry should be raised to include 10 million tons of steel a year. German economy must be so ordered that the British taxpayer had no more burdens thrust upon him.

Mr. Marshall was outspoken in his rejection of those things that Mr. Bevin had rejected. The most interesting part of his speech was his remark that if the Byrnes' Four Power Treaty were accepted, a reasonable increase in the level of German industry would not endanger Europe. "Germany," he added, must pay reparations; but German resources must first be devoted to "rebuilding the network of trade on which European prosperity depends." Here he sees eye to eye with Mr. Bevin "that the German problem is also a European problem," and Mr. Bevin's doctrine of the indivisibility of economic unity takes on a wider significance.

M. Bidault seemed more conciliatory on coal, and appreciative of the "Anglo-Saxon" viewpoint. M. Molotov, as often happens, responded most gently to this plain speaking, and hinted that reparations from current production should not start to flow eastward until German economy was balanced. For this reason he urged quick developments in German industry and agriculture. He still condemned the fusion of zones. He omitted all reference to the Ruhr. He proclaimed his attachment to economic unity, and finally he saw hopes of agreement, provided the "lawful rights" of Russia were not forgotten; but hopes do not destroy the fact that even a Germany who has balanced her economy, would become a Germany producing predominantly for Russia's benefit, if Russia secures her demand for ten billion

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dollars' worth of reparations from current production.

The outstanding event of the period under review was the speech of Mr. Bevin on the 31st March, and the British proposals which he circulated. The speech contained that blend of imagination and practical politics which had been noticeable in his utterances last week. The four Allies had endured two wars made by German greed. Remembering this, their common objective was now to avoid a third war by making Germany a peaceful member of a peaceful Europe. His guiding principle remains " see the whole picture " and this, combined with Mr. Marshall's refusal to " seek agreement merely for the sake of agreement," gives promise for the future.

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EUROPE

GERMANY

Since the 30th March the Foreign Ministers in Moscow have done little more than explore every deadlock on the crucial economic question. Minor agreements reached on political questions were of little immediate value as none of these can be put into effect unless economic unity is achieved.

Discussions were characterised at the outset by opposition to the Russian claim that economic unity must be conditional on acceptance of the principle of reparations from current production, four-Power control of the Ruhr, and annulment of the bizonal agreement. On the 31st March, Mr. Bevin rejected all three conditions. Mr. Marshall concentrated on opposing the first condition. He also rejected the French request that economic unity should depend on a satisfactory settlement of European coal needs. The Soviet argument that France could have her coal and still leave enough in Germany to manufacture reparations for Russia he considered ill-founded, especially if the French meant to keep the limit on steel production. All this could only result in less imports to feed the population. Mr. Marshall emphatically denied any desire to divide Germany. The French and Soviet delegates stuck to their guns but both expressed the hope that agreement could be reached.

Mr. Bevin then took the lead by presenting a paper on "Supplementary Principles to govern the Treatment of Germany." This is really complementary to the Potsdam Agreement, although superseding it where any points conflict. It is the most comprehensive plan yet placed before the Conference, and the fact was notable that all the other delegations later used it as a basis for discussion. The preamble states that the aims of the Powers

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are : to establish political conditions which will prevent a revival of dictatorship and aggressive policies; to establish economic conditions which will enable a self-supporting Germany to pay occupation costs and to benefit the rest of the world by her industry; to establish a suitable constitutional machinery acceptable to the German people and to foster in the Germans a sense of democratic responsibility. The first part outlines the principles of Government which Mr. Bevin had already put forward and includes the need for strict Allied controls. It proposes that all German prisoners shall be repatriated by the 31st December, 1948. The Powers shall reaffirm that no German will be sent to work outside the country unless he voluntarily signs a contract before leaving. Land reform should be carried out by the 1st January, 1948. (This was later agreed.) Under "Economic Principles" are included four conditions for economic unity, although these are not considered exhaustive. The first is freedom of movement throughout Germany—a requirement which neither the French nor Soviet delegates have accepted. The second, that exports shall be used in the first place to pay for imports and that no reparations from current production shall be delivered until occupation costs have been repaid, is of course anathema to the Russians. The third condition, that both past and future financial burdens shall be equitably shared between the four Powers, is rejected categorically by the Russians and virtually by the French. Only the French make reservations about the fourth condition, that Central German Administrations with executive powers shall be established. The paper, among other familiar points, proposes to control the activities of foreign firms in Germany and suggests that the Germans should work out schemes for financial reform and decartelisation.

The chief feature of the secret meeting on 2nd April was a compromise American proposal on reparations. Mr. Marshall said that a substantial increase in the level of industry would reduce the number of plants available as reparations. He was prepared to study "without commitment" a plan to compensate for this loss by deliveries from current production. This was hedged about with provisions that deliveries should not begin immediately or increase occupation costs. The plan did not satisfy M. Molotov, who, in any case, said he could not modify the decisions already taken to remove plants for reparation. Mr. Bevin thought the plan was complicated and would only lead to delays. In fact it is felt that the proposal is no more conciliatory than H.M. Government's view, which does not preclude the possibility of such deliveries once Germany is self-supporting. M. Bidault diverted discussion by seeking to bargain for satisfaction as regards the Saar and coal in return for his agreement to an increased steel quota.

Between the 3rd and the 8th April the Ministers agreed to set up as soon as possible central German Administrations covering the main economic subjects including food and agriculture. The French said this should not apply to the Saar or prejudice the position of the Ruhr and Rhineland. The Allied Control Council is to issue directives to these departments and will specify which subjects should be administered by the *Laender*. A German advisory Council is to be established three months after these departments begin work and a Provisional Government nine months after that. Here Mr. Bevin and M. Molotov agreed that the Provisional Government ought to be directly elected, while M. Bidault and Mr. Marshall wished it to be formed from representatives of the *Laender*. The composition of the Advisory Council and the powers of the *Laender* were not agreed, although on the latter the exact points of difference are still not clear. M. Molotov was forced to withdraw a proposal that the Central Government should have powers of State Security. This the other delegates compared to the totalitarian Gestapo. The matter is, however, likely to crop up again. Mr. Bevin refused M. Molotov's demand for a plebiscite on the structure of Germany and said that he could not allow the Germans to choose a highly centralised form of Government as they had done under Hitler.

Frontier questions at length came up for discussion on the 10th April. The German-Polish frontier is the most delicate problem and one fraught with long-term dangers, since it is probably capable of rousing greater national hatred than any other German question: as Sir Horace Rumbold wrote of the Eastern frontier problem in 1930, unlike economic problems, "a restoration of territory . . . is something which any ordinary German can understand and strive for." It is doubtful whether the Germans would be content with a partial restoration and would not make it a stepping-stone to new concessions. Mr. Marshall, while agreeing that Poland should not be left with less resources than

before the war and should certainly have part of East Prussia and all Upper Silesia, did not consider the frontier as finally decided. The remaining territory, was largely agricultural. If Germany lost all this territory, she would have to import two-fifths of her food and he thought that the area should be divided according to the needs of Germany, Poland and Europe as a whole. A special allied boundary Commission ought to study the problem. Mr. Bevin also wanted more agricultural land to remain in Germany. M. Bidault did not question the transfer of these territories to Poland, but was naturally quick to propose that all the boundaries of Germany should be examined together by the experts. Those areas now in question are parts of Pomerania, Brandenburg and Lower Silesia. It is too early to state which might be retained by Germany, but in any case it is most unlikely to be the whole area. The most densely settled by the Poles are Lower Silesia and the seaboard of Pomerania. On the other hand, Lower Silesia is a rich agricultural area representing some 5·4 per cent. of the agricultural area of the Old Reich, whereas the parts of Brandenburg and Pomerania together represented some 8·6 per cent. Approximately 4,976,000 Germans lived there in 1939 of whom some 350,000 remain, so that the whole area could hardly accommodate half of Germany's potential 10–12 million refugees. Germany might of course buy her food from Poland, but she is now less able to afford this than formerly because the Allies want a Germany which is less and not more industrialised than before 1939. Moreover, the German economic system has been violently dislocated, above all by the disturbance in the balance of her factors of production, and this dislocation would be reduced if a proportion of refugees returned to the East. On the other hand this return would of course affect the balance of Polish economy. Mr. Marshall was therefore careful to approach the whole problem on a broad European basis (see also under "Poland" and "The Moscow Conference").

Mr. Bevin and Mr. Marshall accepted French claims to the Saar, but have not decided whether this should include the area incorporated in 1946. Neither they nor M. Molotov accepted proposals for a special régime for the Ruhr and Rhineland. M. Molotov did not make any promises about the Saar although he seemed to consider using it as a bargaining weapon in order to gain concessions on immediate control of the Ruhr.

Disturbances and strikes continued in the British Zone during the first week in April, but did not increase in violence, largely owing to the intervention of the Trade Unions. Consultations have been held with Union leaders. Nearly 500,000 tons of coal were lost by stoppages during this time, and the situation has therefore been generally aggravated, despite improved food imports. Many rations are not being met in full. Despite some irresponsible diatribes against Military Government the German administration is still the chief target of criticism, and with reason. The farmers have not fulfilled their quotas and the *Laender*, particularly Bavaria, have not made proper deliveries. The bi-zonal Executive Committee has failed to produce adequate staff, and the food committee does not issue sufficiently firm orders, probably because it realises that any form of central control is unpopular with the *Land* Governments. This is but part of the acute friction over the relative powers of the Centre and the *Laender* which is undermining the bi-zonal arrangements.

The SED gained a sweeping victory in the Berlin Trade Union elections and has 36 seats on the executive committee compared with 7 of the Social Democrats and 2 of the Christian Democrats. The Social Democrats complained that the voting system was unfair and that they were hampered in the Soviet Sector. Nevertheless they have lost ground since last October, largely because they lack initiative and are rent by internal disputes.

AUSTRIA

The long drawn-out discussions on the German treaty are having their effect on the progress of the Austrian treaty, which has been hanging fire since the Deputies completed their review of the treaty articles on the 8th April. Further discussions by the Deputies on the question of the "German assets" have made it clear that the Russians are sticking to their London proposals and are particularly adamant on the question of bilateral negotiations (as opposed to arbitration machinery) and the narrow exception of property confiscated as a result of "direct forcible action" (as opposed to "force and duress"). The Deputies have agreed, however, that the (still elusive) definition

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of the assets should cover all pre-Anschluss German property which is still in German ownership, and property acquired by Germans since 1938 with the exception of the former Austrian State property and property beneficially owned by non-Germans. In the course of the discussions, the Soviet deputy denied that the London Declaration of the 5th January, 1943, applied to Austria. (In a letter to the press at the end of March Dr. Gruber, the Austrian Foreign Minister, had expressly drawn attention to this Declaration as being a "very valuable" aid in solving the assets problem for Austria). An analysis of the 211 concerns held by the Russians in Eastern Austria has been provided by the Austrian Delegation. This shows that 26 of these concerns belong to foreign (non-German) owners; 46 represent Aryanisation; in 34 cases dispossession of Austrian owners by force or duress can be proved; and 11 are contestable even according to the Soviet formula.

Another main problem tackled by the Deputies has been that of the transference from Austria of displaced persons, refugees, *Reichsdeutsche* and *Volksdeutsche*. It has been agreed that displaced persons in the strict sense of the word shall be treated entirely separately from those of German origin. In both instances, however, the Soviets insist on a time limit of six months for the completion of their removal. In the case of the *Reichs-* and *Volksdeutsche* the Soviets admit of no exceptions, while the other three delegations are agreed that the article should exempt "such persons as come within the categories approved for exemption by the Allied Commission for Austria," should apply to "Potsdam" categories only, and must not so much lay an obligation on Austria as provide for her to concert measures with the Control Council in Germany.

From the Austrian point of view the only bright spot so far in the disappointing tardiness and tangle of the Moscow talks has been the United Kingdom decision to abandon its claim to two-thirds compensation for United Nations nationals who have suffered loss or damage to property in Austria. The British proposal as it now stands provides for agreements for reciprocal treatment between Austria and the United Nations concerned, but even so it still seems to be unpalatable to the Austrians, who claim that the clause will place absolute obligation on Austria to compensate at a rate which may be anything up to 100 per cent., and that the return on Austrian property damaged in countries most likely to be affected may be negligible. The French maintain that two-thirds compensation should be paid, but both the Soviet Union and the United States are against any compensation. The possibility of further modifications cannot be excluded.

While the Soviet attitude on compensation for property is favourable to the Austrians, an entirely new proposal made by M. Gusev during discussion of the "Debts" article on the 8th April gives a further disconcerting indication of Soviet unwillingness to abide strictly by the "no reparations" principle for Austria. M. Gusev's proposal was that compensation should be paid by Austria for the unpaid work done by foreign workers in Austria, over 300,000 of whom had been Soviet citizens.

Yugoslav territorial claims against Austria were reiterated at a press conference on the 5th April by M. Kardelj, the leader of the Yugoslav Delegation which arrived in Moscow on the 2nd April. The Austrian Foreign Minister, in a subsequent press interview, has emphasised that Austria will never sign a treaty involving the territorial changes demanded by Yugoslavia.

In Vienna Soviet obstructive tactics in regard to British proposals for the creation of an Austrian army before the conclusion of the peace treaty have been continued. As at an earlier Executive Committee meeting, the Soviet member categorically refused at the Allied Council meeting on the 28th March to discuss any plans for the creation of the army, maintaining that this was outside the competence of the Allied Council and was the responsibility of the Four Powers charged with the supervision of the treaty. Soviet delaying tactics at the Allied Council's meeting on the 11th April were also responsible for a lack of agreement on the setting up of an Office for Civil Aviation in Vienna. It is suspected that the Soviets hope to make their approval conditional on the prior formation of an Austro-Russian civil aviation company. There is some evidence that the Soviets have made approaches to Austrian officials, who are reported, however, to have maintained a non-committal attitude.

(See "Czechoslovakia.")

CZECHOSLOVAKIA

Contrary to expectation the Austro-Czechoslovak negotiations regarding certain relatively minor frontier adjustments desired by Czechoslovakia (see *Summary* 385) have not proved even moderately successful from the Czech viewpoint; the net result has been only an insignificant measure of agreement. The problem has now been referred back to the two Governments primarily concerned which have still to decide upon future procedure. Although a settlement is possible on a strictly *quid pro quo* basis where some of the less important demands are affected, as, for example, along the Dyje (Thaye) river and in respect of the narrow-gauge railway which connects Gmünd and Litschau, yet the Austrian Government have categorically rejected the Czechoslovak request for the cession of territory along the south bank of the Danube. It is not to Austria's advantage to accede to claims which are based solely upon their strategic importance. Consequently, the Austrian Government may be expected to resist energetically any demand, however trivial, for the expansion of the Bratislava bridge-head at Austria's expense and for the special facilities sought by Czechoslovakia on the grounds of expediency for the proper administration of the Oder–Elbe–Danube canal. The Austrian Government are, however, prepared to participate in a joint technical commission to study more closely the question of frontier rectification at the mouth of the canal.

The Austrian attitude has obviously disconcerted the Czechoslovak authorities who believed, perhaps too optimistically, that a mutually satisfactory solution could easily be reached. The Czechs are now busy advocating the benefits which would accrue from Danubian co-operation. In this respect, Dr. Clementis, the Communist Under-Secretary for Foreign Affairs, has recently emphasised the importance which Czechoslovakia attaches to the projected expansion of Bratislava as a riverine port and as the gateway to the Balkans and the Soviet Union. He urged the Danubian countries to embark upon a new period of economic collaboration in which, naturally, Bratislava would play a leading rôle. The implication is, of course, that the Austrian attitude towards these frontier questions is short-sighted.

Commenting on the Minister's speech, the Austrian Government—in the meantime the Czechoslovak response to the Austrian counter-proposal is awaited—welcome the views of Dr. Clementis upon Danubian co-operation which would also act as a guarantee against renewed German aggression.

Dr. Kratochvil, the new Czechoslovak Ambassador to the Court of St. James, arrived in London on the 14th April, replacing M. Lobkowiez who was recalled in January after a lengthy period of ill-health. The appointment of Dr. Kratochvil is a political one. Still young (at 46) he has acquired a high reputation for intellectual and political integrity in his own country and is a prominent member of the Czechoslovak Social Democrat Party. (His party is maintaining, so far successfully, a line independent of the Communists.) His record of resistance—he suffered four years of German prison camps—is a worthy one. He is an authority on cultural and educational affairs, in which spheres he should do much to increase the already flourishing connections which his country has with the United Kingdom.

Dr. Teuner, the leader of the Czech Youth Organisation during the German occupation, has been arrested by American and Czech security organs in Germany. He will be brought back to Prague for trial.

(See also under: "Hungary.")

POLAND

From the statements of Mr. Marshall and Mr. Bevin at Moscow on the Polish-German frontier, it is clear that the two statesmen consider this question not simply as a dispute between Poland and Germany, but as one affecting the whole of Europe. Mr. Bevin's suggestion of a possible change in the region east of Stettin indicates that he may wish to approach the question of general European prosperity from the point of view of the balance of German agriculture. Such an approach doubtless rests on the assumption that if Germany is to lose a large part of its agricultural as well as its industrial resources, she will hardly be in a position to contribute to her own prosperity, let alone that of Europe. The industrial side to the problem was illustrated by Mr. Marshall's proposal that, although German Upper Silesia should become Polish, its coal and other resources should help to sustain the economy of Europe. In fact, Poland was always willing to export its Silesian coal to Germany after the first World War, and even in the last year has begun to export it to various European countries, albeit in small quantities.

Demographic considerations in this matter were voiced by M. Bidault. It is certainly true that the expulsions and exodus from the former eastern territories of Germany might easily create difficulties in relation to the permanent distribution of a population of some sixty-six millions within a Germany reduced in size. The security of Germany's neighbours would also entail increased vigilance against any

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spirit of aggression which might result from such a restriction in territory. Between this aspect and his own proposals for the Ruhr and Rhineland, M. Bidault made a natural and logical connection, since such proposals, like his first observations, were inspired by a "desire once for all to deprive Germany of the means which has enabled her to undertake her former aggressions." M. Bidault was disinclined to alter the present Polish-German frontier, not only because of the Soviet and Polish losses in the war, but also because the direction given to the peace settlement by the creation of such a frontier would, in fact, be difficult to reverse. He did, however, think that the problem of Germany's frontiers should be examined as a whole, thus Mr. Bevin's suggestion to create a commission for that very purpose seems eminently pertinent.

Polish reaction to the whole matter has been such as was to be expected, though quite calm, and as yet free from polemics. Hitherto more attention has been paid to Mr. Marshall's attitude than to that of Mr. Bevin. The first statement following the new phase of discussions came from General Grosz, Polish official spokesman at Moscow, that any frontier commission was entirely unnecessary since, as M. Molotov had said, the Potsdam decision was final. General Grosz said that Poland would abide by any unanimous decision of the Foreign Ministers, which, in view of M. Molotov's refusal to alter the present frontier, seems safe enough. A similar, but more emphatic declaration was made by M. Modzelewski, Polish Foreign Minister, at a Warsaw Press Conference. The Polish Government, he said, considered the problem of Poland's western frontier as decided and settled according to the Yalta and Potsdam decisions, and the agreements concerning the transfer of the German population concluded with the Allied authorities based on the Potsdam decisions. The expulsion of the Germans had been in accordance with the Allied authorities' plans, and there was something fantastic in the notion of staging another migration of peoples in these territories. The Polish Government's attitude was approved by the whole nation, which had put forward tremendous efforts in resettling the Regained Territories, now according to Polish reports, holding some 5,000,000 Poles). As for the question of German agriculture, production could be increased by land reform, notably in Westphalia. Germany, moreover, had produced 85 per cent. of her food supplies in 1939, though she had previously lost Poznania and Alsace Lorraine. Finally, if the Regained Territories were to serve Europe, it must be remembered that they form an integral part of Poland, and that their reconstruction was impossible without that of Poland as a whole.

The whole Polish press supports M. Modzelewski, and in this respect accurately reflects Polish public opinion, which, ever since the Curzon Line was forced on the country, has been almost unanimous in its insistence on the Oder-Western Neisse frontier as the only possible recompense. On this issue M. Mikolajczyk is in complete agreement with the Polish Government; according to one report, he has written an article in which he said that Mr. Churchill called the Potsdam decision "final," and that the British are now going back on it.

SOVIET UNION

Negotiations are proceeding in Moscow between H.M. Ambassador at Moscow, Sir Maurice Peterson, and M. Vyshinsky, with a view to revising the original text of the Anglo-Soviet Treaty. For this purpose British and Soviet drafts for a new Treaty have been exchanged and are being studied in detail. The preliminary Soviet draft goes much further in its commitments than the 1942 Treaty and further than is compatible either with normal British peace-time obligations or the spirit of the Charter. In particular it would expand Article VI so as to forbid the conclusion of any alliances or participation in actions "directly or indirectly directed against the other high contracting party." Other points of difference between the negotiators are M. Vyshinsky's objection to specific references to the United Nations Charter and his reluctance to refer in the Soviet draft to the hypothetical Four-Power Treaty against renewed German aggression.

Germany continues to hold the centre of the stage and while full and, on the whole, fair reports have appeared in the press on the work of the Council of Foreign Ministers the barrage of criticism against the Anglo-American occupation authorities has been kept up in all papers. In spite of repeated British denials that this country had received any coal from Germany, *Pravda* alleged that German coal was being bought at 16 marks a ton and resold at enormous profits, while *Izvestiya* went on record with the assertion that Great Britain, while opposing the French claims to Ruhr coal, was herself going to take 100 million dollars' worth in 1947.

Zhukov, in a strongly-worded *Pravda* article, denounced the Anglo-Americans for appropriating an unspecified quantity of Nazi gold—and especially for having removed 100 tons of gold and other valuables from the Eisenach area before the arrival of Soviet troops. All these articles followed up a grossly unfair article in *Pravda* on the 31st March by the well-known Soviet writer Leonov entitled "A Conversation about Justice." The general burden of the article was that, while diplomats around the Moscow Conference table refused Russia's just claims, they forgot that in the ground beneath were buried 7 million giants who had defended the world from universal evil.

Criticism of British foreign policy, which had been in abeyance for several weeks, has reappeared in several items. Much was made of attacks upon Mr. Bevin's policy at the Co-operative Society Conference and other conferences, *e.g.*, that of the Union of Clerical Workers, where charges were made that present British foreign policy was too conservative, encouraged the revival of Fascism and adopted too strong an anti-Soviet alignment. The impression given is of widespread criticism of Labour foreign policy, which is said not to be based on Socialist principles, and dissatisfaction at the British attitude towards Spain and actions in Greece. The reactionary nature of the Foreign Office and diplomatic corps is emphasised, as is the demand for closer Anglo-Soviet relations.

Soviet comment on General de Gaulle's Strasbourg speech has described him as no "servant of democracy," but rather its grave-digger. His statement was linked with the American offer of aid to Greece and Turkey as part of a general campaign of world reaction. De Gaulle, according to one Soviet commentator, was in reality advancing a claim on behalf of the notorious 200 families of France for a share in the international "trust" which was to administer Germany under the control of American capital; in return for this he was willing to condone dollar diplomacy everywhere.

French affairs in general have not excited much attention of late in Moscow, but French art is now coming under the general ideological ban. The leading Soviet painter, Gerasismov, has recently stated that the famous Moscow collection of XIXth century French impressionists would probably not be re-opened as it was undesirable that the public taste should be led astray by such decadence. Even Picasso, despite his recent admission into the ranks of the Communist Party, has been lumped with Cézanne and dismissed as a "pillar of formalism."

The Soviet Ambassador to Greece, Admiral Rodionov, was summoned back to Moscow from his post at the beginning of April, M. Chernichev, the Counsellor remaining in Athens as Chargé d'Affaires. There is no reason to suppose that the Ambassador's departure is other than temporary. Shortly before leaving the Ambassador presented a note of protest to the Greek Foreign Ministry about reports appearing in the Greek press that Generalissimo Stalin had given an interview to the Moscow correspondent of the American U.P. Agency. The note denied that such an interview had ever taken place, and its alleged contents were said to be on the stereotyped lines of other false reports hostile to the Soviet Union which appeared from time to time in organs close to the Greek Government. The note accordingly placed on the Greek Government responsibility for spreading the false interview in Greek press organs. The Greek Government have refuted these charges (see also under "Greece").

A Yugoslav Trade Delegation has arrived in Moscow. It is composed of M. Crnobrnja, Deputy Yugoslav Minister of Foreign Trade, and representatives of Yugoslav industry. The delegation was met at the airport by M. Lebedev, U.S.S.R. trade representative in Yugoslavia, and other Soviet officials. A Bulgarian trade delegation is also at present in Moscow, headed by the Minister of Trade and Food, Jordan Bozhilov.

By a decree dated the 4th April a Union-Republic Ministry of Forestry has been created to remove defects in the organisation of forestry and to improve the exploitation of forest resources. The new Ministry has been entrusted with the direction of forest control, the restoration of forests, the afforestation of steppe and dry areas, and the preservation and care of forests. All forests administered by Ministries and Departments, *krai*, *oblast*, *raion* and town executive committees with the exception of those transferred to collective farms under the laws on the utilisation of land in perpetuity and those belonging to village communities have been transferred to the Ministry of Forestry. Ministries of Forestry are to be formed in all Union Republics. M. German Petrovich Motovilov has been appointed Minister of Forestry of the U.S.S.R., and M. L. M. Kaganovich,

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former Minister of the Building Materials Industry of the U.S.S.R. has been replaced by M. S. Z. Ginsburg. (M. Kaganovich, has also been relieved of his duties as Deputy-Chairman of the U.S.S.R. Council of Ministers following his transfer to the Ukraine where he is in charge of the reconstruction programme and has been elected member of the *Polit-* and *Org-*Buros of the Ukrainian C.P.) M. G. M. Orlov has been called from the Ministry of the Cellulose and Paper Industry of the U.S.S.R. to replace M. I. Saltykov as Minister of the Timber Industry of the U.S.S.R. An enforced resignation of a different order is that of G. A. Miterev, released from his duties as Minister of Health of the U.S.S.R. (a post he has held since 1939) for "inability to fulfil his duties." Moscow rumour has it that his dismissal is due to his neglect of the medical services under his care and to excessive interest in food and drink. It is also alleged that he did not sufficiently support Prof. Nina Kluyeva's cancer research work, for which the U.S.A. offered financial help. The results of Prof. Kluyeva's cancer investigations were described in her book "Biography of Malignant Tumours," published in 1946. (See also under "Far East.")

SCANDINAVIA

Finland

Like the proverbial watched kettle, a political crisis has been simmering in Finland for weeks and even months without coming to the boil. On the 11th of April, however, matters came to a head, and M. Pekkala tendered the resignation of his Government. The immediate cause was the decision of the Agrarian Party to withdraw its Ministers in protest against the unsatisfactory manner in which the Government were handling the economic situation. The Social Democrats also had expressed anxiety, at the signs and portents of deterioration and in March had approached the two other Government parties—Agrarians and Folk Democrats—with proposals for a reconstruction of the cabinet.

There are, indeed, good grounds for thinking that the renewed unrest on the subject of prices and wages is only a cloak for greater and more compelling political considerations. Agrarians and Social Democrats for a long time past have considered their position in the Government as intolerable, and the real object of the present move, undoubtedly, is to diminish the influence of the Communists and other elements among the Folk Democrats. Unfortunately the moment is singularly ill-chosen. The Peace Treaty remains unratified, the trial of those accused in the arms dumps case is in progress, and, to add to the embarrassment, a Finnish delegation is at present in Moscow negotiating with the Russians for transit rights through the Porkkala area and the Saimaa Canal. The imprudence of forcing a change at this juncture becomes yet further magnified when the Soviet attitude, as recently defined by Col.-General Zhdanov (see *Summary* No. 382), is recalled. It should be noted, however, that there is no evidence of any direct co-operation between Agrarians and Social Democrats in ousting the Pekkala Government. In these circumstances the overthrow of the Government may well be regarded as a protest against the Prime Minister personally, particularly as his Government long ago forfeited the confidence of all political parties except that of the Folk Democrats.

As regards the immediate future all responsible Finnish circles agree that exclusion of the Communists from the new Government is impracticable, however much it may be desired, and that, therefore, the division of power between the three largest parties is bound to remain more or less unchanged. The nuisance value of the Communists in opposition accounts for this view.

The most likely development is perhaps that the Folk Democrats will lose some ground, and that the new Prime Minister will not be a member of that Party. A battle royal is likely to be waged round the appointment of the Minister of the Interior, and it is inconceivable that the extreme Left should feel inclined to relinquish this political strongpoint as well as the Premiership. It is also believed that the Folk Democrats would prefer to see an Agrarian or a member of one of the other bourgeois parties at the head of the Government rather than a Social Democrat. Should the extreme Left, however, insist upon retaining all the portfolios which they have held, a deadlock will most probably result, leading to the dissolution of the Diet and General Elections. In any case the crisis is likely to be prolonged.

Sweden

On the 3rd April the Swedish Commander-in-Chief, General Jung, made a statement on the defence proposals and on Sweden's strategic position, in which he

emphasized that the country was in a very exposed position, since in the event of a conflict between the Great Powers, the desire by one party to prevent Sweden from being used by the other might lead to an immediate attack on her by the former. That the General, nevertheless, has not abandoned his old preference for a policy of non-intervention is proved by his also pointing out that "in case of a collapse of the United Nations brought about by a conflict between the Great Powers there would be no formal obstacles to Sweden following her old policy of neutrality." In this connexion he also revived the idea of Scandinavian military collaboration so as to make a joint policy of neutrality more effective, admitting, however, that both Denmark and Norway were at present badly armed and that it would take a long time for them to recover from this weakness which in itself presented a danger also for Sweden.

FRANCE

General de Gaulle has returned to the political arena, and a Gaullist party proper now exists for the first time. On the 14th April the General issued a statement announcing that he had assumed leadership of the newly-born *Rassemblement du Peuple Français* (R.P.F.) a movement whose aim was "to achieve the unity of our people in the tasks of reconstruction and reform of the State." The present political system "whereby rigid parties sharply opposed to one another share out among themselves all the powers of Government, must be displaced by another system in which the executive power will be derived from the country as a whole and not from the parties, and in which any insoluble conflicts can be resolved by the people themselves." This statement is the second step in the much-advertised political campaign which began with General de Gaulle's speech at Strasbourg on Easter Monday and is to continue with speeches in other parts of the country. At Strasbourg the General put forward a programme which was sufficiently vague to make a wide appeal. He made a renewed attack on present party divisions and on the Constitution which had produced them, and appealed for a national movement aiming at the creation of a strong and efficient State through the reform of the constitution by legal means and on a plane above all differences of opinion. In foreign affairs he said that France's most urgent task must be to retain her independence in a world divided between two Great Powers and to work for a European revival so that there might be an element of balance between East and West.

General de Gaulle's attack on the existing political system will clearly find a wide echo in public opinion. He has waited until he could say that the new Constitution had failed to produce a stable and efficient Government, and he now believes that by the end of this year the economic situation will have deteriorated to such an extent and general disillusion will be so great that there will be a unanimous demand for his return to power. The General's ideas of how exactly this would happen are hazy, and it does not seem that he has a clear understanding of the consequences of his actions or of the realities which the political parties, with all their shortcomings, represent. The immediate consequence is undoubtedly a deepening of the rift between Left and Right in France. The Communists and Socialists are uncompromisingly hostile to the General, the M.R.P. is deeply embarrassed, and the groups of the Right and, to a lesser extent, the Radicals bring him enthusiastic support. De Gaulle is therefore becoming identified with the Right although he will find personal supporters in all parties except the Communist Party, and mainly in the *Union Démocratique et Socialiste de la Résistance* (associated with the Radicals) to which the Secretary-General of the R.P.F., M. Soustelle, belongs. It is not yet known whether the R.P.F. will act as a political party or as an extra-parliamentary "*Ligue*."

M. Ramadier's Government had warning of General de Gaulle's intentions, and the Prime Minister visited him to make it clear that the Government drew a distinction between commemorative ceremonies at which the General would be entitled to military and official honours, and purely political meetings at which he must speak as a private citizen. M. Ramadier himself in a speech on the 30th March gave a sharp warning against attempts to use "the ephemeral greatness of one man" as a focus for national union. M. Vincent Auriol, President of the Republic, on the eve of his departure on a State visit to West Africa, also gave a solemn warning against "permanent political agitations which would range men and parties against one another," and spoke as the defender of the new Constitution.

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In Moscow (see also under "The Moscow Conference," "Germany" and "Poland") M. Molotov has dashed the hopes of the French delegation by refusing to agree to the immediate appointment of a special commission to work out means of incorporating the Saar territory in the French economic system. Mr. Bevin and Mr. Marshall agreed in principle to the French proposals but said that the exact boundaries of the Saar and the question of adjusting France's reparations claim must be settled by experts. M. Bidault has had even less success in his request for consideration of the French plan for the Ruhr. On the question of coal, however, negotiations in Moscow between the U.K., U.S. and French delegations have brought agreement in sight for the establishment of a sliding scale relating exports of coal from western Germany to total coal output in that area for the second half of 1947. Final agreement is held up, however, on account of the French request for assurances that we shall support their approach to the European Coal Organisation when the decision on the incorporation of the Saar in the French economy has been taken. The French hope to benefit by the coal production of the Saar without giving up a corresponding proportion of their allocation of Ruhr coal.

The presence of the Foreign Ministers in Moscow has also enabled the Secretary of State to make a direct approach to M. Bidault on the subject of French failure to prevent the clandestine embarkation from French ports of Jews trying to reach Palestine. A sharp note was also sent to the French Government asking for their co-operation in this matter.

M. Auriol's visit to West Africa, which will be followed by other visits to all parts of the French Union, comes at a critical moment in France's relations with her Empire. Trouble in the French Union is not confined to Indo-China, and the existence of serious unrest in Madagascar has now been revealed. In this huge island French supremacy has been undermined by France's loss of prestige during the war, while the economic situation is bad owing to lack of imports and to the refusal of the Malagasies to work more than 2 or 3 days a week now that the system of forced labour has been abolished. A nationalist movement known as the *Parti de Rénovation Malgache* won all the seats reserved for the native population of the island in the National Assembly and the Council of the Republic. The party wishes Madagascar to become an associated State within the French Union but the population is too backward for this to be a practical possibility, and the French are only beginning to introduce measures which would educate them for self-government. The troubles began on the night of the 29th/30th March, and there have been sporadic outbreaks during the last fortnight with attacks by bands of natives, armed with spears and knives, on military posts and police stations. The acting Consul-General in Antananarivo estimates that 40 Europeans and hundreds of natives have been killed. Martial law has been proclaimed in some districts, and three nationalist deputies and two Councillors of the Republic have been arrested. The French attribute the trouble to extremist elements of the *Parti de Rénovation Malgache* representing, they claim, the old feudal aristocracy which dislikes the restraint put upon them by the French in the interests of the population as a whole.

In Morocco the state of tension is revealed by the fact that a petty quarrel between a Senegalese soldier and an Arab led to an affray in Casablanca in which Senegalese troops ran riot and 64 persons were killed. In Algeria electoral speeches by the extreme Nationalist leader, Messali Hadj, are causing concern, and the Minister of the Interior is visiting the country on a tour of inspection. Before leaving he told the press that the time had now come to introduce the new constitution for Algeria which was first proposed last summer. (See also under "Tangier.")

SPAIN

On the 2nd April in a statement to the Press in Lisbon Don Juan's secretariat denounced General Franco's Draft Law of Succession (see *Summary* No. 387) as being a unilateral decision by the Spanish Government made without prior consultation with the Prince. Don Juan followed this up on the 7th April with a personal message directed to the Spanish people. He claimed that the Bill of Succession was null and void since it lacked two essential requirements: neither the legitimate heir to the Spanish Throne nor the Spanish nation had been consulted —for the *Cortes Españolas* did not represent the Spanish people, it was no more than a collection of Government nominees. The Bill of Succession, said the Prince, was an attempt to turn General Franco's dictatorship into a life monopoly; to wrap in the mantle of hereditary monarchy a régime based on arbitrary government; to place a bogus constitution

as the coping-stone of an edifice of so-called fundamental laws none of which had in fact been put into practice. Don Juan was ready, as he had always been, to agree to a normal and unconditional transfer of authority, but to acquiesce in General Franco's suggestions for Spain's future would be to fail in his sacred duty as guardian of the inherent rights of the Crown, rights which equally formed part of the spiritual patrimony of the Spanish nation.

This unequivocal statement is in line with views already expressed by Don Juan in an interview given last autumn to a Spanish correspondent of *The Observer*, details of which, (with amplifications arising from General Franco's latest move) were published with Don Juan's permission on the 13th April. At this interview Don Juan affirmed that he had nothing to add to his Manifesto of the 19th March, 1945. His views of the Franco régime remained unaltered, though he was quite prepared to negotiate an agreement with General Franco provided its sole purpose was to pave the way for a peaceful, complete and unconditional transfer of authority. Public reaction to the Draft Law of Succession had made it clear that already the Crown could count on a body of opinion so extensive and so coherent that the Sovereign would be enabled to carry into effect a national policy.

In replying to specific questions put to him Don Juan expressed the opinion that an historic institution such as the Spanish Monarchy could not depend on the will of a transitory majority expressed in a referendum. But, since the establishment of a régime and the carrying out of its high guiding mission depended largely on adherence to the national will unequivocally expressed, Don Juan intended to seek such confirmation of the will of Spain as soon as circumstances permitted. Another question concerned his possible difficulty in carrying out the political and economic reforms which he has promised against the wishes of the Army, Church, banking and industrial elements whose support was generally believed to be the mainstay of the present régime. Don Juan replied that, although the support or acquiescence of such groups was necessary for peaceful change, there was a wide gulf between co-operation with them and a Monarchy in subservience to them. Every individual and everybody that moved and acted within the framework of the law would under the Monarchy enjoy the same privileges: political and social rights would be upheld in a way which would challenge comparison with that of most progressive countries. Other answers made by Don Juan indicated that he would like to see a wider administrative division between the State and the Catholic Church, the latter being separated for its own safety from all political strife, and that he was prepared to treat with due respect historical and particularist claims within the Spanish State so long as they did not impair Spanish sovereignty or unity. A policy of decentralization transferring to all regions part of the departmental activities at present overburdening the State would, he thought, be of the greatest advantage. Finally, Don Juan dealt summarily with the charge often brought against him of having twice during the civil war offered his services to General Franco (a fact made much of recently in Spanish broadcasts, with a view presumably to discrediting Don Juan with the Left). Peace would not come to Spain, said Don Juan, until Spaniards are offered the opportunity to bury their mutual hatreds and feuds. Thus Don Juan—in his words at least—shows an encouraging realism and freedom from bias, gained in the bitterness of exile.

His message to the Spanish people has been well received in Spain by critics of Franco's latest Bill. It is rather significant that the Madrid newspapers, *Ya*, *Arriba* (the Falange Party organ) and *ABC* (under Monarchist ownership) have been permitted to publish the Royal documents together with Don Juan's original manifesto of March 1945, previously withheld. *ABC* in an outspoken accompanying article declared that General Franco's Bill of Succession violated permanent values of the traditional Monarchy, while the other two newspapers made no attempt to argue over the terms of the manifesto, but criticised Don Juan for his failure to recognize General Franco's services in saving Spain from Communism. Spanish broadcasts, however, have been couched in much stronger terms and reflect the Government's anxiety to stress the "absolute and obvious legality of the Spanish régime which sprang from the National uprising" and the anarchy and chaos likely to follow from any attempt to force General Franco to relinquish the reins. The Caudillo is manifestly perturbed by reports of Don Juan's success in convincing the Moderate Left that the

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liberal constitutional Monarchy is their only chance of getting rid of the present régime and at the same time offering the opportunity of freedom to reorganize their ranks and continue the campaign for the Third Spanish Republic.

TANGIER

On 9th April the Sultan of Morocco arrived in Tangier for a brief visit which had been contemplated for some months. So rare an event was calculated to attract a crowd of tribesmen and others such as would tax the town's resources in the matters of food, accommodation and police. Thanks, however, to the arrangements made by the international Committee of Control which, incidentally, is this year under the chairmanship of the British Consul-General, all passed off happily.

His Majesty Sidi Mohammed travelled by train from French Morocco with a suite of some fifty persons and his black guard of five hundred. On entering the Spanish zone the Sultan was received by his representative there (the Khalifa) and the Spanish High Commissioner, General Varela. In a brief interview given to a Cairo press correspondent the Sultan said that he attached great importance to the unity of Morocco and that Morocco shared the views and aspirations of the Arab League. In an extempore speech the Khalifa for ten minutes extolled the dynasty and qualities of the Sultan, hailing him as the "Commander of the Faithful" and contriving to make no reference to France or Spain. The Spanish authorities from the first had deprecated the proposed visit, being anxious, as ever, to avoid anything which might reinforce the constant French claim that the Spanish zone is only a part—sublet to Spain—of the French protectorate of Morocco. General Varela accordingly found it convenient to keep away from Tangier rather than play second fiddle there to M. Labonne, the French Resident-General at Rabat, who attended the ceremonies as the Sultan's Foreign Minister.

There is enough religious fervour and national feeling in the air of Morocco today to make it sure that, as both their temporal sovereign and their spiritual chief, the Sultan would receive an enthusiastic welcome from the assembled concourse. In speaking to the foreign representatives he recalled Morocco's friendly relations with the Western Powers, and he asked them to pass on to their Governments his view that it was only logical for the Moroccan people to realise the rights to which all peoples aspire. To the Moors he emphasised the need for the unity of Islam and of all Morocco and, if correctly reported, he said that local grievances were being listened to; that education was necessary for the progress which he ardently hoped to see Morocco make; and that there must be order, discipline and a proper fulfilment of duty. These utterances are in harmony with the guarded sympathy which the Sultan has been showing in recent years for Moorish nationalism—without taking a lead in it—but being considerably more than the parrot-cry of a mere puppet, they have caused some concern in Paris. The heir apparent, Mulay Hassan, who is still a youth, appears to have gone rather further when opening a Koranic school. After emphasising, as his father had done, that all Morocco was one, he is reported to have called, amid applause, for its independence. Thus the Tangier microcosm, invested though it often is with an air of comic opera, sometimes contains germs of far-reaching importance.

ITALY

It is now becoming increasingly apparent that drastic steps must be taken by the Italian Government to check inflation and to prevent financial collapse. Senator Einaudi, the Governor of the Bank of Italy and well-known Liberal-economist, whose statements on the economic situation of the country have always been outspoken and realistic even during the Fascist régime, has now presented the annual Bank Report for the financial year 1946. He has stated that the sums on deposit with Italian Banks showed an increase of 315,000 million lire compared with the previous year, but that the relative impoverishment of the middle-class depositors constituted a negative factor for revival and reconstruction. At the end of 1946 circulation of bank-note and Am. lire showed an increase of 123,002 million lire compared with 1945. "In Italy," he said, "we are still far from the point where every new monetary issue is useless and is no longer of any use to the Treasury, but we are at a parting of the ways: either we must give up useless expenses and those which can be deferred or else we must face inflation." There is no doubt that Senator Einaudi is justified in his anxiety. Signor Campilli, the Minister for Finance, revealed some weeks ago that the Budget showed a deficit of 610,000 million, instead of the estimated deficit of 193,000 million lire. The Government are making

elaborate plans to reduce expenditure, but it is by no means clear how they propose to enforce the measures that they are adopting. An immediate reduction of retail prices of all produce by at least five per cent. of the price on 31st March has been ordered, but rationed goods are excluded. The bread subsidy which costs about 96,000 million lire a year is to be abolished. A 50 per cent. tax is to be imposed on all restaurant meals above a certain price. A Ministerial Commission has been set up to examine the possibility of reducing the estimates of the Ministries. Ministers' salaries are to be cut by 10 per cent. Prefects will be required to enforce measures against speculation and currency evasion. It remains to be seen how far the Government will be able to enforce these measures. Restaurants in Rome have already decided to close as from the 12th April in protest against the new regulations. The Government have also talked somewhat glibly of easing the situation by increasing production by obtaining larger quotas of essential raw materials, but it is difficult to see from what sources these materials can come. Signor de Gasperi has been somewhat over-optimistic and not always realistic in his statements on the economic situation. He has stated erroneously that before the war the Budget was balanced by income from the tourist trade and by remittances from emigrants. In fact pre-war Italy had a chronic budgetary deficit, and it would perhaps have been more accurate to say that these services had helped to lessen the deficit. In any case it is unlikely that the tourist trade will get on its feet again for several years, and Italy's third important invisible export, the revenue from her mercantile marine, is also likely to be lacking for some years to come. The prospect is therefore bleak in the extreme.

Grave internal unrest has been exemplified by rioting on the part of the unemployed in Turin and by the recent strike of the magistracy in Piedmont and Lombardy, both in the nature of protests against the rising cost of living.

H.M. Government have made representations to the Italian Government asking them to co-operate in preventing the traffic of illegal Jewish emigrants making their way to Palestine.

Signor de Gasperi has given an official interview on Government policy as regards Colonial Trusteeship, thus assuming that Italy will be entrusted with at least one trusteeship by U.N., and helping to maintain false hopes as to the disposal of the ex-colonies. Among other tendentious statements the Prime Minister asserted that the people of Eritrea, Libya and Somaliland are sincerely attached to Italy.

Corrigendum

It is now reported that the Qualunquist Party voted *for* Article 7 (5 of the draft) of the Constitution and not *against* it as stated in Summary 387.

SOUTH-EASTERN EUROPE

Hungary

The very limited measure of success so far achieved by the Hungarian-Czechoslovak negotiations is confined to the token exchange of some 450 families. The question of compensation is a serious one for the Hungarian Government who are faced with the necessity of finding land on which to settle the repatriates. As a partial solution to the problem they have decided to dispossess the Swabians awaiting transfer to Germany and to concentrate them in special zones, while some who returned illegally have been arrested. Hungarians contend that the Exchange Agreement is an unfair one since Czechoslovakia will retain the immoveable property of the Magyar repatriates who are in the main well-to-do farmers, whereas most of the Slovak transferees are penniless. According to reports received some Hungarians also have applied to be sent to Slovakia, apparently in the hope of obtaining land. For them and for Slovaks in need of re-Slovakisation a language course has been arranged with the necessary explanations in Hungarian. There seems no reason to doubt M. Gyöngyösi's statement that shortage of funds constitutes the real difficulty on either side, but the Czechoslovak Press accuses the Hungarian Government of attempting to exploit the situation financially.

Cardinal Mindszenty has protested against the proposal to make religious teaching optional in the schools and is alleged to have threatened to excommunicate those Deputies who vote in favour of the Bill. The Vatican in a broadcast based on reports made by the Episcopate to a Catholic magazine deplores the encroachment of Communism on democratic liberties, arguing justly that the Smallholders no longer exercise the influence in the country to which their majority vote entitled them. Unfortunately many of the other criticisms are less unexceptionable. *Inter alia* the broadcast gives an inaccurate impression of a general religious persecution, and there is a lamentable vagueness in the use of the term

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"Christian," to which category the vast majority of Hungarians nominally belong. Whatever may be said of the inequity of certain of the verdicts pronounced by the People's Courts, the charges do not include the profession of Christianity, and it is consequently irrelevant to assert that "the accused are always Christians." Nor does the statement that "the Occupying Power has a fifty per cent. share in all industrial and financial undertakings" bear examination, the agreement for joint Russo-Hungarian control being at present restricted to aviation, navigation, bauxite and the still undiscovered sources of oil.

The brief existence of M. Sulyok's newspaper, *Holnap*, ended on the 27th March when the compositors refused to set up type for a journal which was so hostile to the trade unions. The Hungarian Journalists' Organization approved the decision, and the miners have attacked M. Sulyok for his speech on coal production. Enlightened left-wing circles, while admitting that his disparaging remarks about trade union leaders may have a solid foundation, regret that he has not adhered to his original intention of coming to terms with the Workers' Parties, and deny that this would necessarily have entailed a sacrifice of principle. It is in any case regrettable that Hungary's only serious Opposition Party should be without a newspaper of its own.

M. Dinnyés, the Minister of Defence, has stated that the strength of the Hungarian Army will be increased from 12,500 to 25,000 by the end of the year if equipment can be made available. Financial reasons at present prevent Hungary from reaching the total strength of 65,000 permitted her by the terms of the Peace Treaty.

The Public Prosecutor has demanded the death-penalty for eight of those accused of complicity in the plot against the Republic.

Roumania

As noted in the Summary of the 2nd April (No. 387), there is no doubt that Russian policy at the present moment is being directed to strengthening the hold of Communism over Roumania, with a view to the possible withdrawal of Russian forces in accordance with the terms of the Peace Treaty, but leaving a Government which can be depended upon to serve Russian ends. In the opinion of those who are in a position to judge, nothing could be more unwise than any action which might provide an excuse for retaliation—or for extension of the repressive activities which have already taken place. The followers of Dl Bratianu are behaving now with common sense and restraint. The danger comes from Maniu, who cannot be persuaded to let well alone. The *Sunday Times* of the 13th April sums up the situation in a short article from "a correspondent" who obviously knows what he is talking about.

> "While world interest has been focussed on the Moscow talks and on the American offer of help to Greece and Turkey, the Roumanian Government has been quietly rounding up hundreds of people in the most widespread and thorough attempt so far made to break the back of the opposition. No reasons were given for most of these arrests. . . . . For some specious reasons were put forward . . . . No mention was made on this occasion of 'subversive activities.' The Roumanian Communists seem to have learned their lesson . . . . They avoided giving these measures any official political meaning . . . . The arrests were of individuals . . . . And so far they seem to have succeeded in enabling a drive against opponents of the Communist régime, as formidable as that carried through in Hungary, to pass almost unobserved by the outside world."

The Industrial Bureaux Bill, which had aroused considerable criticism even within the Government, has been amended in draft so as to exclude the petroleum industry from its operation and, moreover, to make the inclusion of other concerns merely voluntary. This, of course, changes the whole character of the proposed law, and the question at once suggests itself whether the step is worth taking at all.

A new Treaty of Commerce and Navigation together with certain other conventions was signed at Moscow on the 20th February. Roumania during 1947 is "only" required to provide 15 million dollars' worth of products, which is just about the limit of the country's capacity, and will leave very little if anything for export to other countries. In return Russia is supposed to be supplying raw materials and equipment. But, in spite of the repeated boosting of these transactions in the Communist-controlled press she is giving no real aid.

The Russians are not alone in colouring their actions to suit themselves. A note from the Roumanian Ministry of Foreign Affairs has claimed for the Government the right to be heard by the Council of Foreign Ministers during the discussions on the German Peace Treaty. The ground for this is the alleged value of military and economic aid during the war against Germany. This aid "was given willingly," whereas the assistance given earlier to Germany against Russia, it is claimed, was under compulsion. The very reverse is the truth. The whole Roumanian nation was solidly behind Mareşal Antonescu in the campaign to recover Bessarabia. It was in the last stages of the war against Germany that, as a beaten nation, Roumania acted under compulsion.

The same line of thought is behind an article in *Scânteia* on the relation between prices and wages. The Communist workers, it says, led by Gheorghiu-Dej are determined to overcome the black market and to organise production. Under the old system prices were approved without regard to the level of wages. Today wages are fixed on the basis of prices of essential commodities. So they may be—but the prices of commodities are fixed at such a rate that employers who are made responsible for the supply of them are obliged to buy on the black market at a loss, and, as if that were not enough, *Scânteia* urges the works committees to agitate for an advance of one-third of the wages and credits at the staff purchasing bureaux.

The King has conferred the Grand Cross of the Order of the Star of Roumania on the Patriarch of Moscow. The Patriarch Alexiei has replied, "I greatly appreciate this gesture by King Mihai, and should like to convey my thanks to His Majesty. I believe my forthcoming visit to your country will strengthen further the ties between our sister Churches." On the last visit of a delegation from the Russian Church demands were made by way of strengthening these ties which went a long way to destroying the independence of the Roumanian Church. On that occasion the Roumanian Patriarch took a strong line and it is to be hoped that he will do so again. The Bulgarian Clergy Union recently suggested that the Œcumenical Patriarchate might be transferred from Constantinople to Moscow. It will not be surprising if some step in this direction is to be attempted at Bucharest. The Russian Patriarch is not coming all that way for nothing.

Yugoslavia

There was a lively scene in the National Assembly on the 27th March when Dr. Dragoljub Jovanović and Radomir Todorović, former leaders of the People's Peasant Party, were bold enough to criticise the draft budget. They were, of course, severely rebuked, misquoted and given no opportunity to explain their attitude. The Minister of the Interior made a long speech, commenting on the inefficiency of some of the local People's Committees and reminding the public that it was their duty to demand the removal of all reactionary and incompetent officials. He gave the figure of "Križari" still at large in the woods as 1,778 on the 1st March, complained of Allied reluctance to hand over Yugoslav war criminals and announced that some 10,000 Italian, 11,000 German and 6,000 Austrian prisoners of war had been repatriated.

There was also a discussion of foreign policy after Marshal Tito had delivered a particularly bitter attack on the Western Powers on the 31st March. He complained specifically of the unfriendly activities of Mr. Patterson, former U.S. Ambassador, and of the U.S. Embassy, which, he said, constituted the main obstacle to a Yugoslav-American *rapprochement*. He had begun by explaining that Yugoslavia had signed the Italian Treaty for the sake of peace—and, to foil the "war-mongers" who had prophesied that she would not sign. He then referred to the Yugoslav claims against Austria and to the question of reparations. With regard to the American reaction to Yugoslavia's recent appeal for wheat he denied that she had exported any food or that she had done more than *lend* 20,000 tons of wheat to Roumania. Finally he declared that the Western Powers were turning Greece into an imperialist base from which to threaten the peace of the Balkans.

Meanwhile the Vice-Premier, M. Kardelj, had departed for Moscow, where he held a Press conference on the 5th April, reiterating the Yugoslav claim to Carinthia. In addition he said that the Styrian border should be modified, that a demilitarised zone 20 km. deep should be created along the frontier, that any remaining minorities should eventually be exchanged and that Austria should pay 150,000,000 dollars in reparations.

The Yugoslav Government have again complained to the Allied Council for Austria against continued bandit activities on the Yugoslav frontier and have reinforced their complaint with a note to H.M. Government.

The transfer of British-held Yugoslav refugees from Italy to Germany began on the 14th April. The Yugoslav Government have been informed of this and also of the intention of the British and American Governments to hand over as soon as possible all Yugoslav war criminals and traitors whose guilt is unquestionable.

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On the 5th April the Yugoslav Government informed H.M. Ambassador that they agreed that the question of compensation for British properties affected by the nationalization law should be settled by bi-lateral agreement (they carefully avoided the term "Mixed Commission") and proposed that direct negotiations should be opened. British representatives are now ready to leave for Belgrade as soon as the Yugoslav Government can make arrangements for the talks.

Yugoslav requests for material relief from Britain and British support for the recent appeal for an emergency delivery of UNRRA wheat, have been refused. Yugoslavia is, however, due to receive in April 16,000 tons of potatoes under UNRRA arrangements, and may obtain a further delivery of seed potatoes.

Greece

The United Nations Enquiry Commission concluded their investigations in Belgrade on the 2nd April and have now reached Geneva where they will prepare their report to the Security Council. At their last meetings in Belgrade, the Greeks wanted the Commission to examine the Yugoslav General Dapchevic who, they alleged, was responsible for organising the despatch of guerrillas to Greece. The Russians opposed the calling of the general, and also advised the Yugoslav liaison officer not to reply to some questions put to him by the American delegate about the proposed incorporation of Macedonia in a Yugoslav federal state. The British and U.S. delegates finally withdrew their proposal that observers should remain in Greece while the Commission are drawing up their report. It was thought that, if Slav opposition should cause the rejection of a resolution on an interim commission, any subsequent discussion on a recommendation for a permanent commission might be prejudiced.

Since the Commission's departure from Macedonia several particularly brutal attacks by bandits have been reported, sometimes by bands as many as 600 strong. A novel feature of these recent raids is that in many instances the village priest has been either butchered or burnt alive.

On the 9th April the Greek Government's spring offensive began against the main forces of the bandits in Western Macedonia and Northern Thessaly. This was preceded by a final appeal, made by M. Venizelos, to the bandits to surrender, and by the dropping of leaflets warning the civilian population to keep clear of the operational areas. First reports indicated that a large encircling movement by two army corps, assisted by aircraft, was proceeding according to plan, but snow has since covered the mountains to a depth of two feet and activity on both sides has been considerably reduced.

In the Peloponnese comparative order has now been restored and the Government are proposing to lift martial law. General Zervas, who estimated the number of bandits operating in the Peloponnese at 900 to 1,000, has told the Press that almost the entire Parnon–Taygetos–Langada range is now held by Army and Gendarmerie forces.

The Greek Foreign Office have announced that, despite the departure of the Soviet Ambassador from Athens (see under "Soviet Union") the Greek Ambassador to Moscow will remain at his post. They have also issued a statement in connection with Admiral Rodianov's complaint of anti-Soviet articles in the Greek press. They point out (*a*) that the three newspapers described in the Ambassador's note as "standing close to the Greek Government" are all in fact organs of the Opposition; (*b*) that complete freedom of the press exists in Greece; and (*c*) that the official Soviet denial issued by the *Tass* agency was published in all the Greek newspapers.

The feeling is said to be spreading that all Greece's financial troubles will be over once the U.S. loan becomes effective. Civil Servants, bank employees and State Railway employees have all been on strike claiming an extra month's salary as Easter bonus, and it is reported that the Government are inclined to give way and thus encourage further trouble. The employees have now resumed work following a statement by the Premier in these terms: "When we get the U.S. loans, I am certain that U.S. experts will deal with employees' claims, which will be settled satisfactorily together with wage and salary questions."

Albania

(See under "United Nations.")

Bulgaria

Although, in public, Opposition circles in Bulgaria have maintained a prudent reserve throughout the last month on the subject of President Truman's pronouncement of the 12th March, there is no doubt that—much as they, in common with other Bulgars, dislike the Greeks—they have on the whole been greatly encouraged and stimulated by the speech and its reception. It is probably true to say that the self-confidence of Government circles has been correspondingly shaken: they were certainly not prepared for such a revolution in American foreign policy, and it has increased their distrust of the Opposition. One Government paper (*Narod*, 20th March) said that Mr. Truman's intention of helping the present Greek Government could only be compared to Hitler's and Mussolini's interference in support of Franco ten years or so ago. Another one (*Rabotnichesko Delo*, 18th March) printed a letter alleged by it to have been written by the former Agrarian leader Dr. G. M. Dimitrov (now an exile in the United States) to his successor Nikola Petkov, giving him advice as to how to get control of the Government after the Soviet troops withdraw and how then to stamp out Communist influence. The Opposition have retorted that the letter is a crude forgery. Whether it is that or not, its publication marks a further stage in the rapid deterioration of relations between the Government and the Opposition which started with the announcement of the monetary changes on the 7th March. Whereas in February the Prime Minister was tentatively offering some degree of collaboration in comparatively mild terms, now once more the Opposition, with its press continually silenced and its deputies often subject to exclusion from the Assembly, is being branded by the Government as criminal and treacherous. The special importance of the monetary changes in this connexion is that they have given the Government such complete control over expenditure that it is open to question whether any Opposition press, or indeed political existence, will continue to be practicable.

Viewed as a whole, those changes amount, certainly, to the most drastic, and effective, step in communisation since the present Government came into power. Cash purchasing power is now so tightly limited that applications for sums of even 3,000 leva (under £3) are being refused. Bank deposit purchasing power has become completely subject to Government licence, and this means that all financial activity, from that of business corporations to the petty personal expenses of private individuals, has been brought under official control. While what was left of the old propertied class appears to be finished, a new privileged class has been created in the shape of the industrial workers and salaried employees who are paid in cash. Yet there is no likelihood that wage and salary earners will be well off either. The intention of the monetary changes appears to be, amongst other things, to force down the standard of living, in order to devote all resources to the Two Year Plan. Meanwhile it was reported unofficially three weeks ago that only about 44,000 million leva out of the old circulation of 72,000 million had been paid in, and it is known that many of the peasants are still hoarding food on a fairly extensive scale. In order to try and get much-needed cereals at a lean time, the National Bank was on the 19th March authorised to pay 100 per cent. in new bank-notes for grain. Even this expedient may not succeed in bringing in food, however; for the peasants' faith in the national currency has dwindled and few consumer goods are available.

Allusion was made in *Summary* No. 387 to the new draft law imposing a graded capital levy upon property and cash deposits. Another measure has now been introduced by the Government as a result of which financial transactions will become dependent upon the cheque system. No family will be allowed to hold more than 40,000 leva in cash, and businesses will be restricted to currency for one week's expenses. Payments over 10,000 leva for individuals and over 20,000 leva for firms will henceforth have to be made by cheque, and drawers will be obliged to present their cheques to a bank and not endorse them to a third party.

In a written answer the Minister of State informed Mr. Pritt, M.P., on the 2nd April (1) that the British authorities in Bulgaria had not during the past six months sold or transferred any sterling in exchange for Bulgarian currency, and (2) that, while no official rate of exchange exists in the sense of one agreed between H.M. Government and the Bulgarian Government, the rate of 3,000 leva to the £ [on which consular fees, *etc.*, are actually based] corresponds in our view more closely to the true value of the lev than the rate at present quoted by the National Bank of Bulgaria [namely 1,156 leva to the £], and is not inflationary.

Turkey

While the question of American help has remained on the knees of the gods in Congress assembled (see under "United States"), the Turks have been defending themselves against Soviet calumnies with a robustness which suggests confidence in the force of Senator Vandenberg's argument that "if the Middle East falls within the

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orbit of aggressive Communist expansion, the repercussions will echo from the Dardanelles to the China Sea and westward to the rims of the Atlantic." Turkish commentators dismissed as a totally fictitious product of the Soviet propaganda machine *P.M.'s* story about President Inönü taking up the receiver, in the belief that Stalingrad had fallen, with intent to throw the Turkish army in against the Russians, but being forestalled by a call from Papen telling him that the German attack on the city had failed. However, the Prime Minister and other Turkish apologists are perhaps unwise to claim that Turkey took military measures to help Russia, for, as they should know, the Soviet Government have ample proof in captured German documents that it was the Turkish Government's fixed policy to do nothing to help Russia to defeat Germany. The Turks are on firmer ground when they point out that it was Russia who collaborated with Germany in 1939, whereas Turkey established links with the Allies. As Mr. Acheson stated in the Senate Foreign Relations Committee, Turkish neutrality was at least of negative value to the Allies.

In a speech made at Izmir on 1st April the Prime Minister repeated that Turkey claimed nothing from her neighbours provided they claimed nothing from her. The Anglo-Turkish alliance, he said, was as strong as ever and Turkey entirely understood Great Britain handing over some of her great responsibilities to the United States. It was inconceivable that the United States would seek to impose, or that Turkey would accept, conditions infringing Turkish independence, as hostile propaganda was suggesting. While declaring that he had no feelings of enmity against Russia, M. Recep Peker also stated openly that the reason for the maintenance of the "state of siege" in Istanbul and the Straits area was the continuance of external pressure. Unless such pressure ceased, Turkey would maintain the "state of siege" and submit the matter to the United Nations. An article in the semi-official *Ulus* with equal frankness described Soviet policy as being simply to demand that the United States should not support Greece and Turkey but allow Russia to dominate them and the Near and Middle East; the Russian Government were trying, not to promote, but to wreck peace-making; the sooner Congress passed the relevant bill, the sooner would the Slav *bloc* be weakened. Other papers wrote plainly of the Soviet desire to turn Turkey and Greece into satellites like Bulgaria and Yugoslavia.

In addressing the students of Istanbul University on the 29th March on the subject of nationalism M. Recep Peker made certain remarks which seem to have been meant also for the outside world. He insisted that the old Turkish nationalism, which regarded Christians as beyond the pale, was dead and buried; that the Turkish nation was a member of the family of civilised nations; that Jews and other non-Turks and non-Moslems were part of the nation; that anti-Semitism and all racialism were reprehensible; but that Turkish nationalism desired a happy existence for Turks outside Turkey (he had in mind presumably the deportation of the Crimean Turks and the alleged persecution of Turks in Syria and Bulgaria). Socialism, he said, could help progress, but was best avoided lest it should have its roots outside Turkey's frontiers and should degenerate into Communism, which was banned. In a subsequent talk the Prime Minister urged employers and parents to protect young people against the invisible enemy, Communism.

True to Atatürk's policy, the whole trend of which was to identify modern Turkey with the West instead of the East, the Turkish Government only sent an observer to the Asian Relations Conference at Delhi, while expressing good wishes for the success of the meeting.

THE MIDDLE EAST

Egypt

The take-over by the Egyptian Government of the Qasr an Nil barracks in Cairo was made the occasion of a national celebration on the 31st March, in spite of the earlier agreement of the Egyptian military staff that it was undesirable to publicize the event. A national holiday was proclaimed, and an elaborate ceremony was staged in which King Farouk himself hoisted the Egyptian flag over the barracks. He also deputed a chamberlain to lay wreaths on the tombs of Mustafa Kamil and Sa'ad Zaghlul, and on the memorial in the University to the student killed in the riots of 1935—a typically irresponsible act at a time when the Government are having considerable difficulty restraining unruly students, the majority of whom are anti-Palace.

Representations are being made by His Majesty's Ambassador to the Egyptian

Government about the recent bomb outrages and the perfunctory way in which the police appear to be making their investigations into them.

On the 27th March a Muslim mob attacked the Coptic church at Zagazig, took out all doors, windows, benches and furniture, as well as clerical vestments and books, and made a bonfire of them outside. The following day a number of rioters climbed on to the roof and smashed it in, so that only the shell of the church remained. Mud was thrown at a British missionary and the Coptic Bishop when they went to visit the ruined church on the 28th March. The incident provides a reminder of the appalling readiness of the Egyptian mob to break out in anti-Christian excesses, an example of which was seen in the attacks on foreign Protestant and Catholic churches in the Cairo riots of February 21, 1946. There can be little doubt that the Muslim emphasis employed by the Palace in its campaign against the Wafd is primarily responsible for these demonstrations of fanaticism. The Government have suppressed publicity about the Zagazig riots, the origin of which, it may be remarked incidentally, is obscure.

Since the withdrawal of British troops from Cairo and Alexandria to the Canal Zone the Egyptian Government have been making difficulties about British military personnel, even in plain clothes, spending leave in those places or passing through the Delta on duty. This contravenes the Immunities Convention of the 1936 Treaty (which, in the view of His Majesty's Government, still remains in force) since, although the convention does not provide in so many words that British troops stationed in the Canal zone shall have the right to visit Cairo on leave, its terms clearly imply that this was intended.

The Thirty-Sixth Conference of the Inter-Parliamentary Union was opened in Cairo on the 7th April, and was attended by twenty-four delegations. King Farouk was represented at the inaugural meeting by Prince Muhammad Ali, and, on the proposal of Count Carton de Wiart, who made the opening speech, Husain Heikal Pasha was elected president of the Conference. Speeches by Egyptian delegates shewed a tendency to point to the opportunities afforded to the other delegates by their presence in Egypt to learn the truth about the country's present civilization and past glories. On the 3rd April Heikal Pasha had given a press interview in which he pointed out that correspondents would inevitably have to discuss the Anglo-Egyptian question in conversation with the delegates to the Conference, and proceeded to give what was described as "a clear explanation of the course of the treaty negotiations up to the time when it was realised that they would be broken off." He then compared the straightforward attempt of the Egyptian Government to realise national ambitions within the framework of the United Nations Charter with Great Britain's endeavour to reconcile her imperialistic policy and aims with the Charter. It was this divergence of views and Egypt's refusal to become a British zone of influence, he said, which had led to the breakdown of the negotiations. He also alleged that it was an incontestable fact that neither the Egyptian Government nor the Egyptian Parliament had accepted the last treaty draft, that the Chamber of Deputies had gone no further than approving the continuance of the negotiations, and had only given the Government a vote of confidence so that it could realise national aspirations, to wit, the unity of the Valley of the Nile and complete withdrawal of British troops. The Senate, he said, had shewn, in several debates which had taken place on the subject, that it had not approved of the Sidky–Bevin proposals. Finally, he claimed that political unrest during the past twenty-five years—implying that it was due to the special position of Great Britain in Egypt—had made important reforms impossible and had prevented an improvement in the standard of living. He also announced the preparation of a booklet, describing the general situation in Egypt, which was intended for distribution to the delegates to the Parliamentary Conference and to the press. On the 6th April the *Journal d'Egypte* published a long article by Heikal Pasha which contained a bird's-eye view of some incidents in Egyptian history selected and presented so as to shew that everything had gone swimmingly in the way of social and economic progress until foreign interference took place. Although France and Russia receive a special mention, it is clearly to be inferred that Great Britain is the arch-criminal, even over the Capitulations question. This grossly improper exploitation of the Conference is unlikely to swing any votes in Egypt's favour at the hearing of her case before the United Nations, and may, in fact, serve to alienate

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the opinion of some who previously had an open mind on the merits of the Egyptian case.

The Egyptian press has announced that the United States Government have invited the Egyptian Chief of Staff and several senior officers to visit the United States this summer in order to acquaint themselves with military developments there. The invitation has been accepted.

Palestine

An extraordinary plenary session of the Vaad Leumi opened in Jerusalem on the 1st April under the chairmanship of Mr. David Remez, who, in his opening speech, appealed to the Yishuv to continue the fight against terrorism, although, he said, "not only justice, but political reason seems to have come to an end in this country." Ben Gurion later hinted that the Hagana might be used against the terrorists, even if, as he put it, "the police and some of their officers should interfere." He also made the characteristic charge that some of the police not only favour the terrorists, but are actually in contact with them. A resolution, introduced by the chairman, was passed instructing the Executive of the Vaad Leumi to increase protective measures against "terrorist hooliganism" and intimidation. Other resolutions dealt with the preparation of the Zionist case for presentation to the United Nations (a task which was entrusted to the Executive) and a call to the Yishuv to maintain unity in face of the hard political struggle facing Palestine Jewry.

The general impression is that the extensive use of force against the dissidents will not be attempted (if at all) until the ground has been prepared by a campaign of "re-education" upon which the Jewish Agency intends, it is said, shortly to embark. This will not necessarily include any co-operation with Government forces, or even action to prevent destruction of property other than that of the Yishuv, or punishment of the authors of such destruction. A well at Kiryat Haim had been destroyed, admittedly, by the Irgun Zvai Leumi, and a number of their members were beaten up in consequence on the 2nd April. This incident was recorded by the Jewish Telegraphic Agency as an indication that new measures against the terrorists have already begun. The Irgun Zvai Leumi wireless station on the 6th April attacked the Hagana for its action "against innocent people not connected with us," and made various charges against the Hagana, including the blowing-up of the *Patria* in 1940, when many Jewish lives were lost.

The damage to the Haifa oil installation, briefly reported in the last *Summary*, was extremely serious, and it will affect the quantity of oil products available locally. The Government announcement that the community would have to pay for the cost of the damage has caused a considerable outcry, and some anxiety about the steps which will be taken.

The demand of the Zionists for unrestricted, legalised immigration is maintained, but it is appreciated by the Jewish Agency that steps are being taken to counter the threat of a very large influx of illegal immigrants during the summer months. The Jewish Telegraphic Agency referred on the 14th April with some satisfaction to the probability that recent diplomatic representations by His Majesty's Government will not lead to any radical change in practice (see also under "France" and "Italy").

Transjordan

The Treaty of Amman between Transjordan and Turkey was ratified at Amman on the 31st March.

The Regent of 'Iraq, with Nuri Sa'id (President of the Senate) and Shakir al Wadi (Minister of Defence), has arrived in Amman with a draft Treaty of Alliance and Brotherhood, which it is hoped may be signed very shortly in Baghdad.

The Levant States

The Lebanese Chamber of Deputies was dissolved on the 9th April by Presidential decree. Elections to the new Chamber will be held between the 25th May and the 1st June.

A draft Bill providing for compulsory military service was submitted to the Syrian Parliament on the 3rd March. All Syrians from the age of 19 years become liable for service. Although exemption may be obtained by payment of a fee, all conscripts are still required to serve for three months' training. The period of service is twenty-one months in the infantry or twenty-four months in the cavalry or the armoured corps, followed by a period of reserve service.

Iraq

On the 4th April Salih Jabr outlined the programme of his Government. The most important points of his statement on foreign affairs were the revision of the

Anglo-Iraqi Treaty on a basis which would guarantee the mutual interests of the two countries on an equal footing in the light of the United Nations Charter; the strengthening of the ties between 'Iraq and the other member-States of the Arab League; the safeguarding of Arab rights in Palestine; the consolidation of friendship with Turkey and Persia, in accordance with the spirit of the Saadabad Pact; and, finally, adherence to the principles of the United Nations Charter.

The Prime Minister's domestic programme includes the re-equipment of the Army, the construction of a petroleum refinery at Baiji, and various educational and industrial reforms.

Persia

Military operations are now in progress against the Barzani Kurds (see *Summary* No. 835). It appears that the Barzanis, not relishing the idea of returning to their own country, 'Iraq, where they can expect little sympathy, decided instead to make for the Russian frontier. The Persian Army column sent out to intercept them received confirmation that they had been in touch with the Russians through the Russian Consulate-General in Tabriz and through the Herki and Shakkak Kurds. When the first clash occurred with the Persian Army at Mawana, fifteen miles west of Rezaieh, on the 16th March, the Barzanis had travelled some thirty miles north of the point where the Persian, Turkish and 'Iraqi frontiers meet. They were forced to retreat south after a sharp skirmish. Fighting has continued in the Mergawar plain, and around Ushnuiyeh, thirty miles west of the southern tip of Lake Urmia, but on the 6th April the Barzanis were reported to be moving toward 'Iraq.

Qazi Muhammad, the former head of the independent Kurdish Government of Mahabad, which was set up in January, 1946, and collapsed in December on the re-occupation of Azerbaijan, was reported by the press to have been executed at Mahabad on the 31st March. His brother, Sadr Qazi, and his cousin, Said Qazi, "Minister of War" in the Mahabad Government, were executed with him.

The question of Persian participation in the Peace Conference (see *Summary* No. 379) was discussed at Moscow on the 9th April. It was agreed, pending a final decision, that Persia should be admitted to the Information and Consultation Conference, but not to the permanent Working Committees or to the Peace Conference itself.

There are signs of increased Russian pressure in the Resht area. The Governor-General of Gilan, Ansari, has made a number of new appointments among his subordinates, introducing either Russian supporters or nonenties who can be relied upon to do what they are told. Ansari himself appears to be little more than a tool in Russian hands.

The delegation from the World Federation of Trade Unions (see *Summary* No. 385), having united in Tehran, left on the 2nd April for Mazanderan, after which they are to visit Tabriz. Harries completed his independent tour of Khuzistan and Isfahan and returned alone to Tehran on the 21st March. The remainder of the delegation toured the Anglo-Iranian Oil Company area between the 22nd and 28th March, reaching Tehran *viâ* Isfahan on the 31st March. Harries hopes that it will still be possible for the delegation to reach an agreed report, if only on broad principles.

The Prime Minister's ambitious Seven-Year Plan (see *Summary* No. 387) seems likely to remain a mere paper project unless the necessary funds can be raised. Salman Assadi, Chairman of the Mining and Industrial Bank, in an interview with His Majesty's Ambassador, stated that the Persian Government were still hoping for the loan from the International Bank. They also hope to increase their revenue by tightening up the Administration. But, even if the money is forthcoming, the social reforms carried out to date make a poor shewing in comparison with what has been promised by Qawam in successive speeches, and augur badly for the success of the Plan. For example, the scheme for the distribution of State lands among the peasantry contained in a decree of the 6th July, 1946, which has been given much publicity by the Prime Minister, appears only to have been implemented in the Second Ustan (Department), which comprises the Tehran District. Here twenty-five villages in the neighbourhood of the capital have been distributed to the villagers, and the title assigned to the new owners.

Erratum

Summary No. 387, "Persia," line 5: For "rials 600,000 million" read "rials 60,000 million."

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THE FAR EAST

Japan

The ingrained conservatism of the Japanese people was shown in the results of the first local elections held under the new constitution. According to a *Times* report, 33 out of 46 prefectural governors elected had held the same office under the bureaucratic system and in general conservatives, described as independents, gained a decisive victory over left-wing rivals. The electors displayed no enthusiasm over the election, 47 per cent. in the five principal cities abstaining from voting.

The new party, that has risen from the ashes of the defunct Progressive Party, has styled itself the Minshuto (*anglice* Democratic) Party. The word democracy has been so eagerly embraced by Japanese politicians of all shades of opinion as to have lost almost all meaning, but it is startling to find a party formerly of the extreme right adopting as its banner the Sovereignty of the People for that is the literal meaning of the Japanese word. The Party claims at the moment 145 Diet members composed of old Progressives with a sprinkling of adherents from other Parties. Its mission is declared to be to "shatter the bigoted shell of capitalism and correct the unrealistic character of socialism." In plain English this may mean that it proposes to steer a middle course between extremes of capitalism and socialism. The Party has suffered an initial set-back in the "purging" by the Government Central Screening Committee of Narahashi, one of the leading promoters.

The bill for the revision of electoral areas has successfully surmounted the committee stage and is now generally expected to pass. It is supposed to favour right-wing candidates, and the opposition are busily reducing sail to meet the challenge.

General MacArthur's warning that the Japanese Government must act vigorously to curb inflation received strong endorsement in the Allied Council. Mr. McMahon Ball said that the real difficulty was to find Japanese authorities who had the will and the capacity to establish a controlled economy. Minority groups were profiting by inflation and by the failure of the Japanese Government to carry out directions with regard to controls. During the course of the discussion the economic adviser to S.C.A.P. Headquarters is reported to have attributed the failure partly to administrative deterioration and partly to passive resistance.

Under the terms of reference of the Far Eastern Commission the U.S. Government is entitled to issue *interim* directives to the Supreme Commander for the Allied Powers "whenever urgent matters arise not covered by policies broadly formulated by the Commission." On the 3rd April the Government announced its decision to authorise S.C.A.P. to release as advance reparations certain Japanese industrial equipment, already agreed upon by the F.E.C. as available for removal. The equipment is such as can be immediately used for relief purposes by war-devastated countries in Asia and is to be allotted to China (15 per cent.), the Philippines (5 per cent.), the Netherlands (5 per cent.) and the United Kingdom for Burma, Malaya and British Colonies (5 per cent.), These percentages are proportions of the reparations items described as available from Japan proper under the F.E.C's interim removals agreements, and it is expressly stated that they should not be prejudged as indications of the various countries' share in future allocations of either the remainder of the interim removals items or the final reparations settlement. In making this announcement the U.S. Government point out that the start of reparations removals has now been held up for over a year, though the countries concerned are in extreme need of the equipment.

The Australian Government have now established their own Liaison Mission in Tokyo and appointed Mr. McMahon Ball to head it, in addition to his duties as member of the Allied Council.

Korea

Mr. Marshall is attempting to break the deadlock between U.S. and Soviet representatives in Korea which has divided the country into two separate zones. In a letter dated the 8th April to M. Molotov he asserts that the action of the Soviet Commander in Northern Korea in refusing to permit freedom of movement and free economic exchange between the two zones has precluded political amalgamation and caused grave economic distress. After outlining the disinterested purpose of the United States in Korea and reinforcing his arguments by references to the Cairo Declaration of the 1st December, 1943, and the Moscow Conference of December 1945, he explains how Allied aims have been stultified by Soviet insistence on a formula which would eliminate the majority of representative Korean democratic parties and social organizations from the discussions which are necessary (if Korea is eventually to have a National Government representative of the freely expressed will of the Korean people). He therefore asks that the Soviet and U.S. Governments agree to instruct the respective Commanders in Korea to reconvene the Joint Commission as soon as possible. What may, perhaps, be regarded as the sting in the tail is the concluding statement that in the meantime the United States, mindful of its obligations under the Moscow Agreement, sees no alternative to taking without further delay such steps in its zone as will advance the purposes of that agreement. It is to be noted, in passing, that the stumbling-block is the definition of "representative" Koreans.

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Philippines

The amendment of the constitution giving "parity" to the Americans (see *Summary* No. 385) has been formally declared approved.

Siam

The public support which Luang Dhamrong Navasvasti so confidently expected for his Administration when he undertook the task of forming a new Government in August, 1946, did not materialise. Rather has the present Administration been subjected—largely at the hands of private vested interests—to continuous and increasing all-round criticism. Added to these difficulties have come losses and disagreements within the Cabinet itself. Early in February, for instance, Luang Dhamrong was deprived of his Minister of Communications, who met with a fatal accident when his inspection car fell through a bridge on the Burma Railway near the border. This loss was quickly followed by the resignation of the Minister for Foreign Affairs following an angry meeting with his colleagues, in which he is said to have baldly accused the Minister of Commerce of endeavouring to appropriate an unnecessarily large sum for the purchase of gunny bags for rice. In these unfortunate circumstances the Prime Minister was forced to consider the question of tendering the resignation of his Cabinet. Finally, however, he reached the conclusion that such a step would not be in the best interests of the State so long as the Senior Statesman, Luang Pradit, had not returned to the country from his visit to Europe. He decided, therefore, to add to his already heavy responsibilities the portfolio of Foreign Affairs and to endeavour to keep his Government in office.

The results of this move were to speed up certain Anglo-Siamese and U.S.-Siamese negotiations which were in progress (*e.g.*, over oil distribution in Siam) and from the point of view of inter-Allied co-operation the attitude of Luang Dhamrong has been most helpful and energetic. During the whole of his term of office he has shown much courage in putting through decisions on external policy (*e.g.*, the return of the "lost territories" to France and reference to a Conciliation Commission) in the face of bitter opposition. It is generally thought, however, that his Administration is likely to fall when the Legislature reassembles on the 10th May. While it is difficult to forecast the composition of the new Government, it seems probable that Luang Dhamrong will continue to play an important part in it.

In the meantime whisperings of the possible return to active political life of the ex-Dictator, Marshal Pibul, have attracted increasing publicity and concern. The many callers received by Marshal Pibul at his private residence, coupled with his creation of a new political party under the name of the "Right is Might Party," gave ground for the widely spread conviction that he was staging a come-back with the support of the Democratic Party and possibly also of that of the Army. In conversation with the Siamese Prime Minister, therefore, H.M. Ambassador was prompted to express grave concern over this campaign and to make it quite clear that the re-establishment of a fascist régime would be strongly condemned by world opinion, which no country could afford lightly to ignore; and also that Pibul's lip-service to democracy hoodwinked nobody.

Proceeding in step with H.M. Ambassador the United States Ambassador also spoke in similar terms to both the Prime Minister and the Senior Statesman—now returned from his visit abroad. It is understood that he informed the Senior Statesman that the United States Government were extremely concerned over the deterioration of political conditions in Siam and asked to be told what plans were under contemplation for the recasting of the Cabinet and the restoration of public confidence.

A few days later Siamese reporters asked the British Information Service for an observation on the reported intention of Pibul to return to political life, following which a staement figured prominently in the Bangkok evening papers that, although the British Information Service could not comment on Siamese internal political

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affairs, it was not forgotten that it was under the leadership of the ex-Dictator that Siam declared war on the British and American Democracies. *Liberty*, the English language paper, in commenting on this statement, described it as "pregnant with meaning"; while the American-edited paper, *Bangkok Post*, carried an editorial under the heading "A Timely Warning." The Siamese press also reported that the Minister of Defence had issued an order to all military units prohibiting them from meddling in politics.

It would appear that the views thus informally expressed by the British and United States Ambassadors—of which these press statements were a direct outcome—were rewarded with almost immediate practical results. Callers on Marshal Pibul found his house closed and were told that he had gone to the country. The Siamese Prime Minister remarked to H.M. Ambassador that, in his opinion, Pibul's recent "demonstration" was now ended, although possibly only temporarily. He also said that the leader of the Democratic Party had encouraged Pibul in the first instance because he had a personal axe to grind, but that he felt it was a good sign that Nai Kuang had now asserted in a public declaration that he did not endorse the movement. The Prime Minister went on to say that public opinion was "overwhelmingly opposed" to the re-emergence of Pibul and that if this movement were put to the test in the Legislature, it would be certain to meet defeat by a majority of at least 60 votes. Be this as it may, the Senior Statesman is convinced that the instability now threatening the whole Siamese political structure will culminate sooner or later in grave internal troubles. He himself feels so strongly the personal hostility of Nai Kuang and his Democrats, supported by certain elements of the Royal family, that he is considering the question of resigning his parliamentary seat and finally retiring from politics. It may be noted, of course, that Luang Pradit prefers to work behind the scenes and that this is not the first time that he has announced his retirement from active politics, only to stage a "come-back" later.

On the 19th March, H.M. Legation at Bangkok was raised to the status of an Embassy and H.M. Minister, Mr. G. H. Thompson, was appointed the first Ambassador to the post. On the same date H.M. Government informed the Siamese Government that they would be delighted if similar steps were taken in regard to the Siamese Legation in London. This invitation was accepted, and Nai Direck Jayanama, until recently Minister for Foreign Affairs in the present Administration, has been appointed the first Siamese Ambassador to the Court of St. James. On his arrival in London, therefore, the status of the Siamese Legation also will be elevated to that of an Embassy.

Sir Horace Seymour, G.C.M.G., C.V.O., until recently H.M. Ambassador to China and now retired, has been invited by both the French and the Siamese Governments to serve as one of the three neutral members of the Franco-Siamese Conciliation Commission (see *Summary* No. 365). Sir Horace has accepted this invitation in a personal and unofficial capacity, but with the knowledge and approval of H.M. Government. The other members of the Commission are Judge William Phillips (U.S.A.), Dr. Belaunde (Peruvian jurist and ex-Ambassador), Monsieur Naggiar (France) and Prince Wan Waithaykorn (Siam). The Commission is expected to meet in Washington in the first week in May.

THE UNITED STATES OF AMERICA

Although progress has been slower than was originally hoped, President Truman's programme of aid for Greece and Turkey continues to grind its way without serious opposition through the legislative mill in Washington. The bill in which the programme is embodied was approved unanimously by the Senate Foreign Relations Committee on the 3rd April, and the full Senate debate upon it began on the 8th. In its present form the bill carries an amendment, originally submitted by Senator Vandenberg on the 31st March (and then slightly revised after consultation with the Foreign Relations Committee and with Acting-Secretary of State Acheson), directing the President to withdraw all or part of the aid authorized in any of three circumstances. These are: (1) if the President is requested to do so by a representative Greek or Turkish Government; (2) "if the United Nations Security Council finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly finds that action taken or assistance furnished by the United Nations makes the continuance of such assistance unnecessary or undesirable"; and (3) if the President finds that the purposes of the

Act "have been substantially accomplished or are incapable of satisfactory accomplishment."

In common with Mr. Austin's statement to the Security Council on the 28th March, the Vandenberg amendment has eased the qualms of those who feared that the President's programme might weaken the authority of the United Nations. In opening the Senate debate on the 8th April Senator Vandenberg himself claimed that the amendment involved the "greatest act of voluntary allegiance" to the United Nations in the whole history of that organization. Only on the far Right and on the Left is the measure still found to be unsatisfactory—in the former case because to all appearances it sacrifices sovereign rights in permitting the United Nations to review and to call a halt to American policy; in the latter because the changes introduced by Senator Vandenberg are regarded, in the words of *The Nation*, as an attempt "to drape the nakedness of American intentions with a few rags of UNO authority." Between these two extremes doubting Thomases like Mr. Walter Lippmann now hasten to acknowledge that the Vandenberg amendment strengthens both the hand of the United Nations and the moral case of the United States Government. They point out that, until and unless the Security Council or the General Assembly requests it to withdraw, the United States Government will henceforward be acting, "not on its own isolated judgment, not unilaterally, but with the consent of the United Nations." Not unrelated perhaps to this swing of middle-road opinion in favour of the Greco-Turkish aid bill which the Chairman of the Senate Foreign Relations Committee has helped to produce is the announcement of the Russophil Senator Claude Pepper (Democrat, Florida) that, notwithstanding his earlier opposition, he will vote for direct financial and military assistance to Greece if the rest of his colleagues in the Upper House appear to be in favour of it. For different reasons, Senator Robert A. Taft, the Chairman of the Republican Committee on Policy, who stands at the other end of the political spectrum, has intimated that he, too, will lend his support to the measure. In the clearest endorsement which he has yet given to the Administration's foreign policy he stated on the 10th April that to repudiate the President now would be to "destroy his prestige in negotiations with the Russian Government, on the success of which ultimate peace depends."

Mr. Truman himself continues to enhance that prestige, the latest Gallup poll showing that 60 per cent. of Americans now approve his handling of his Presidential duties, as against only 32 per cent. when his political fortunes reached their nadir last autumn. The President has been warmly praised for his Jefferson Day speech of the 5th April, in the opening passages of which he elaborated the foreign policy originally outlined in his message of the 12th March. In commenting upon this pronouncement the conservative Scripps-Howard press—which is not generally friendly towards him—has been constrained to acclaim him as a leader who seems "consistently to act directly and candidly for what he sees as the country's best interest." On the 9th April Mr. Truman secured another important moral victory when, after long and at times unedifying Committee hearings, the Senate at last confirmed his appointment of Mr. David E. Lilienthal as Chairman of the U.S. Atomic Energy Commission by a vote of 50 to 31. To this victory Senator Vandenberg contributed in no small measure by helping during the previous week to defeat a move by his own Republican colleagues, Senators Bricker and Taft, to refer the nomination of Mr. Lilienthal back to the Atomic Energy Committee pending the further examination of some of Mr. Lilienthal's subordinates by the Federal Bureau of Investigation.

The scepticism with which American observers have hitherto followed the deliberations of the Moscow Conference is now slowly giving way to angry impatience with the obstructive tactics of M. Molotov and with his attempts to wear down and possibly to divide the Western Powers. In its extreme form the current mood has been reflected in the demand of Senator Harry F. Byrd (Democrat, Virginia) for a final "showdown" with the Soviet Union in the United Nations and in the candour with which Senator Tom Connally (Democrat, Texas) admitted to the Senate on the 10th April that it was largely "resistance to the aggressive expansionist doctrine of Soviet Russia" which impelled him to support the programme of aid to Greece and Turkey.

Mr. Marshall's proposal of the 9th April for an international commission to study the question of the German-Polish frontier has provided the highlight of interest at the Conference, and the insistence of the American Secretary of State that the final

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decision on this question must be in the interest of Europe as a whole is regarded as establishing a criterion which no amount of Soviet argument over what was done or said at Potsdam can gainsay.

In the United States itself the industrial situation has again been fraught with unrest as a result of the telephone strike and of the attempt of Mr. John L. Lewis to exploit the Centralia (Illinois) mining disaster of the 25th March in order to wreak vengeance upon the Federal Government for the recent setbacks which he has suffered at the latter's hands. On the 1st April—the date on which the soft coal strike was originally due to be resumed—Mr. Lewis ordered a six-day "mourning period" for the 111 Centralia victims, and on the 5th he called for the closing of all but the two pits which the Director of the Bureau of Mines had certified as complying with the Federal Safety Code. He had meanwhile made it clear that he would not expect any miner to resume work in an unsafe mine, although on the 12th April he climbed down to the extent of instructing the men to return to their jobs where there was "reasonable ground" to believe that they would not thereby be endangering their lives.

With the disorganisation produced by the telephone strike since the 7th April this latest display of truculence on the part of the miners' leader has given a fresh impetus to the demand for corrective labour legislation. It has also galvanized the Senate Labour and Public Welfare Committee and the House of Education and Labour Committee into a frenzied burst of activity on bills which would, *inter alia*, provide the Government with special powers to deal with strikes affecting the public interest. Nevertheless the deep concern in the country at large over the rising cost of living—to which the President himself gave utterance in his Jefferson Day speech of the 5th April—has caused many to sympathize with the telephone operators' demand for a rise in pay of 12 dollars a week. Mr. Truman reiterated his misgivings about the current level of prices at his press conference on the 12th, and he suggested that, if industry continued to make its present huge profits, there would be every justification for further wage increases.

LATIN AMERICA

Argentina

The Argentine-Bolivian bilateral agreement (see *Summary* No. 386) resembles closely in its outlines the treaty concluded with Chile. The Argentine Government, through its Trade Promotion Institute, lends Bolivia 50 million Argentine pesos at 3½ per cent. to cover Bolivian purchases in Argentina over the next five years; repayable in ten instalments beginning in 1952. Argentina will also invest 100 million pesos in Bolivia; an Argentina-Bolivian Finance Company, representing the Argentine Trade Promotion Institute, the Bolivian Government and Bolivian mining and industrial interests will be set up to develop Bolivian resources, especially minerals and rubber, with a view to the export to Argentina. Thirdly, Bolivia will float a loan in Buenos Aires, of which 100 million pesos will be taken up by the Argentine Trade Promotion Institute, and this loan will be used to finance public works, especially communications, and agriculture in Bolivia.

Apart from these credits, the two countries will draw up lists of non-competitive goods which will be admitted duty-free. Argentina undertakes to supply for five years fixed quantities of wheat, lard, sugar, edible oils, meat, live cattle and other commodities, while Bolivia will supply lead, asbestos, skins, timber, wolfram and rubber. Argentina will also take about 8,000 tons a year of Bolivian tin, at a basic price of 76 cents, rather more than that paid by the United States.

The Agents of the Trade Promotion Institute have also visited Perú, where, however, the Minister of Finance has declared that Perú would not sign an agreement of the type entered into by Chile and Bolivia, but confine itself to facilitating exchange through normal channels. The Peruvian Government are apparently not willing to take up State trading, and though they would be willing to press the International Petroleum Company and the Lobitos oilfields to sell to Argentina, they would not "resort to compulsion."

While the Argentine Government are thus exploiting their economic strength abroad, they seem to be seeking means to neutralize opposition at home. The most outspoken criticism of the Perón régime is to be found in the columns of *La Prensa;* and the Government, not content with attacking the paper by means of posters, appear to be considering more devious means of crippling it.

A recent controversy about maize prices throws some light on the Government's methods. The rising costs of production and of living (the latter is now 47 per cent. above the 1943 level) have caused dissatisfaction with the official maize price, which permits the Government to clear a handsome profit in sales for export. After a week-end in the maize-fields the all-powerful Señor Miranda announced his discovery that what was really the matter was not that the Government was paying too little, but that rents were too high, and he threatened expropriation of the "unscrupulous landlords." This fits in neatly with the official campaign against the land companies.

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UNITED NATIONS

Security Council

Corfu Incident

The Council debated the report of the Committee of Three (see *Summary* No. 385) on the 20th, 21st and 25th March. Albania's representative, Mr. Kapo, described the Australian and Columbian members of the Committee as partial, the Polish member being, by inference, impartial. Sir Alexander Cadogan's resolution, modified to meet U.S. and French views, ran as follows:—

> "The Security Council, having considered statements of representatives of the United Kingdom and of Albania concerning a dispute between the United Kingdom and Albania arising out of an incident on the 22nd October, 1946, in the Strait of Corfu, in which two British ships were damaged by mines, with resulting loss of life and injury to their crews: (1) considers that the laying of mines in peace time without notification is unjustified, and an offence against humanity; (2) finds that an unnotified minefield was laid in the Corfu Strait which resulted in serious loss of life and injury to their crews and which cannot have been laid without the knowledge of the Albanian Government; (3) recommends that the United Kingdom and Albanian Governments should settle the dispute on the basis of the Council's findings in (2) above, and that in the event of failure to settle, either party may apply to the Council for further consideration of the matter: resolves to retain this dispute on its agenda until both parties certify that it has been settled to their satisfaction."

Seven members voted for it. Syria's representative abstained, acting, it was learned later, without instructions from his Government, and Poland and Russia voted against it. Mr. Gromyko was able, by exercising the right of veto which the Charter gives to each of the five permanent members, to prevent the Security Council from reaching a decision. His action demonstrated to the world that one permanent member can at any time render the Security Council impotent as an engine of security, no matter how many members wish to reach a decision. Mr. Gromyko's attempt to follow up his use of the veto by having the dispute removed from the Council's agenda failed, and the matter came up again on the 3rd and 9th April, when the Council passed, by 8 votes to 0, with Russia, Poland and, of course, the U.K. abstaining, a U.K. resolution recommending the U.K. and Albanian Governments to refer the dispute to the International Court of Justice immediately, in accordance with the provisions of the Statute of the Court.

In the course of the debate on the 3rd April, the Brazilian representative raised the question of the proper functions of the Security Council. It was not, he said, a court of law or of arbitration. Its functions were political. It could not therefore punish or absolve. It could only recommend, or, when a breach of the international peace or security had occurred or was threatened, require members of the United Nations to take collective action. Apart from the general question raised, the majority of the Council held that the laying of an unnotified minefield was a breach of international security.

International Trade Organisation

The second session of the Preparatory Committee for the International Trade Organisation opened at Geneva on the 10th April. In the first session, which was held in London last autumn, a considerable measure of agreement was reached on the main lines of a Charter for International Trade, working on a draft submitted by the United States delegation. The object of the present session is two-fold: (1) to

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complete the work on the draft charter in preparation for the World Conference on Trade and Employment which it is hoped to hold next winter; (2) to undertake multilateral negotiations for the reduction of tariffs and for the reduction or elimination of preferences on a mutually advantageous basis, as a first step in the removal of barriers to world trade and as an essential move towards an effective world system of trade and employment.

The present meeting, accordingly, is divided into two main parts. During the past week the views of the chief trading nations on the form which a world trade policy should take have been expressed. In the first main phase, which is expected to last about five or six weeks, teams of customs experts from the several countries will try to arrive at agreed schedules of tariff reductions. It is expected that the first stage will be a series of bilateral negotiations between our country and its principal supplier of any given item. The results of these will later be made known to a gradually widening circle of other countries closely concerned, until finally all concessions granted and obtained are generalised to all participants. This phase will continue concurrently with the second, at which the terms of the Charter will be considered and, it is hoped, finally agreed, in the light of the results thus obtained. The Conference is expected to conclude about the end of July, when, it is hoped, an interim agreement, embodying the results of the tariff negotiations and such general provisions as are necessary to make it workable will be signed.

[For details of the first session of the Preparatory Committee, see *Summary* Nos. 364, 365, 366, 367, 368 and 369.]

THE MOSCOW CONFERENCE

Last year in Paris Mr. Byrnes proposed a Four-Power Treaty to ensure that Germany did not rearm. It was to be a simple treaty, similar to the bilateral pacts which the Soviet has made with various States against a revival of German aggression. On the 15th April, 1947, M. Molotov succeeded in forcing consideration of the treaty to be postponed indefinitely—probably the greatest blow for Allied disunity struck during the five weeks of the Moscow Conference. Yet the recognition of disunity is better than what Mr. Marshall denounced as "agreement for the sake of agreement." The one makes action possible. The other paralyses action. To this extent the Conference is succeeding.

In the last ten meetings the Ministers have re-trodden familiar ground. On the 1st April they discussed informally the level of industry, and reparations from current production. M. Molotov repeated that Potsdam covered such reparations. Mr. Marshall, with Mr. Bevin's concurrence, said that, since neither Potsdam nor the March 1946 level of industry plan provided for these reparations, M. Molotov was making vast new demands. Mr. Marshall did, however, suggest that U.S. experts might examine the possibility of compensating Russia out of current production for the plant which could not come to her as reparations if the level of German industry were raised; but only after Germany was self-supporting and British and American expenditure on Germany's behalf had been repaid. It was the old refrain, Russia chanting "reparations from current production," the Anglo-Americans responding, "no reparations from current production until . . . ."

On the 2nd April the subject was the political administration of Germany, and the issue remained the disposition of power between *Laender* and Central Government, M. Molotov favouring a strongly centralised Germany, the others, a Germany where power would reside in the *Laender*, who would delegate the essential minimum to the central government, M. Molotov posing as the champion of a united Germany, against the dismemberment which he said his Allies desired. Mr. Bevin and M. Molotov were at one in wishing the representatives of the *Laender* to be elected directly. On the 3rd April little progress was made in a debate on the Special Committee's Report regarding points in the Control Council's Report which the Ministers had agreed not to consider themselves. M. Bidault reaffirmed his objection to trade unions and political parties being organised on a pan-German basis. Mr. Bevin thought such organisation inevitable, and sought safety in guarantees of full and free competition between parties. M. Molotov, pressed by Mr. Bevin, agreed to let the Conference know when he would be ready to discuss a date for the return of prisoners-of-war. On Good Friday no meeting was held because the Co-ordinating Committee had not finished its report.

On Saturday the 5th April, there was an inconclusive discussion on the Co-ordinating Committee's Report, and Russia's refusal to have a proper international secretariat to do the translating made agreement still less easy. M. Molotov wanted Zonal Commanders to have the right to interfere with German central agencies. The other three objected.

On Monday the 7th and Tuesday the 8th April it became more obvious that M. Molotov's aim was a highly centralised, Communist-dominated Germany; and Mr. Bevin's repudiation of centralised security police, and Hitlerite methods advocated by M. Molotov, so delighted Mr. Marshall and M. Bidault that, after the meeting, M. Bidault thanked Mr. Bevin warmly in the name of France. Mr. Bevin's own appraisal of the position was that Russia had no desire to reach agreement except on terms dangerous to the security of the others.

Germany's frontiers were discussed on the 9th, 10th and 11th April, the main disputes being (1) whether the Polish frontier with Germany was fixed provisionally at Potsdam, as Mr. Bevin and Mr. Marshall had no difficulty in proving, or finally, as M. Molotov contended, M. Bidault agreeing with his Western colleagues, whilst pointing out that in practice the present frontier could not be altered. Mr. Bevin and Mr. Marshall advocated an impartial enquiry by the Deputies into all the German frontier problems. M. Molotov would have the Deputies discuss the Western, but not the Eastern frontiers; (2) whether there should be a special régime for the Ruhr and the Rhineland, as M. Bidault contended, in order to eliminate the dangers latent in German control of an area whose industries would be revived to make the new Germany self-supporting; (3) whether the Saar should be detached and made a part of France's economy. To this Mr. Bevin and Mr. Marshall agreed, and M. Molotov, champion of German unity, objected (see under "Poland" and "Germany").

The remainder of the meeting on the 11th was concerned with the problem of the Central German Administrative Agencies, should they be under a State Secretary, as M. Molotov and the letter of Potsdam required, or under an Executive Committee, as Mr. Bevin and Mr. Marshall had proposed in order to reconcile M. Bidault to any form of Central administration.

On Saturday the 12th no agreement was reached on the establishment of the Provisional Government, on its relations to the Control Council, or on the division of powers between the *Laender* and the Central Government, M. Molotov alone maintaining that the Centre must be the ultimate source of power. All outstanding differences were referred to the Deputies to deal with for the next Session of the Council of Foreign Ministers. It was agreed that all "category 1" armament plants should be dismantled by the end of June 1948: Mr. Bevin said that categories 2, 3 and 4 must wait on the final Level of Industry. Further discussion on M. Molotov's contention that a Central German Government must be formed before a Peace Conference could be called was deferred.

The subjects on the 14th April were: (1) the Deputies' Report on Procedure for the Peace Conference, Mr. Bevin making another powerful plea for those Allies to participate who had shed their blood in the war, a plea whose cogency compelled even M. Molotov to make some advance; (2) the Byrnes' Four Power Treaty.

The Byrnes' Treaty occupied the greater part of Monday and Tuesday, in a debate which may be considered as the climax of the Conference. Mr. Marshall asked that his colleagues should not now go into details, but agree to the principle of the U.S. proposal, and to nominating plenipotentiaries who should work out a draft on the American basis. Mr. Bevin agreed without reservation. M. Bidault also agreed; but he asked that the following points should be stressed: (1) German disarmament must include economic and scientific disarmament: it must not be conditional, as at Versailles, on general disarmament. (2) Measures for sanctions must be agreed, with provision for action even without unanimity. (3) the special status of the Ruhr and the Rhineland. M. Molotov raised so many objections, and wanted so much added to the simple outline of the U.S. plan, that, as Mr. Bevin remarked, the Four Power Treaty would take the place of the Peace Treaty itself, and usurp what belonged to the Allies as a whole. It would, in M. Molotov's hands, become an engine for interfering in the whole life of Germany during the next forty years. Mr. Marshall told M. Molotov roundly that he was deliberately introducing elements of discord in order to wreck the Treaty, and added that since the Conference opened, his insistence that Russian agreement to Economic Unity depended on acceptance of Russia's demand

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for reparations from current production had been the chief source of the Ministers' difficulties. He wondered whether Russia sincerely desired the disarmament of Germany. As chairman, he left discussion of the Treaty, and passed on to other things. That same day he had his long delayed interview with M. Stalin which many have considered as in the nature of a "show-down."

The other item in Tuesday's meeting was the Report of the Coal Experts. Mr. Bevin refuted a statement which Mr. Vyshinsky had made to the Press, that Great Britain had taken German coal as reparations: "It is a matter of regret," he said, "that such statements are made, which must be known to be incorrect"—but "truth," as the Moscow wireless said in 1931, "is a *bourgeois* metaphysical concept."

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Weekly Political Intelligence Summary

No. 389

FOREIGN OFFICE,
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23RD APRIL, 1947

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A special article on the European Coal Supply Situation will be found on page 27.

EUROPE

GERMANY

Perhaps the most ironic misjudgment of the closing phase of the Moscow Conference came from the Russian-controlled Leipzig Radio, which declared on the 17th April: "Pessimism has now given way to confidence." The sixth week of meetings saw ill-omened discussions on Mr. Byrnes' proposal for a four-Power pact to keep Germany disarmed. Whereas the three Western delegations wanted a straightforward treaty to guard against German aggression, Russia was determined not to be bound by any pact unless she got her way over such matters as reparations, control of the Ruhr, and annulment of the bi-zonal agreement. She therefore sought to inflate the document to something resembling a peace treaty and covering all the controversial issues. Clearly, if Russia gets no satisfaction on these issues she wants a free hand, on paper as well as in fact, to carry out whatever policy she pleases in Eastern Germany. On 16th April inconclusive talks were held on coal exports. Mr. Bevin and Mr. Marshall refused M. Molotov's proposal that German coal should be sent for reparations—a refusal that is being clearly driven home to the German public. Meanwhile agreement has been reached by the U.K. and U.S. Governments with the French Government for a sliding scale of coal exports (see under "France").

With the failure in Moscow to agree on German policy, the United Kingdom and United States Governments are now faced with the need to take decisions on policy in their zones, where it is clear that certain important changes can no longer be delayed. It is probable that in any case

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the permitted level of industry in the bi-zonal area will be raised, that the bi-zonal agencies will be concentrated in one spot to overcome the present lack of coordination and the deplorable communications; and that the bi-zonal organisation will be generally strengthened by smoothing away some of the differences of political structure in the two zones, although without actually setting up a bi-zonal Government.

It has become urgently necessary to deal with the serious teething troubles of the bi-zonal economic agencies. As already reported there is a dispute over the relative powers of the *Laender* and the Central Authorities. There is also ill-feeling between the Agricultural South and the Industrial North, the latter looks with hungry eyes towards southern food stocks, and the southern areas are accused of holding back supplies. Actually deliveries of produce have also been unsatisfactory in the north. The internal situation is not helped by the fact that food imports are unfortunately containing a big proportion of coarse maize hardly suitable for bread, and that there appears to be some lack of co-ordination between the different Allied agencies. The Christian Democratic Union and the Social Democratic Party take the attitude of prophets whose warnings on the food crisis have gone unheeded. Both seem to disregard the world food shortage. The Christian Democratic Union tends to defend the German Administration from blame while the Social Democratic Party demands overriding authority for the bi-zonal agencies. British authorities feel that some strengthening of the bi-zonal economic authority in the fields of industry and agriculture is essential. While many U.S. officials agree, they are reluctant to depart from the American policy of *laisser faire* and maximum responsibilities for the *Laender*. General Clay is at present insisting on a completely free economy and has even suggested that the Zone Commanders ought to run each zone on independent lines. This difficulty, however, is likely to be overcome since it is not thought to have the support of the majority of U.S. officials.

Final results of elections for State Assemblies in the British Zone will not be available until next week, but it seems that the Social Democrats have won a very short lead over the Christian Democrats, thus reversing the position at the District elections in October 1946. On the other hand, the non-Marxist parties taken together may still hold the lead over Social Democrats and Communists. The Communists have made some headway in Ruhr towns which have suffered particular hardship since the autumn. Feverish pre-election campaigns failed to overcome the apathy of the electorate. Eight months of growing cynicism and collapsing morale have led to less rather than more interest in the behaviour of democratic parties. This attitude makes it peculiarly difficult to assess the value of victory by any one party. All have cast their nets wide to catch votes and have voiced the complaints of the population. Moreover, since they lack responsibility on such matters as German unity, prisoners-of-war or currency reform speakers prefer to declaim in general, theoretical terms rather than getting down to hard facts. Therefore, among Non-Communist candidates there is a remarkable similarity of views on the larger issues. Dr. Schumacher's election speeches were marked by unrestrained attacks on the Socialist Unity Party and on Russian policy. On the 31st March at Oberhausen for example he decried the "fictitious prosperity" of the Eastern zone with its monopoly rule of State Capitalism. In Rendsburg on the 14th April he expressed scepticism at M. Molotov's proposals for German unity and said it meant political conquest of the Socialist Unity Party (SED) leading to "One Reich, one party, one puppet, one Secret Police." On the 17th April a "frontier demonstration" was held in Muenster when Dr. Schumacher, having already rejected the present Eastern frontier, said that the SPD would not agree to any cession of territory in the West or North. (The French authorities have now forbidden Dr. Schumacher to speak in the French zone.) Dr. Adenauer in his campaign for the CDU in the British zone emphasized that his party alone was not bound by any ties to one of the Allied Powers and could therefore be guaranteed to speak out frankly on Germany's behalf. He has declared that Germany must either get back the Eastern provinces or be free to develop her export industries to the full. Thus, perhaps inevitably, does he imitate the tactics of earlier politicians by bargaining for one concession, probably only to make it a stepping-stone to another.

Berlin Government suffers from perennial crises. The Lord Mayor, Dr. Ostrowski, reluctantly resigned on the 17th April after a vote of "no confidence" had been passed in the Assembly by his own party, the Social Democrats, against the votes of the Socialist Unity Party. The immediate cause of the trouble was that Dr. Ostrowski had held informal conversations with the SED on cooperation in the

Government. His party, it is believed unjustly, accused him of committing the SPD to a line of policy without consulting it. The root of the trouble goes deeper. First the Social Democratic party is rent by rival factions many of whom are personally opposed to Dr. Ostrowski as well as to other members. The appointment of a successor will not therefore be easy. Secondly Dr. Ostrowski tried to cooperate with the Kommandatura and with the Russians because he believed this was the only way to achieve any practical results and to help the population. The party distrusts this policy and wishes to assert its freedom of action and stand out against the Russians at all costs although they are neither united nor powerful enough to do so. As pointed out in *Summary* No. 384, the Russians by the exercise of their veto in the Kommandatura are out to hamper the Council and discredit the Social Democrat Government, while the Social Democrats by their very ineptitude and unreliability are helping them in the task. The unfortunate results, both for the Party and for Berlin, have much more than local significance.

(See also under "Yugoslavia.")

AUSTRIA

Quantitatively, work on the Austrian treaty has proceeded with vigour and dispatch since the Council of Foreign Ministers reached this item on their agenda on the 16th April; qualitatively, the measure of agreement that has so far been reached has been disappointing in that the three key-points are still unresolved, the territorial and financial claims of Yugoslavia, and the problem of the "German assets." Efforts by the Western Powers to compromise in justifiable instances have not produced a similar response from M. Molotov on any of these major issues.

At the meeting on the 17th April, M. Kardelj, the leader of the Yugoslav Delegation, reiterated Yugoslavia's claims to "the part of Slovene territory which has been under foreign domination," asked for a special autonomous régime for the Croats in the Burgenland, and enunciated eight provisions which, he considered, should be included in the treaty. M. Simic, the Yugoslav Foreign Minister then formulated Yugoslavia's claim to reparations to the value of 180 million dollars and insisted that German assets in Austria should be made available for Allies entitled to reparations. The Yugoslav claims were contested by the British, United States and French Ministers, though M. Bidault endeavoured to produce a compromise solution by suggesting (*a*) the revival of the pre-war Austro-Yugoslav agreement on power supplies from the Drave river, and (*b*) that provision might be made for Yugoslavia to retain Austrian property in Yugoslavia. No help was, however, forthcoming from M. Molotov, who firmly supported both Yugoslav claims, though he did not attempt to justify the territorial demands. In regard to the claim for reparations, M. Molotov contested that the Potsdam Agreement constituted a waiver of reparation claims against Austria by the three signatories *only*; he agreed, however, that M. Bidault's proposal was worthy of study by the Deputies, to whom both articles were referred after the Ministers had heard the Austrian Delegation state their views. According to *The Times* (22nd April) the Deputies later agreed to accept M. Bidault's reparations proposal, but M. Molotov's insistence, at the closed session of the Ministers on the 21st April, that the full Yugoslav title to reparations must not be prejudiced, has so far prevented further agreement.

The Foreign Ministers' discussion on the vexed question of the German assets was opened with a new, simplified proposal by Mr. Marshall under which (1) Austria would recognise the right of the Four Powers to dispose of the German assets according to the Berlin Protocol; (2) German assets were defined as "property, rights and interests beneficially owned on the 8th May, 1945, by the German Government or German nationals, which were (*a*) owned by them on the 12th March, 1938, or (*b*) acquired after the 12th March, 1938, by the German Government or by persons who on the 12th March, 1938, were German nationals if such assets were acquired without force or duress"; (3) the transferred assets should be subject to the provisions of Austrian law (except for a temporary ban on nationalisation); and (4) "Eastern Austria" was defined as the Soviet zone of occupation and the Soviet Sector of Vienna. Both the British and French Ministers were willing to accept this proposal as a basis for discussion, but all efforts to achieve agreement were rendered vain by M. Molotov's rigid adherence to the all too familiar Russian standpoint, to which he now added (in

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regard to (3) above) a claim for special privileges in regard to the disposal of the products and the foreign exchange obtained by their sale. Mr. Bevin and Mr. Marshall drew attention to the disastrous effect which acceptance of the Soviet formula would have on Austria's economy and, after further exchanges, Mr. Marshall closed the discussion by saying that his Government could not co-operate in a treaty which would make Austria economically a puppet and place her in a worse position than the satellites. The problem was referred back to the Deputies.

Points agreed on by the Ministers include the re-establishment of Austria as a free and independent State; the prohibition of a new *Anschluss* with Germany and of Pan-German propaganda; a ban on the naturalisation or permanent residence in Austria of Germans who had been members of the Nazi party; the extradition of war criminals; and Austria's responsibility for Allied military currency of five Schillings and under. These would seem to represent some concessions on the part of the Russians who, however, won a "dictionary" battle over Austria's "responsibility." The Russians have also modified their original demand that displaced persons should be transferred from Austria within six months to a suggestion that the time limit should be fixed by the Allied Council in Vienna.

In Carinthia, tension has been increasing since the "Eisenkappel incident" and a number of minor disturbances have resulted in arrests of members of the Slovene Liberation Front (the OF) and of the "*Kaerntnertreue*" (those loyal to Carinthia). Yugoslav propaganda has capitalised the OF arrests, and the Yugoslav Delegation on the 14th April addressed a note to the Council of Foreign Ministers, alleging that the British and Austrian authorities had on the 11th April forbidden the Carinthian Slovenes to hold further meetings and to carry or display Yugoslav and Slovene banners. The Yugoslav complaint is a distortion of the facts: no new ban has been issued, but the British authorities in Carinthia have called for a strict observance of existing regulations on *all* public meetings; under these regulations only Austrian flags or those of the four Occupying Powers may be displayed.

Professor Savory's question in the House of Commons on the 2nd April regarding Russian demands for the allocation to Communists of eight important posts in the Austrian State police has been widely reported in the Austrian press. The Austrian police, which under the Provisional Government was under a Communist Minister of the Interior, was reorganised with effect from the 1st March, 1947. Early Russian protests against the retention of a number of officials alleged to have served in the police during the Nazi régime were believed to have been motivated by annoyance at the whittling down of the power of Duermeyer, the former Communist Head of the Police, and the general elimination of undue Communist influence from all levels. In mid-March Colonel Ilyichev requested a number of changes which, if effected, would have put Communists, who were nearly all non-professional police officers, in commanding positions. Up to the 31st March the Austrian Government still did not know whether the proposed changes were a request or an instruction. It is understood that they would refuse the former and refer the latter to the Allied Council. The reason for Russian interest in securing Communist control of the police is not far to seek in view of the weak position of the Austrian Communists in relation to the other political parties and the fact that Russian forces are eventually to be withdrawn. Addressing Communist leaders at the *Landesparteitag* of the Styrian Communist Party in March, Ernst Fischer stated that he would do all he could to persuade the Russian forces to remain in Austrian as long as possible, since their withdrawal would be a severe blow for the KPO. He admitted, however, a steady deterioration in the Austrian Communists' position on account of relations with the Russians, who had made themselves very unpopular in Austria.

Health statistics for February 1947 give an encouraging picture. The T.B. death rate for that month was much below that for February 1939 and, while new cases of T.B. showed a slight rise in February, they remained comparatively low: 1·869 per 1,000 population as compared with 1·860 in December 1946 and 1·683 in 1940–1944. The small extent of this rise is a clear indication that the food situation is not catastrophic.

CZECHOSLOVAKIA

The final curtain has now rung down on the Tiso trial. Death Sentences were pronounced upon the former Slovak President and Dr. Durčanský, his Foreign Minister—the latter was tried *in absentia*. The pronouncement of the verdict upon Šaňo Mach, formerly Minister of the Interior and perhaps the most hated man in Slovakia has been deferred in view of an

illness which precludes his attendance at Court. Dr. Tiso's appeal to President Beneš for clemency was rejected. The Council of Ministers voted twice in the matter of a reprieve; a Czech Socialist proposal that the question should be referred back to the Slovak National Council was defeated by 13 votes to 10; the Council then upheld the verdict by 16 votes to 7, the minority consisting of the People's Party and Slovak Democrats. The President confirmed the Council's decision. Dr. Tiso was hanged early on Friday morning, the 18th April.

So far, calm and order have prevailed throughout Slovakia; no violent reaction to the verdict has been recorded, so that the majority of the population appear to have accepted the verdict as just—or were already stoically resigned to the inevitable outcome of the trial. The Czechoslovak Radio announces that most of even the American Slovaks have shown themselves to be satisfied with the findings of the Court. Amongst this latter element, however, anger and discontent have by no means been appeased. Dr. Durčanský, whose whereabouts since the end of the War has caused much speculation, has now emerged as Chairman of the Slovak Action Committee in America and is busily employed in disseminating anti-Czech propaganda. Broadcasting from America he is said to have announced that the Committee has protested to the United Nations against the Bratislava verdict.

A Polish Trade Delegation, led by M. Minc, the Minister for Industry, has arrived in Prague. The despatch of the delegation is the practical outcome of the wish of both the Czechoslovak and the Polish Governments, as expressed at the signing of the Treaty of Friendship last month, to co-operate on the broadest economic basis. Talks have already begun on trade exchanges and a transport agreement.

The results, published by the Central Planning Commission, of the Two-Year Plan for the month of March show that a steady rate of progress is being maintained. As in February, the target figures for those branches of production in which over-fulfilment is desirable—especially the coal-mining, iron and metals, and foundry industries—have been exceeded; the labour shortage is mainly responsible for the deficiencies in the remaining branches of industry. In order to assure the Plan's success in Slovakia steps have been taken to suspend the recruitment of labour in that province for the Czech Lands: proceedings will be instigated against those workers who have already departed or who intend to depart to seek livelihood in Bohemia-Moravia. In the Czech Lands also there is a dangerous drift of workers, especially of agricultural labourers, from the country into the towns. The District Trades Union Council in Prague at a recent meeting keenly appreciated this danger and recognised the need for voluntary workers to ease the labour shortage.

In recent weeks, there have been signs of sharper political conflict within the National Front. The Social Democrats particularly have been outspoken in their criticism of undemocratic and unconstitutional Communist moves, such as the drawing-up of regulations making it necessary for all public meetings to be attended by a security officer. In this respect, M. Majer, Minister of Food, suggested that the Social Democrats have been left in lonely opposition by the Socialists and Catholics. There are strong rumours that the Czech Socialists and the Slovak Democrats are on the point of extending their activities to the whole country; the former talk of absorbing much of the Social Democrat strength, and the latter have an eye to the Catholic and Right-wing vote.

(See under "Hungary" and "Italy.")

SOVIET UNION

Soviet views on the present negotiations for revision of the Anglo-Soviet Treaty were given to the Russian public for the first time in an unsigned article in *Pravda* of the 19th April. In the first place the apprehension expressed by various British and American correspondents that certain Soviet proposals might be used to drive a wedge between this country and the United States was castigated as "slanderous" and "obvious nonsense." The establishment of the United Nations is held to have rendered redundant the provision whereby article 4 of the Treaty—which deals with mutual military and other aid in the event of renewed German aggression against one of the contracting Powers—is to remain in force until the establishment of "common measures for ensuring peace." But in line with the general reluctance shown by the Soviet Union to link its post-war Treaty commitments with the United Nations Charter, *Pravda* makes no proposals for bringing this article into harmony with the present position. The suggestion is that it should be simply deleted. It is twice asserted that the present negotiations were begun on British

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initiative. This is only true in the sense that the Secretary of State as early as December 1945 expressed his desire to extend the duration of the Treaty to 50 years. The present negotiations actually resulted from Generalissimo Stalin's conversation with the C.I.G.S. and from his subsequent message to Mr. Truman last January. Soviet insistence on a new Treaty obligation not to participate in any sort of agreements or actions which even indirectly would be directed against one of the parties concerned is reaffirmed. It is known, however, that there are serious difficulties on the British side to accepting any such specious commitments which leaves room for almost indefinite wrangling over intentions and interpretations. The general tenor of this article suggests that the Soviet authorities may be preparing the way for the announcement of a breakdown in the negotiations, without losing face themselves, at all events, at home.

Tass has also reviewed the attitude taken up in the foreign press to the Council of Foreign Ministers in an article which is little more than another sounding-board for official Soviet views. French, British and United States papers and commentators are attacked for their lack of objectivity and seriousness and for their attempts to "intimidate" the Soviet delegation by holding it responsible for the stalemate in the Conference and to "blackmail" the Soviet Union into making concessions which would prevent the Conference being a failure. *The Times* in particular is attacked for insisting that it is the Soviet Union which must renounce its legitimate demand for reparations, since Bevin and Marshall cannot yield. Reference is made to the ordering of the British train for the 13th April and to American preparations for departure as further examples of intimidation. The Soviet Union is not be intimidated, asserts *Tass*. Her firm attitude in "a number of issues is in harmony with the great constructive work intended for the successful completion of the Moscow session."

Mr. Harold Stassen, prospective Republican candidate for the Presidency of the United States, has enjoyed a good deal of publicity on his recent trip to the Soviet Union and was actually received by the Generalissimo on the 9th April. M. Stalin's remarks to his visitor on the Soviet censorship, in which he chid American correspondents for depicting the Soviet Union "as a sort of zoological garden" are common knowledge. Mr. Stassen appears to have maintained a very correct attitude and declined to discuss political topics until his return to the U.S.A. In the Ukraine he was received by M. Khrushchev, and after visiting Leningrad he went on to Helsinki.

On the 14th April it was announced in Moscow that the Governments of the U.S.S.R. and the United States had agreed to negotiate on the final settlement of outstanding Lend-Lease questions as provided by the terms of the basic agreement of the 11th June, 1942. The negotiations are to take place in Washington, M. Novikov, Ambassador of the U.S.S.R. in the United States, being the Soviet representative. It is not known what has finally induced the Soviet authorities to agree to negotiate. They had already received five communications from the United States Government on the subject, the last being presented by the American Ambassador in Moscow on the 5th April. The cost of Lend-Lease goods sent to the U.S.S.R. amounts to 11,100,000,000 dollars on the 31st October, 1946, and in addition there was a total of 221,000,000 dollars of goods under a pipeline agreement, of which 17,000,000 had been held up by Congress. Soviet aid advanced to the United States under reverse Lend-Lease totalled 2,213,000 dollars on the 2nd September, 1945. The day following the announcement of this Agreement, Mr. Marshall was received by Generalissimo Stalin; no news has yet come through of the substance of their conversation. Meanwhile, the Soviet press campaign against American imperialism and militarism has continued with unabated vigour.

Patriarch Alexei has recently been decorated by King Michael of Roumania with the Order of the Roumanian Star (with Grand Cross). In expressing his thanks the Patriarch referred to his imminent visit to Roumania, which he hoped would further consolidate "the fraternal and spiritual bonds" between the two Churches. Two members of the Soviet Embassy in Bucharest, though not the Ambassador himself, attended the Easter ceremonies. In his Easter message from Moscow to Orthodox believers in the U.S.S.R. and abroad, Patriarch Alexei referred to the recent reception into the fold of members of the Russian Orthodox Church in America, who had been granted "freedom of church structure in accordance with the conditions of their life." This vague phrase does not make clear exactly what measure of autonomy has been granted to the Russian-American Church. Metropolitan Theophilus, its head, appears to have become rather wary after his first exhibition of *élan*, and some of his bishops,

led by Archbishop Vitaly, have already decided to form a group maintaining relations with the Anastasy Synod.

It has been announced from Rome that the Italian and Soviet Governments have agreed to exchange a number of students. No confirmation has so far been received from the Soviet side, but if the agreement comes into operation it will be of interest as being the first evidence of such an exchange between the U.S.S.R. and a country outside the group of Soviet satellites.

The situation in Indo-China, of which little mention has appeared in the Soviet press in recent weeks, is the subject of a short comment in *New Times* No. 15 of the 11th April. The starting-point of the article is the recent vote on military credits in the National Assembly, from which the Communists are said to have abstained. The article proceeds on the usual lines to differentiate between French and democratic circles and those who wish to reimpose a colonial régime on the young Republic by force. Reference is also made to the "brutalities committed by the French soldiers," which are allegedly only rousing the peaceful population to greater opposition, and to a secret meeting in Hong Kong last month between "a French official" and certain *émigré* Annamite leaders who desire independence within the French Union. "It is to be hoped," concludes *New Times*, "that the peoples of Indo-China will thwart these new manœuvres of their enemies."

The success of collectivised agriculture depends very largely on the quality of the team of organisers and supervisors, *i.e.*, brigade-leaders, collective farm managers, etc., attached to each farming unit, and responsible for the fulfilment of its plan. In view of the difficulties of re-establishing the collective farm system in large areas of European Russia and the Ukraine in the post-war period, the importance of the work of these king-pins of the Soviet agricultural system has greatly increased and is pivotal for the fulfilment of the Soviet Government's food production plans. This is clearly reflected in an order of the Presidium of the Supreme Soviet, awarding orders and medals, such as the Order of Lenin, Hero of Socialist Labour, Order of the Red Banner of Labour, to the brigade-leaders and other senior officials of the collective farms and tractor stations for obtaining specifically high yields of wheat, rye, maize, sugar beet and cotton. Thus, presidents of collective farms, senior agronomists, mechanics of State farms and other such officials may be awarded the title Hero of Socialist Labour for obtaining yields of wheat and rye on non-irrigated land of not less than 30 centners a hectare, while the same official group is awarded the Order of Lenin for obtaining yields of wheat and rye on non-irrigated land of not less than 25 centners a hectare. Officials of the local Soviets, the Communist Party and the agricultural departments are also encouraged to promote the food production drive by the award of the Order of Lenin, the Order of the Red Banner of Labour, etc., for fulfilment and over-fulfilment of the local planned yield. Individual agricultural workers as such are not mentioned in this order, and apparently are not to benefit by it.

It is reported that the Five-Year Plan of aerial photography of the Soviet Union comprises the surveying of remote districts which so far do not possess exact maps, such as parts of the Yakut Province, the Krasnoyarsk Region, the Northern Urals and the Nenets National Region. M. Sudakov, Deputy Chief of the Department of Land Surveying and Map-Making, recently stated that it was proposed to photograph about 7,000,000 square kilometres and to issue maps covering more than 6,000,000 sq. km. This year it is proposed to photograph 600,000 sq. km. from the air, two and a half times as great an area as in 1946. The main objectives will be the districts due for irrigation in Uzbekistan, Kazakhstan, the Kura-Arakinsky lowlands in Azerbaidjhan. Large scale photographic operations are also to be carried out in districts liberated from the Germans in the Pskov, Smolensk, Vitebsk, Orel, Velikie Luki and Kursk Provinces, in Stavropol and in the Ukraine, where aerial photography will aid in correcting existing maps. To draw up plans for the reconstruction and restoration of cities, photographs of Stalingrad, Kursk, Smolensk, Voronezh, Sverdlovsk, Chelyabinsk, Astrakhan, Kemerovo, Stalinsk, Prikopievsk, Leninsk-Kuznetsk, Karaganda and other towns will be taken this year. It is also proposed to carry through vast survey works along the rivers Ob, Yenisei, Lena, Nizhni Tungus and others. Much surveying in connection with the needs of the coal industry is also planned to take place in the Donbas, Karaganda and Kuzbas. At present preparations are being completed. Aircraft and apparatus for high-altitude precision photography are being checked and equipment for the expeditions is being prepared.

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Erratum.—In last week's *Summary*, p. 8, line 30, "Biography of Malignant Tumours" should read "Biotherapy of Malignant Tumours."

(See under the "Far East.")

SCANDINAVIA

Denmark

Denmark has been plunged into mourning by the death of her King, Christian X, which took place on the 20th April, after a brief illness. King Christian was in his seventy-seventh year and had all through his reign enjoyed the love of his people to whom he was the rallying-point for their patriotism and sentiment through the trying years of the German occupation. The King is succeeded by his elder son, who has ascended the throne as King Frederik IX. The new Danish King, who, in 1935, married the only daughter of the Swedish Crown Prince, has three daughters and so far no son, so that in the event of his decease without male issue the crown would pass to his brother, Prince Knud, who has two young sons.

The death of King Christian followed hard on the elections to the Upper House, which resulted in a gain of two seats for the Government Party, one seat for the Communists who previously had not been represented in the *Landting*, and a loss of one seat each for the Social-Democrats, the Conservatives and the Radicals. As was previously explained (see this *Summary* No. 387), the elections to the *Landting* are rather complicated, and the Communist paper *Land og Folk* has seized the occasion to revive the demand for the abolition of the Upper House, on the ground that the results of the present elections are in no way representative of the votes cast.

Some small changes in the Government have taken place. M. Søren Peter Larsen, the Minister of Labour and Social Affairs, has resigned for reasons of health and will be succeeded by the leader of the Venstre Party in the House, M. Jens Sønderup, who is a farmer. Thus the farming element in the Government will be strengthened, which is perhaps regrettable. Another change is that the Ministry of Trade has been divided into a Department of Trade and one of Supplies, M. Axel Kristensen being appointed as Minister of the new Ministry. He is by training an engineer and the director of the large porcelain manufacturing concern, "Norden."

According to a report in the British press M. Th. Døssing, Denmark's Minister to Moscow, has died of pneumonia. Rumours were current in March that M. Døssing contemplated resigning his appointment in the summer so that the question of his successor has probably already been considered. M. Døssing, whom the Germans arrested in 1942 and interned in 1943, escaped to Sweden in June 1944 and was subsequently appointed envoy of Fighting Denmark in Moscow. After the liberation he was recognised as Danish Minister to the U.S.S.R. His attempt, in October 1945, to enter parliament as a Communist, was unsuccessful. While he appears to have been popular in the Soviet Union feelings about him were rather divided at home, where he was in some circles regarded as more of a Russian Ambassador to Denmark than a Danish Minister to Russia.

Negotiations between the Printers' Union and the Copenhagen Master Printers' Association were resumed on the 29th March without, however, any settlement being reached (see this *Summary* No. 385). The chief conciliator discussed the position with the two parties on the 8th April and issued a statement that the moment was inopportune for the resumption of mediation. The strike, therefore, continues, and Copenhagen remains without adequate news supply. A butchers' strike which, however, is limited to factories engaged in sausage making and meat canning, has now spread to the Dockworkers', Horsedrivers', Lorrydrivers' and Messengers' Unions connected with the same industry.

Sweden

As a direct result of Prof. Myrdal's recent appointment to the Secretary-Generalship of the Economic Commission for Europe certain changes have taken place in the Swedish Government. M. Axel Gjöres, until now Minister of Supply, will succeed M. Myrdal at the Ministry of Trade; M. Gunnar Sträng, so far Minister without Portfolio, will follow M. Gjöres at the Ministry of Supply, and Prof. Karin Kock, Professor of Economics at Stockholm University and one of the leading members of the Swedish Economic Committee for Post-war planning, has been appointed as Minister without Portfolio. Prof. Kock, who is Sweden's first woman Minister, well deserves the honour her country has conferred upon her as she is an economist of distinction and at the same time a woman of great charm. Her appointment has had a favourable press all over Sweden. She had made it clear that she will not use her new position specially to promote women's interests but will concentrate entirely on the economic tasks which will be her special care.

THE LOW COUNTRIES

The Netherlands

It was officially announced in The Hague on the 16th April that the Dutch Prime Minister, Dr. Beel, and the Minister of Overseas Territories, M. Jonkman, are to leave the Netherlands for Indonesia on the 29th April. Their visit is stated to have been made at the request of the Commission-General because of the many problems which have arisen in connexion with the implementation of the Linggadjati Agreement since it was signed. Dr. Beel and M. Jonkman will thus have the opportunity of examining these problems first hand. It is thought likely that they will attend meetings between the Commissioners and the Indonesian delegation.

M. H. R. de Vleeschouwer, Assistant Secretary-General of the Council of the (proposed) Netherlands–Belgium–Luxembourg Economic Union, told correspondents in The Hague on the 14th April that a Commission charged with collecting data and advising on the economic clauses of the Peace Treaty with Germany was shortly to be set up in the service of the Union. The Commission's work is also to include other German economic problems, particularly those relating to Germany as an economic hinterland to the Low Countries. M. de Vleeschouwer added there was a possibility of the Commission's acting as an advisory body to Belgium and the Netherlands in the event of their participating in the German Peace Conference. But the limits of the Commission's work could not be defined until the procedure to be adopted at the Conference was known. Turning to the Customs Agreement between the Netherlands, Belgium and Luxembourg (which will probably come into force on the 1st August or 1st September of the present year), M. de Vleeschouwer said that he believed that the Agreement would effect the economic union of the three States within two years, by which time Dutch "economic evolution" would have reached a level at which rationing, wages and prices in the three States "would be about equal." During that period, co-operation between them would develop in two stages—a common customs tariff and standardization of indirect taxation, which together would ultimately lead to economic union with a common industrial, agricultural and transport policy. Economic union would not only provide a single market for the goods of the three States, but each member of the union would help in marketing the goods of the other two outside the union. In conclusion, M. de Vleeschouwer said that he "completely endorsed" the opinion that the despatch of transit traffic by way of German harbours was "quite wrong" from an economic point of view; he alleged that between 15 and 20 per cent. of the goods which passed through German harbours were stolen on the way.

Belgium

Despite M. Spaak's recent assurances regarding the *question royale*—there had been "fundamental agreement" on it among members of the new Cabinet—there is evidence to shew that it is still the issue on which the two Government parties are most divided. Some of the new Christian Social Ministers, prominent among whom was the Minister of Justice, M. Struye, had, at the outset, intended to write to King Leopold, informing him of their appointments and assuring him of their continued loyalty. From this, however, they were dissuaded. Shortly afterwards they received a message from the Prince Regent reminding them that, although he claimed no right to interfere with their political action, he, as Head of the State, expected to be kept informed of all such intended moves.

Meanwhile, reports from Switzerland about the Crown Prince's character and his attitude to affairs in Belgium have been received with some alarm. It is thought that Prince Baudouin has now forgotten Queen Astrid, his mother, and has become completely devoted to the Princesse de Réthy, his step-mother. He is reported to have told his *entourage* that, should he return to Belgium, he would have dealings only with those who had shown consistent loyalty to his father. Publicity given to such a statement—to say nothing of its being translated into action—could only serve to lay the Monarchy open to a charge of being anti-Belgian, and to divide the Belgian people still more on the issue of the *question royale*. For this reason, efforts are to be made to bring Prince Baudouin to Belgium as soon as possible before his present influences have done their work too thoroughly.

Errata.—*Summary* No. 387 (2nd April, 1947): Page 10, col. 1, line 20 from foot—*for* "to" *read* "the"; page 10, col. 2, line 7—*for* "preferred" *read* "proposed"; page 11, col. 1, line 4—*between* "production" *and* "the" *insert* "and."

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FRANCE

Affairs in the French Union have again provoked a Cabinet crisis. As in the case of Indo-China (see *Summary* No. 386) the Communists have taken the side of the Nationalists in Madagascar, thereby coming into open disagreement with the other parties represented in the Government. The immediate issue is the arrest by the judicial authority in Madagascar of five native deputies and Councillors of the Republic, all of whom belong to the *Parti de Rénovation Malgache* and are accused of direct responsibility for the rising which began on 29th March. One of the deputies, M. Ravoahangy, was in fact, according to documents in the possession of the French Government, starred for the rôle of head of an independent Malagasy Government. The difficulty arises over the question of parliamentary immunity since members of Parliament may only be arrested *in flagrante delicto*. It has been argued that the arrest of the Malagasy deputies and councillors is in fact covered by this provision; but in addition the Government decided on the 16th April to ask Parliament to lift the protection of parliamentary immunity in the case of the Malagasies. The Communist Ministers refused to accept these decisions and walked out of the Cabinet meeting. They also absented themselves from the dinner given that same evening to celebrate M. Blum's 75th birthday. No immediate consequences of this action are expected, however, since Parliament is in recess until the 29th April. Moreover, no change of Government could take place in the absence of the President of the Republic. The support given by the Communists to the *Parti de Rénovation Malgache* has caused even more annoyance to the Socialists and the M.R.P. than their support of the Viet-Minh since the latter was indeed largely Communist but the former is a feudal party formerly denounced by the Communists. A writer in the M.R.P. paper *L'Aube* asked: "Must we then conclude that any anti-French movement is assured in advance of the support of five Ministers of the Republic?"

Meanwhile M. Vincent Auriol is visiting a comparatively undisturbed part of the French Union, West Africa. He arrived at Dakar in the battleship *Richelieu* on the 20th April, after having received the salute of a British cruiser in the Straits of Gibraltar, and exchanged messages of courtesy. The Ministers of War and the Navy are on their way to visit Indo-China, and the Minister of the Interior, M. Depreux, is in Algeria. The press reports that he had a cold reception, the French Algerians holding aloof because they disapprove of his left-wing policy, and the Moslems wishing to wait on events. M. Depreux has emphasised that his visit is concerned with the preparation of the new Algerian constitution. A debate on this subject is to be held in the National Assembly on the 28th May and each party has its own plan prepared, that of the Communists being designed to attract the Moslem nationalists. M. Ferhat Abbas, leader of the moderate nationalist *Parti du Manifeste*, urges that Algeria should become an associated state within the Union. He lays stress on the possibility of coming to a working agreement with the French, and his moderation is in contrast with the extremism of Messali Hadj, leader of the *Parti Populaire Algérien*, with whom Ferhat Abbas is now on bad terms. The reports of unrest caused by Messali's recent tour in Kabylia were much exaggerated and he in fact appears to be losing ground. There is more cause for anxiety in the lack of rain which, if it continues, will ruin this year's harvest.

Further reactions to General de Gaulle's *Rassemblement du Peuple Français* are on the expected lines. The Communists are seizing the opportunity to try to create an anti-Gaulle front of Communists, Socialists and "democrats" but the Socialists are avoiding this trap without, however, abating their opposition to the R.P.F. M. Blum's condemnation of de Gaulle is significant and is taken to mean that he cannot face the prospect of seeing the Communists go into opposition. The M.R.P. also realises the danger of allowing the formation of two rival *blocs* in France, and one of its spokesmen went so far as to accuse de Gaulle of trying to form a single party. Meanwhile the recruiting offices of the R.P.F. are besieged with applicants and the movement has decided to exclude all persons who were members of collaborationist organizations. M. Soustelle, the Secretary-General, is assisted by MM. André Malraux, Gaston Palewski and Jacques Baumel.

The anticipated agreement between the U.K., U.S. and French Governments on German coal exports (see last week's *Summary*) was signed on the 19th April and published on the 21st. It takes the form of an exchange of letters between Mr. Bevin and M. Bidault in which the Secretary of State proposes a sliding scale for exports of coal from Western Germany rising from 21 per cent. of net merchantable coal produced when output is 280,000 tons a day, to 25 per cent. when output reaches

370,000 tons. M. Bidault, in reply, welcomes the acceptance of the French request for a formula of general application to German coal exports, and states that although the figures mentioned are still far from those he had hoped for he accepts them and appreciates the British and U.S. desire to meet French needs. In addition, Mr. Bevin agrees to the request of M. Bidault that when the economic incorporation of the Saar in the French economy has been decided, there should be a joint British and French notification of this fact to the European Coal Organisation which should be informed that France would thereafter present the needs and resources of France and the Saar as a whole and invited to take account of this new situation.

The Cabinet has begun to discuss the new statute of the press. The Assembly, at the end of its last session, dealt with the position of the *Messageries Françaises de Presse*, the agency founded after the liberation to distribute the new press. It took over the distribution side of the firm of Hachette including a fund of 150 million fr., but it was largely under Communist control and showed itself both inefficient and fraudulent. Some of the papers, including *Le Populaire* and *Combat*, therefore went over to an independent agency, *L'Expéditive*, which had been founded by Hachette. The combination of this competition and the press strike brought the *Messageries* to an ignominious end in bankruptcy. The Assembly therefore decided on the creation of an unlimited number of co-operative distribution agencies, each supported by a Government guarantee for half its capital and controlled by a Government representative appointed by the *Conseil Supérieur des Messageries de Presse*, a body representing the newspapers and the State. It remains to be seen whether these new agencies will be able to pay their way.

SWITZERLAND

A supplement to the Franco-Swiss Commercial Agreement (see *Summary* 355) was signed in March, the French Chamber of Commerce in Switzerland having successfully intervened in Paris to expedite the issue of import and export licences. Facilities are assured for Swiss exhibitors at the Lyons Fair and for French firms at the Geneva fair. Recommendations have also been made to the French railways regarding new time-tables for traffic to and from Switzerland.

An amended text of the Roumanian-Swiss Agreement of the 29th June, 1946, which proved impossible of execution, was also signed in Berne in March. This new Agreement replaces that of the 19th April, 1943, and is valid until the 30th June, 1947. The Swiss export list contains industrial and agricultural products; the imports from Roumania include pork, timber, petrol and eggs. Roumanian prices will be adjusted in Roumania and fixed in Swiss francs to avoid the need for a Swiss export premium.

Commercial negotiations with Poland are listed to take place in Warsaw towards the end of April, as import and export quotas are valid only until the 31st March under the present Agreement signed on the 4th March, 1946.

A Federal loan of 150 million francs for conversion purposes has been substantially over-subscribed.

War damage suffered by Swiss nationals, including property of Swiss residents abroad, has been estimated at 1,423 million francs.

Hungarian broadcasts on the 18th April contained allegations attributed to the Hungarian Minister of Justice concerning an "organised campaign of slander against Hungarian democracy in Switzerland," initiated by emigrés of the Horthy and Szálasi régimes. The Minister, who had just returned from Switzerland, was said also to have complained of "a spate of slanders about Hungarian conditions" circulated by Hungarian visitors to Switzerland. A broadcast for foreign transmission also complained of "much space" allocated by a Swiss journal "*Die Weltwoche*" to articles "slandering" Hungary. It was further alleged that these articles were financed by Horthy adherents now in exile.

SPAIN AND PORTUGAL

Monday, the 14th April, was the sixteenth anniversary of the establishment of the Second Republic in Spain. Among the exiles there were the usual statements by the President, Señor Martínez Barrio, and party leaders in Paris, re-affirming the Republic's aims, and Dolores Ibarruri, "La Pasionaria," delivered an eloquent

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speech to a big rally in New York. Rodolfo Llopis, Prime Minister of the "Government" averred that he had no fears about the result of an electoral consultation in Spain conducted with all the necessary guarantees of fairness, but "to try to impose a certain régime without previous consultation of the people is another matter"—a transparent reference to the possibility of a caretaker Government being installed under the ægis of Don Juan with the promise of a plebiscite on the form of régime being held *after* the restoration of the Monarchy.

Press and radio commentators in Spain dropped the usual invective about the Republican leaders and the chaos and anarchy of Red rule in favour of scurrilous attacks on Don Juan's advisers, represented as accomplices in the intrigues of freemasonry. The interview in *The Observer*—which *ABC* printed *in extenso* without comment—has evidently got under their skins! The claimant to the Throne is represented as having now taken the oath to Trygve Lie and the other "anti-Spaniards in the ranks of the United Nations." Headlines such as "The Red Flag has passed from the hands of Giral to those of Don Juan" and "Don Juan will hold elections with Monarchists and Communists thronging the streets" give the measure of their pique. (Don Juan promptly issued a denial that he was in any way an instrument of foreign Powers or would tolerate their intervention in Spanish affairs.) Monarchists in Spain have come out strongly for the Prince; the Duke of Alba has written him a letter, pledging the support of the Grandees of Spain; and Count Rodezno, leader of the Traditionalists, visited General Franco on the 16th at the head of a deputation from Navarre to deliver a protest against the Succession Bill and to declare that his "Communion" now gave its allegiance to Don Juan as the rightful heir to the Throne. Don Salvador de Madariaga, in a letter to *The Observer* this week, expresses his full agreement, at the same time calling upon the Western Powers to afford active backing to a constitutional monarchy for the overthrow of General Franco's totalitarian régime. (He doesn't say how this is to be done!) Finally, the Executive of the Socialist Party inside Spain has, it appears, advised party headquarters in France to support a Restoration without insisting on a plebiscite beforehand.

The Franco scribes of the press have been cudgelling their brains to find appropriate comment for the Bill of Succession. The most intelligible line is that the "Movement" could scarcely hope to flourish indefinitely on slogans of anti-Communism and therefore some such constructive link-up with the monarchical past was necessary. What intelligent and instructed Monarchists think of the Bill, however, has been clearly demonstrated in a critique by a Spanish professor of international law who in the early days was one of General Franco's legal advisers. He points out that Article 1 of the Bill is self-contradictory. It declares that Spain is constituted a Kingdom, but immediately afterwards Franco is proclaimed "Head" of this Kingdom, which means either that the Generalissimo has appointed himself King in the Napoleonic manner or we have to do with a kingless monarchy as was Hungary under Admiral Horthy. (It should be said that the reference to the Council of the Realm in our commentary in *Summary* No. 387 described it by a lapsus as "Regency Council"; a separate Council of Regency, composed of three persons only, the President of the Cortes, the Cardinal Primate and the top-ranking leader of the Armed Forces, is duly provided for in Article 6, "should the headship of the State be vacant.") In the event of Franco's death or incapacity, the Council of the Realm is required, by Articles 3 and 4, to designate a successor. This would be, then, according to this critic, an elective monarchy which is contrary to the centuries-old tradition of the Spanish Crown and therefore unconstitutional. Any change in the established law of succession, he says, can but threaten a return to the turbulent years of the nineteenth century—during which only two out of fifteen Heads of the State died peacefully in office. And the provision in Article 6 for a Regent is a misuse of the term, since a person so appointed under this Bill would be no more than the president of a republic without any limitation to his term of office. Finally, as was pointed out in last week's *Summary*, the five fundamental laws to which the chosen candidate for the Headship of the State "either as a King or Regent" is required to swear fidelity, have in fact not been observed or applied under the existing régime. Don Juan's name, incidentally, is not so much as mentioned in this egregious Bill of Succession; nor indeed is any reference made to Falange. It looks very much like a damp squib. It remains to be seen whether it will still be submitted to the Cortes—or to the country by referendum—for ratification.

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Portugal

News of serious acts of sabotage by a group of port and dockyard workers in Lisbon who recently went on strike comes to light in the official announcement last week-end that a left-wing military rebellion was nipped in the bud on the 10th April. Considerable damage was done, including the putting out of action of all military aircraft at Cintra aerodrome and the destruction by fire of the military aircraft repair shops at Alverca. The aircraft were speedily repaired, however, and the Portuguese Minister of War, Lt.-Col. Santos Costa, demonstrated the fact with a typical Latin gesture by leading a formation of the repaired aircraft in a flight over Lisbon on the 19th April. The Portuguese police are inclined to put the trouble down to the presence in Portugal of trained agitators from abroad, since the strikes were too well organized to be the work of local dissidents. The incidents too, bear, the Communist stamp in the derailment of the Lisbon–Seville express at Crato and of another train at Velha de Rodao.

Erratum.—In last week's *Summary*, page 11, right-hand column, penultimate line: For "everybody" read "every body."

ITALY

The Anglo-Italian financial settlement negotiated in London last month (see *Summary* 387) was signed in Rome on the 17th April by Sir Noel Charles, the British Ambassador, and Count Sforza, the Italian Foreign Minister. The waiving by the United Kingdom of her right to Italian assets in this country in virtue of Article 79 of the Peace Treaty will come into force only on the ratification of the Treaty by Italy. By what may, or may not, have been a coincidence the ceremony of signature was held up by a demonstration of some three thousand unemployed who appeared outside the Italian Foreign Ministry just before Count Sforza arrived. The Foreign Minister was forced to leave his car and was pushed and jostled by the crowd before being rescued by the police.

The signature of the Settlement has received excellent publicity in the Italian Press which has expressed much satisfaction and indeed gratitude. The *Globo*, the leading economic daily, states that Italian requests have, on all points, been granted with the utmost comprehension. All concessions made to Italy are of the greatest value to Italian reconstruction. "The British Government," says the *Globo*, "has shown, during one of the hardest moments of Great Britain's life for possibly the past two centuries, that it had sufficient political wisdom to understand that, when faced with the choice between a harsh exaction of payments, reparations and credits . . . . and an act of generosity, it was good business to make an investment for years to come in the gratitude of the Italian people."

The *Risorgimento Liberale* describes the agreements as "the peace treaty between the Italian and the British peoples, or rather, to be more correct, the peace treaty which the British people offer to the Italian people to mark the end of a long period of rancour and incomprehension which has divided them." It is a long time since Great Britain has had such a good press, and is to be hoped that it will smooth the way for the ratification of the Peace Treaty by the Constituent Assembly.

For some considerable time the Italian Government have been expressing increasing anxiety regarding the number of displaced persons who may be left in Italy on the withdrawal of the Allied troops. In particular they are afraid that the continuing presence of Yugoslavs in the country may upset the attempt of the Government to establish more normal relations with Yugoslavia, and they also fear that Italy may be left to cope with the strong organisation which helps illegal Jewish emigration to Palestine.

H.M.G. recently decided that nine thousand Ukrainians—of surrendered enemy personnel status—should be brought to the United Kingdom as prisoners-of-war, and that the eleven to twelve thousand Yugoslavs who are a British responsibility should be moved to the British Zone of Germany (see *Summary* 387—under "Yugoslavia"). The movement of the Cetniks to Germany began on the 14th April. On arrival there officers and men will be separated. [As the result of screening the British and U.S. Governments have agreed to hand over certain individuals to the Yugoslav Government.]

As mentioned in last week's Summary, the illegal immigration of Jews into Palestine from Italy has been causing anxiety to His Majesty's Government. On the 20th March the Italian Government made representations to UNRRA on the subject of the assistance being given wittingly or unwittingly by UNRRA and voluntary societies in assisting Jewish emigrants to pass through Italy and continue to Palestine. The Italian Government have specifically mentioned by name the American Joint Distribution Committee. The A.J.D.C. has infiltrated itself

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into UNRRA and used its protection, while retaining its own liberty of action. The Committee has no international responsibility. Although the situation may not be realised by the Central Committee of UNRRA in Washington, there is, it seems, little doubt that no effort is made to interfere by certain high personalities in UNRRA who hold pro-Zionist sympathies. There is good reason to believe that of the huge revenue of the A.J.D.C., collected from Jews throughout the world, the greater part is expended on organising the illegal emigration of Jews from Italy.

If order is to be maintained in Italy after the withdrawal of the Allied troops it is imperative that the question of the Yugoslavs and the Jewish displaced persons be cleared up with the least possible delay, otherwise the Italian authorities who already have more than sufficient troubles in coping with dubious and unruly characters of Italian nationality, may be swamped by their responsibilities. Fortunately certain responsibilities will be taken over by the Inter-Governmental Committee for Refugees (and its successor the I.R.O.). The Italian Government has decided to grant asylum to genuine "International Political Dissidents," presumably in accordance with Article XI of the new draft Constitution.

H.M.G. propose to deliver a second note of protest to the Yugoslav Government on the seizure by the Yugoslav Prize Court of nine Italian ships sunk by the Allies and now lying in Italian territorial waters. The Yugoslav Government have also sold the wreck of the crack Italian liner the "Rex" to the Czechoslovak Skoda Works and it is reported by the Italian Foreign Ministry that dismantling of the vessel has already been begun. H.M.G. will remind the Yugoslav Government of the irregularity of their proceedings which are at variance both with the Italian Armistice terms and with the accepted principles of International Law, and warn them that any of the ships in question are liable to arrest in foreign ports on the initiative of any party claiming to be the lawful owner.

SOUTH-EASTERN EUROPE

Hungary

The first stage in the trial of those accused of participating in the conspiracy against the Republic ended on the 16th April when the Presiding Judge, M. Janko, passed sentence of death on General Veress de Dalnok, General András and M. Donáth. Of these three, only General András has availed himself of the right to plead for clemency. Such indications as are at present to hand suggest that, while acquiescing in the justice of the verdicts, moderate and informed Hungarian opinion would welcome a mitigation of the sentence at least in the case of General Veress de Dalnok. Although the nominal leader of the Committee of Seven, he is considered less culpable than many of his followers, if only by reason of his age and limited intellect. A harsher view is taken of M. Donáth who, together with M. Szentiványi, supplied the brains of the conspiracy and crystallised its purpose. M. Szentiványi and General Szentmiklossy have apologised to the nation for their part in the plot. Other sentences, which range from one year to life imprisonment, may be subsequently reduced if conditions in Hungary become stabilized.

M. Rákosi has made the conspiracy the occasion for further fulminations against M. Sulyok whose Party he sees as the new refuge of reaction. When, seconded by M. Szakasits, however, he proclaims it to be Fascist, even left-wing circles ask themselves why in that case he agreed to treat with M. Sulyok originally. Both MM. Rákosi and Szakasits naturally uphold the action of the printers in refusing to set up type for *Holnap*, pointing to a similar decision reached by British printers over the question of Sir Oswald Mosley's newspaper. It was not required of democracy to permit the forging of weapons designed for its own destruction, M. Rákosi argued. M. Supka, Editor-in-chief of the Bourgeois Democratic *Vilag*, on the other hand, maintained that such an issue ought to be determined by an impartial body established to arbitrate on controversial matters arising between printers and editors. M. Rubleczky, of the Smallholders' Administrative Committee, supported M. Supka on this point, but safeguarded himself by accepting the workers' right of action, while admitting its disadvantages.

The alleged threat to democracy is to be met by a further tightening of the bonds between the Workers' Parties. M. Rákosi also referred to their solidarity with the National Peasant Party. Though M. Szakasits endorsed these views he cannot in this respect be said to speak for the Social Democrats generally as the latter have never welcomed co-operation with the third partner in the left-wing *bloc*. The Social Democrats, indeed, tend to regard the National Peasants with strong, if undeclared, disfavour, seeing them either as crypto-Nazis or crypto-Communists, and

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their leader, M. Veres, as a crypto-Napoleon.

M. Szakasits has again threatened the Smallholders with the prospect of a General Election in the near future if they fail to fulfil their obligations under the last inter-party agreement. His fears, however, would appear to be superfluous since the Smallholders are less than ever in a position to offer effective resistance to left-wing demands.

One of the results of M. Szakasits' recent visit to Prague was the facilitation of arrangements for the forthcoming Social Democratic Conference of Danubian nations, which, it has been decided, is to be held during May. The Conference had previously to be postponed on account of Czechoslovak-Hungarian differences.

The repatriation of Hungarians from Slovakia is reported to be continuing in an orderly manner at the rate of 32 families a day. The land and houses allotted to them in Hungary are fixed in accordance with the amount of property which they have left behind.

Hungary has received permission from the Allied Control Commission to resume diplomatic relations with Finland.

Roumania

Dl Gheorghiu-Dej, the Minister of the Interior, is one of the very small number of Roumanians whose professed Communism is anything more than a means of filling their own pockets. Two steps have recently been taken by his Ministry which, representing as they do Russian practice, contain elements of grave danger for Roumania. The Gendarmerie is to be brought under the Ministry, an important step towards placing at the disposal of Dl Gheorghiu-Dej the forces responsible for internal order. At the same time the Ministry is taking in hand what it calls "Administrative Education." There are to be a number of secondary schools and one higher school which is to be known as the Academy of Administrative Science. (Roumanian police are a decent and well-disposed set of men, with little training and crude methods, whose main aim is to make things easy for everybody. Shortly before the war a small party of them were sent to England for a course under the Metropolitan Police. They went on point duty on their return and set to work to put in practice what they had learned. In twenty-four hours they were all in hospital with injuries received from the outraged public who resented being made to keep within the traffic regulations!) What is required now is to get rid of the "undesirable elements" in the force. At the same time a purge of the Communist party is taking place. *Scânteia* has announced in five issues within a few days the expulsion of twenty persons from the party for such offences as "disregard of party morale," "fractionism," whatever that may mean, and "treason towards the working classes." The persons concerned, of course, never were Communists, and have been found to be useless for party purposes. The next step would be to give the purged Gendarmerie a course at the new Science Academy. Dl Gheorghiu-Dej will then have at his disposal a set of toughs who will stick at nothing to promote "Communist ideals."

There was a time when British prestige stood high in Roumania. America has been gaining on us fast, and one of the first signs, which only affected the classes who are interested in and impressed by such matters, was the appreciation in value of the U.S. dollar as compared with the pound sterling. Englishmen employed in Roumania who have the closest contacts with peasants, *funcţionari*, and *afacerişti* (business men) have felt a growing apprehension at our fast diminishing prestige, owing to causes which affect the masses of the people. The American organisation for the relief of the famine-stricken areas of Moldavia—and in particular the refusal to allow the Roumanian Government to have the handling of food, which is being distributed through the Red Cross—has aroused great admiration amongst the people. The press has announced that the British contributions have been handed over to the Government, and, although this is not the case, the people have been prevented from hearing the truth. On top of this comes the news that the Româno-Americana Oil Company is sending parcels of food and clothing weighing 49 lbs. each to every one of its 5,000 employees. To compete with this requires enormous reserves. The *Economat* system to which reference has been made in previous *Summaries* makes a continual drain on the assets of industrial concerns. One British Oil Company last month had to spend nine milliards of lei on goods which they had to supply to workpeople at a fraction of that sum.

Besides famine and the high cost of living, even when modified by the *Economati*, the general conditions of life for the less well-to-do are not attractive. On the railways, except for a few long-distance tracks, it is best to go armed with some protection against "livestock" which

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carry typhus germs. There are likely to be no windows at all in the compartments —all the glass goes to Russia—or else the openings are filled with boards. The local trains are crowded, and passengers have to travel on the steps or roofs of the coaches or on the footplate of the engine. Road services are as bad. About 60 per cent. of the Bucarest trams have been removed, and there is only one bus service running. It used to be the fashion to put the blame for everything that went wrong on the "capitalists" and employers of labour, but recently there has been a movement against the trades unions. A week or two ago in Moreni the "workers' committee" which consists of trade union agents acting under the Confederation of Labour were attacked by the workpeople whom they are supposed to represent, and some of them are in hospital.

Yugoslavia

On the 17th April in Moscow M. Kardelj and M. Simić presented their country's claims against Austria, of which M. Kardelj had given the substance to the press on the 5th April. (See last week's *Summary* and also under "Austria.")

Since the Yugoslavs are demanding a special status for the Burgenland Croats in Austria and are expecting to have an Austrian minority of 60,000, information gleaned from censorship intercepts concerning the present position of the remaining *Volksdeutsche* in Yugoslavia is worth considering. Of those—by far the majority—who are in camps, only the hardiest manage to exist in conditions of over-crowding, over-work and malnutrition, where families are separated and disease is rife. Those with any money left pay to be taken over the frontier into Hungary or Austria, others are just dumped in No-Man's Land. Those outside the camps are considered good enough for military service, but find it almost impossible to get a job afterwards and are allowed no land of their own. They see their once carefully husbanded farms neglected and ruined by ignorant colonists from Montenegro. On the other hand, on acount of the shortage of technical personnel the Yugoslav Government have imported 100 Sudetan German technicians on highly favourable contracts and have rejected a protest from the Czech Minister.

Sentences of death and penal servitude have been passed on agents of I.M.R.O. in Skoplje (see *Summary* No. 387). Although Vanče Mihailov has disappeared since 1944 his organisation appears still to be alive. One report estimates that his supporters number 2,000 in the Bitolj area alone. They are said to have connections with the flourishing Macedonian colony in North America.

Spring in Yugoslavia usually brings a recrudescence of bandit activities and renewed hopes of the uprising that will lead to the millennium. The Križari who have lain low during the winter are reported to be planning new activities and expecting recruits. Their chief hunting-grounds are the Lika and Bosnia, where some četniks, too, still subsist. Mutual relations are bad and show how even common hatred of Tito is weaker than the old Serb-Croat animosity. In Slovenia, besides the underground movement fostered from abroad by the People's Party (Clericals), there is evidence of a highly secret organisation based on the "troika" system, consisting of groups of threes, mostly unknown to one another. Disturbances have been reported in the Bačka. In Zagreb two explosions occurred in textile factories during February. Not only did OZNA carry out close investigations on the spot, but the employees of all important Zagreb factories were warned of the serious penalties of such attempts to oppose "the will of the people."

Commercial agreements have been signed with Italy; with the Soviet military administration in Berlin for an exchange of goods with the Soviet Zone of Germany; and with Sweden, carrying also a guarantee of full compensation to Swedish firms affected by nationalisation.

A Soviet-Yugoslav Civil Aviation Company (JUSTA) has been formed to operate passenger and freight services in Yugoslavia and with other countries.

Marshal Tito has explained to a correspondent of the *News Chronicle*, that if some "lean swine" had been exported it was because shortage of fodder had compelled farmers to slaughter their livestock, and because the Ministry of Foreign Trade had acted irresponsibly. The offenders would be punished. He made the usual point that Yugoslavia had nothing against the peoples of Great Britain and America, but was dissatisfied only with "official quarters." Relations would improve, he said, with a general strengthening of the desire for peace.

(See also under "Italy.")

Greece

In spite of heavy falls of snow, the Greek National Army have continued their advance into rebel territory in the Low Pindus, and have forced the rebels, who have suffered substantial casualties, to withdraw in certain areas, they are burning the villages as they retreat, forcing the inhabitants to take refuge in gorges and forests where they are suffering from hunger and exposure. The Greek military authorities have announced that casualties inflicted on the bandits throughout Greece in operations during the first fortnight of April amounted to 337 dead, 31 wounded and 132 prisoners. Furthermore, 71 men deserted from the bands and surrendered. Casualties of the Greek Army amount to two officers and 14 men killed and 42 wounded. The military authorities in Larissa, however, comment cautiously on the Athens report that operations in the Pindus–Agrafa area will be completed by the 15th May. They limit themselves to stating that the general offensive of the national forces has already been accelerated and that it may soon be possible to disclose satisfactory results.

Secret files of the Communist guerilla organisation in Central Macedonia which have fallen into the hands of the Greek authorities reveal that the effective strength of bands in that area is much lower than had been supposed. The bands operating in the Kroussia area, for example, are shown by these documents to number about 350/400 men, whereas Communist propaganda had claimed that they numbered three times as many.

Meanwhile there have been several reports of fresh incursions across the frontier. According to the Athens press, a band from Yugoslavia has penetrated into Greece near Alipoti. As the Greek Army cannot yet attack this band without running the risk of violating Yugoslav territory, they are waiting until it attempts to proceed southward.

The United Nations Frontier Commission, now in Geneva, have given provisional approval to the first or historical part of their report. A few points raised by the liaison representatives of Greece, Albania, Bulgaria and Yugoslavia have been referred to the drafting committee.

Albania

There was a vituperative leading article about the Corfu Straits dispute in the semi-official paper *Bashkimi* on the 16th April which was broadcast from Tirana that evening in English. Not content with fatuously repeating that Great Britain has shown the world that she has no real case against Albania, that she thinks solely of her own "satanic" interests and that her one aim is to raise difficulties for Albania on every possible occasion, the writer goes on to attack the Security Council as a whole for its "unjust" decision to let the matter be referred to the International Court. What especially annoys him is the fact that the British complaint to the United Nations has been carefully considered, whereas "the just complaint of the Albanian Government" alleging British violation of her territorial waters has been ignored. The United States Government were assailed in the same paper's editorial columns on the previous day, when they were accused of deserting the ideals of Franklin Roosevelt, repudiating their promises, and "extending every support to fascist aggression" by means of "the dictatorship of the dollar."

Two members of the Albanian National Assembly are reported to have been murdered last month—one representing Elbasan and the other Berat. They seem to have been put to death at the bidding of the head of the Moslem sect to which they both belonged. The motive remains obscure, but was apparently connected with proposals for religious reforms which had the backing of the Government.

According to the Belgrade press a daily air service between Belgrade and Tirana was started on the 1st April.

Bulgaria

The diplomatic incident of the 7th March (see *Summary* No. 384) was at last settled to the satisfaction of all parties concerned by the publication in the Bulgarian press of two agreements reached last week. A communiqué issued on the 16th April recorded that a settlement had been separately reached between Bulgaria and France (whose Minister at Sofia was personally assaulted on that occasion); and by a joint statement published on the 18th satisfaction was accorded to the United States, Great Britain, Italy, Switzerland and Turkey, whose missions were all treated with gross discourtesy (to put it mildly). The six Governments say they wish "to put an end to exaggerated and tendentious rumours of serious misunderstandings on the subject of the currency exchange"; the plaintiffs add that they are "convinced that it was never the intention of the Bulgarian Government to attribute to them activities contrary to Bulgarian interests";

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and all "mutually recognise the necessity for close prior contact between the Minister for Foreign Affairs and the Heads of Missions when any exceptional relations between the local administrative authorities and diplomatic establishments are contemplated." The Bulgarian Government showed much reluctance in agreeing to give this last undertaking.

Some days earlier Nikola Petkov, the Opposition Agrarian leader, had sarcastically congratulated the Government upon a foreign policy which had deeply offended seven western Powers at the same time. This was, however, by no means the most exciting moment in the National Assembly during the past month. On the 29th March another Agrarian deputy complained that Bulgarian schoolchildren were being solemnly taught to call Georgi Dimitrov "a shining sun"—like Louis XIV! A female deputy, greatly daring, referred in a speech to some persons who had suffered at the hands of the Government as "victims of fascism"; and a male backbencher was thrown down from the rostrum for going one better and declaring that the Communist party, as a fascist organization, surely came under article 4 of the peace treaty. Within the four walls of the Sobranye there is certainly freedom of *speech* in Bulgaria. The Government line is still to depict the Opposition as conspiring to bring about a *coup d'État* with foreign assistance.

The U.S.S.R. will naturally not relax her grip on the Balkans more than she can possibly help; but in some respects future Russian intentions regarding Bulgaria are none too clear: an eye is certainly being kept on developments in Washington. General Marinov, the Bulgarian Minister in Paris (who is incidentally wanted by the Greek Government as a war criminal), confidentially told General Oxley, head of the British Military Mission, at Sofia on the 8th April that he thought the Russians did not intend to ratify the Bulgarian treaty at all and that in spite of Russian troop-movements in Bulgaria none had left the country: in fact there was no intention of withdrawing them, in his opinion. General Oxley could not quite make out whether General Marinov came to tell him this on his own initiative or not. He himself had reason to believe, two or three weeks ago, that (i) only a few Russian troops are left in the Sofia area, (ii) none are left in Northern Bulgaria, but (iii) there are large concentrations of them at Sliven, Yambol and Stara Zagora (no doubt in connexion with the war of nerves against Turkey). With the departure of the U.N. Frontier Commission Greece again looks like being menaced from Bulgaria, too: according to an unofficial source of information Nevrokop was "full of Russians" recently.

About a month ago Yugoslavia and Czechoslovakia both concluded trade agreements with Bulgaria; the Bulgaro-French conversations in Paris interrupted in March have now been resumed; and on the 14th April a delegation headed by the Minister of Commerce left Sofia for Moscow to "negotiate" the really important trade agreement there. The details of the Bulgaro-Soviet trade agreements for 1945 and 1946 have never been divulged; but it may be remembered that one year ago M. Bozhilov's predecessor, a left-wing Social Democrat, appeared to be so prostrated by the terms to which he found himself required at Moscow to agree that he took to his bed and sent for a Communist ministerial colleague to sign in his stead. What is certain is that, whereas Bulgaria derived many benefits while she was under the economic domination of Germany, since then, so far from having received Soviet assistance on any appreciable scale, she has been bled white by the Russian military occupation, while owing to the Kremlin's habit of calculating Russian prices well above world levels it is extremely unlikely that any compensation has been received in other directions.

There are good grounds for thinking that along the Danube, from Rustchuk down, and also in the Dobruja, the spring crop is about 60 per cent. destroyed. Roumanian seed is not to be had, and the unfortunate drought has persisted.

Turkey

On Sunday the 6th April there were by-elections at Istanbul and three small provincial centres. The Democratic Party ran no candidates, and the authorities reported that the nominees of the Republican People's (Government) Party had been returned by polls representing at least 60 per cent. of the electorate. The attitude of the Democrats was that, as recent local elections had belied the Government's promise of electoral fair play, it was useless to put up candidates. They hinted, moreover, that if the Government failed to introduce into the electoral law certain modifications which they claim to be indispensable to ensure impartiality—particularly as regards the counting of votes—they would boycott the Grand National Assembly once more. The Republican People's Party retort that if the Democrats

are going to abstain from Parliament every time they fail to get what they want, no beginning can be made with two-party government. President Inönü may perhaps feel impelled to mediate again between the two parties in order to remove the deadlock. For there is little doubt that the rulers of Turkey desire to see her strengthened by the adoption of genuine constitutional procedure—though there must be many hotheads in the Republican People's Party who are by no means reconciled to the idea of handing over power and its loaves and fishes.

Mr. Henry Wallace, speaking in London on the 11th April, referred incidentally to Turkey as a country where there were "no free trade unions, no true political representation, no real civil liberties," and deplored the fact that no conditions were being attached to a loan for maintaining "an oversized army against an unmentioned foe." This line of argument, which has led the Turkish press to talk of "Wallace the Muscovite, public enemy No. 1," has clearly been imbibed from the Soviet spoon. For, each of these charges is a well-worn point of Soviet propaganda, and the truth is that, in the matter of democratic institutions, Turkey's record is at any rate incomparably better than that of the Soviet Union, while it is only the Russians' deliberate war of nerves which compels the Turks to remain mobilised.

THE MIDDLE EAST

Egypt

Three delayed-action bombs exploded near British-occupied buildings in Ismailia on the night of the 16th April. There were no casualties, and little damage was caused.

As part of the campaign against British institutions in Egypt, of which the attack on the Anglo-Egyptian Union was the first sign, the University graduates' club in Cairo, which was founded by British professors and receives a subsidy from the British Council, is now being undermined, and the Brethren of Freedom, an organisation started by Miss Freya Stark during the war, has been attacked in the Wafdist paper *Saut al Umma*.

Although no details are available of any serious incidents, further manifestations of anti-Christian feeling are reported to have taken place in Cairo and elsewhere. But Hasan al Banna, the leader of the Ikhwan al Muslimin (Muslim Brethren) has written to the Coptic Patriarch attributing the Zagazig incident (see last week's *Summary*) to persons fishing in troubled waters, and assuring him that the Ikhwan had nothing to do with it. He added that a circular letter has been sent to all branches of the Ikhwan reminding members of their sacred duty towards the Christian and Jewish faiths, which, with Islam, supplement each other. Although Hasan al Banna's organisation was set up primarily to consolidate and defend Islam and the Muslim way of life, efforts to reassure the Copts have been made during the last two or three years since its activities became more positively political. The existence of such a society, with its almost inevitable proneness to fanaticism, has naturally aroused alarm amongst the Copts, who will need some more substantial proofs of goodwill than a letter from Hasan al Banna. Official apologies for the Zagazig incident have not allayed their fears and resentment. The newspaper of the Ikhwan has roundly accused the British of organising the Zagazig riot, and the *Rose el Yusuf* makes the more general charge that we are provoking incidents so as to show that Egyptians cannot be trusted to run their own country. There is evidence that the Government, while not subscribing to this view of the origin of the trouble, are acutely conscious of the harm which may result to the cause of Egypt.

Several workmen charged with Communist activity have been acquitted. The Court accepted the view that there is a distinction between Communism as a socialist creed and Communism as a political activity directed against the existing system of the State, and that Communism is not illegal unless it is expressly directed to subvert the State. This important judgment shows less knowledge of the true nature of Communism than respect for the principles of absolute justice, and may prove to be a very unfortunate precedent.

Palestine

Dov Grüner (see *Summary* No. 378) and three other Jews were executed on the 16th April. Jewish commentators are of one mind in regarding the executions as calculated to aggravate the situation, and the *Jewish Chronicle* speaks of the Yishuv standing "bewildered between the Palestine Government and the terrorist

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groups.'' The Zionist Organisation of America provides a curious parallel with the Egyptian press in a statement which ascribes the carrying-out of the sentences to an intention to provoke outbreaks with the aim of prejudicing the case of Jewish Palestine in the eyes of the members of the United Nations. Two other Jews who were under sentences of death and were to be hanged on the 22nd April, committed suicide in their cells on the night of the 21st/22nd April.

Serious disturbances occurred at Caraolos camp in Cyprus on the 18th April after the refusal of a number of illegal immigrants to embark for Palestine unless the size of the draft was increased. Camp installations were set on fire and attempts were made to break out. The guard was forced to open fire, and one Jew was killed and six were wounded. The reduction in the draft from 750 to 375 was made to balance the number believed to have successfully entered Palestine from the *Susannah* (see *Summary* No. 385). His Excellency the High Commissioner is issuing a communiqué refuting the false reports which allege that the Government of Palestine has failed to honour its promises in the admission of illegal immigrants from Cyprus, and showing, by figures, that the departures from Cyprus are, in fact, a month ahead of schedule. Meanwhile a hunger strike was started in the Caraolos camp which has spread to the camp at Zylotymbou.

The *Guardian*, alias the *Theodore Herzl*, was intercepted off Tel Aviv in the early hours of the 14th April. When she was boarded a fight ensued which resulted in six casualties to Naval officers and ratings, and thirty-five to Jews, of which two were fatal. The ship was towed to Haifa and the majority of the 2,641 passengers were transferred to Cyprus.

A bomb attack was made on an Army Field Dressing Station on the 18th April. A sentry was shot dead before the bombs were thrown. There were no other casualties. Numerous other attacks on military vehicles and personnel have been made in Jerusalem and elsewhere, causing casualties. The most serious attack made was on the Cairo–Haifa train, which was wrecked near Rehovoth on the 22nd April; three civilians and five British soldiers were killed, and there were over forty injured.

The Arab League

A meeting of the Political Committee of the Arab League opened in Damascus on the 16th April. A communiqué issued says :—

"Political committee of the Arab League, composed of the Ministers of Foreign Affairs of the Arab Governments and of the Secretary-General of the Arab League, met under the chairmanship of Jamil Mardam Bey at 6·30 p.m. on 16th April in Damascus. After discussing their attitude in the Palestine question when taken up before the United Nations, whether at the present extraordinary session or at next ordinary session, it was decided that the independence of Palestine, the abolition of the Mandate, and the immediate prohibition of immigration are the first objectives of the Arab States. The Committee also discussed ways and means, and various decisions were taken to guide the delegation representing the Arab League countries at the United Nations, and to co-ordinate their plans."

Transjordan

The Treaty between Iraq and Transjordan (see last week's *Summary*) contains provision for mutual consultation and united effort in the event of a dispute between one of the signatories and a third party; if the dispute results in an act of aggression (of which a definition is given) consultations are to be held to concert means of repelling the aggressor. Military missions are to be exchanged in order to secure unification of training methods. Nationals of one country are to be prevented from taking part in internal disturbances in the other or helping insurgents. The Treaty is for ten years, with automatic renewal for five-year periods unless notification to the contrary is given by either party.

Iraq

The new Iraqi Parliament, which assembled on the 17th March (see *Summary* No. 386), is composed of 68 Sunnis, 57 Shi'as, 6 Christians, 6 Jews and, for the first time, 1 Yezidi. Of these 138 members, 60 are new to the deputyship. The last Parliament was composed of only 115 deputies. There are now no representatives of any political parties in the new Parliament, apart from Saleh Jabr's unofficial Kotla *bloc*. The Hizb al Watani al Demokrati (National Democrat Party) originally gained four seats, but subsequently decided to withdraw its members as a protest against the non-election of Muhammad Hadid, who was considered certain of gaining a seat and hoped to be in the new Cabinet. Only the secretary of the party, Husain al Jamil, has withdrawn, however, the other three members preferring to break with the party rather than lose their seats.

On the 16th April the Minister for Foreign Affairs, Fadhil al Jamali, made a statement about Treaty revision, in which he pointed out that the present Anglo-Iraqi Treaty, which came into force in 1932, does not expire until 1957, and that there is no provision for adjustment until 1952. Accordingly, he intends to approach His Majesty's Government with a view to effecting an adjustment before that date, but will be guided by the United Nations Charter. "I am very sure," he said, "that we are able to approach Great Britain on a footing of equality." This appears to be the first occasion on which an Iraqi statesman has publicly admitted that Iraq is not entitled to demand Treaty revision until 1952. He also stated in his speech that the Arab League Council had accepted the Iraqi Parliament's resolutions concerning Palestine in their entirety (see *Summary* No. 387).

The withdrawal of British land forces from Iraq, which has been in progress for some time, is expected to be completed this autumn. The forces being withdrawn include the Indian brigade-group which was despatched to Basrah after the Anglo-Iranian Oil Company's strike last August, but R.A.F. detachments, covered by Article 5 of the Anglo-Iraqi Treaty, will remain at Habbaniyah and Shaibah.

Persia

The delegation of the World Federation of Trade Unions returned to Tehran on the 7th April after visiting factories in Mazanderan, and the Soviet fisheries at Pahlevi. It appears that El Aris has been taking his orders from Borisov, and, in spite of protests by the British member, Harries, the delegation interviewed only Tudeh supporters. A visit to Tabriz was cancelled owing to the non-acceptance of Harries' proposal that equal hearing should be given to complaints from non-Tudeh members with those from the Tudeh. The visit to the Soviet fisheries was stage-managed in such a way that the delegates had no proper opportunity to examine conditions.

Reza Rusta, the Secretary of the Central Committee of the Persian Federation of Trade Unions, was arrested on the 13th April. The Government were averse to taking action against him on political grounds while the delegation from the World Federation of Trade Unions was in the country, but they were obliged to act in view of the complaints of unpaid debts and financial irregularities levelled at him (see *Summary* No. 383). According to Nafisy, Under-Secretary at the Ministry of Labour, Rusta will be charged with espionage on the strength of the document found at his house immediately after his arrest.

An unconfirmed report states that the Barzanis (see last week's *Summary*), together with their leader, Mulla Mustafa, have surrendered to the Persian Government.

THE FAR EAST

China

On the 18th April, following the signing on the previous day of a Programme of National Construction by representatives of the Kuomintang, the Young China Party, the Social Democratic Party and two non-party members, General Chiang Kai-shek announced the birth of the "first Coalition Government in Chinese history" and the formation of the long-promised State Council with the following membership :

	Seats
Presidents of the five Yuan ...	5
Kuomintang Party	12
Young China Party	4
Social Democratic Party ...	4
Non-Party members	4
Temporarily left vacant	11
Total	40

Originally the Kuomintang had insisted on reserving to itself half the total number of seats in the Council, and this was one of the earlier main differences with the Communist Party. But, in the end, General Chiang succeeded in persuading his Party to agree—however unwillingly—to reduce their claim to 12 seats, these to be exclusive of any Yuan Presidents who might happen to be Kuomintang members. At the moment all five Yuan Presidents are members of the Kuomintang, so that the total number of seats held by that Party in the newly-created State Council is 17 out of the total of 29 filled.

The final choice of the Kuomintang Central Executive Committee for the first Vice-President of the Government fell, not as was at first thought on the Shansi war lord, Yen Hsi-shan (see *Summary* No. 387), but on Dr. Sun Fo; while the expected

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appointment of General Chang Chun, Governor of Szechuen, as President of the Executive Yuan—a post equivalent to that of Premier—was confirmed by General Chiang Kai-shek at the end of his inaugural speech. The Presidents of the other four Yuan remain unchanged. They are:

Legislative Yuan: Dr. Sun Fo.
Judicial Yuan: Mr. Chu Cheng.
Control Yuan: Mr. Yu Yu-jen.
Examination Yuan: Mr. Tai Chuan-hsien.

That unpopular war-time innovation, the Supreme National Defence Council, is to be abolished, and its functions are to be taken over by the State Council. The official announcement also states that the Supreme National Defence Council is to be replaced by the Central Political Council, which is to be an entirely Kuomintang organ; but it is not clear exactly what this means, or how even in China a defunct Council can be replaced by one organ and its functions assumed by another!

The new political programme—designed to prepare the way for the implementation on the 25th December of the Constitution recently adopted by the National Assembly—is a somewhat lengthy document of twelve resolutions, the main points of which are that the Executive Yuan shall abide by, and carry out, the decisions of the State Council; that during the examination of any new Bill by the Legislative Yuan competent representatives of the Executive Yuan shall attend in order to provide such explanations and elucidations as may be required; that the Government shall pursue a foreign policy of equality and good neighbourliness toward all friendly nations without discrimination; and that national unity be established through political negotiation, provided the Communists show a genuine desire for peace and that communications are completely restored to the control of the Government. This last resolution explains the reason for the immediate filling of only 29 out of the total of 40 seats in the State Council. And it will be noted that in the concluding sentence of his public announcement of the broadening of the Government General Chiang Kai-shek appeals to the Communist Party to reverse their attitude of "open rebellion" and to grasp the present opportunity of joining the Government and participating in the work of national construction. He warns them, however, that he has no intention of delaying indefinitely on their account the country's advance toward democracy.

Chinese press reaction to the new political programme is reported to be generally lacking in enthusiasm, while the *Ta Kung Pao* bluntly contends that the National Government is still a one-party organ because the President of the Government is entirely responsible to the Kuomintang Central Executive Committee; and the paper warns the minority parties to watch events carefully and to withdraw their support on the first signs of a straying from the path of the declared principles of the reorganisation. In this connexion it is interesting to note that recent reports from Nanking declare that at a joint meeting the Kuomintang Central Executive Committee and the Supreme National Defence Council freed the reorganised Government from all Kuomintang control by ruling that the President was not responsible to the Kuomintang's C.E.C.

Rumours which were current, but officially denied, a week or two ago of General Chiang Kai-shek's intention to go abroad on a visit to the United States and possibly also to this country, have been revived and are accompanied by whisperings of an anxiety on the part of the Generalissimo to place himself out of reach during the early stages of the new constitutional experiment.

In the field there has been little change. Government forces appear to have been able to make little headway in the area round Yenan; while in Shantung, where they claim to have cleared the central part of the important Tientsin–Pukow Railway following the capture of Taian in the first days of April, reports indicate that their advance has been checked. In this area, however, it is thought probable that the Government are about to launch a more determined effort to free the whole of the Tientsin–Pukow Railway line as well as that between Tsingtao and Tsinan. Once again "for military reasons" the port of Tsingtao has been declared closed temporarily to all foreign shipping. The activities of the Kuomintang Military Command in this area have caused the Government considerable embarrassment. At the end of March, a vessel operated by C.N.R.R.A. for the distribution of U.N.R.R.A. supplies to Communist territory was bombed when off the south coast of Shantung and in addition to a number of the Chinese crew, both the British Master and Canadian Chief Officer were wounded, the former seriously. As a result, all sailings of relief ships to Communist-held ports had to be cancelled, making the distribution of U.N.R.R.A. rehabilitation supplies to Communist territory impossible.

The Soviet claim, through an official *Tass* hand-out carried by all the Moscow papers on the 1st April, that between the end of 1945 and March 1947 the U.S.S.R. Government repeatedly invited the Chinese Government to take over the administration of Dairen and Port Arthur—and that the Kuomintang's failure to do so might be attributed to "some sort of paralysis of authority in China"—has prompted the Nanking Government to make it known through its spokesmen that on the 31st March, Mr. Wang Shih-chieh, Minister for Foreign Affairs, notified the Soviet Ambassador to Nanking of China's decision to take over the administration of Dairen and Port Arthur and of the measures which the Chinese Government proposed to take to that end. The spokesman further added that

> "as regards the delay in taking over the areas it may be recalled that it was the intention of the Government to assume control of the port of Dairen as the first step in the recovery of Manchuria. A Mayor of Dairen was appointed as early as October, 1945. I think I need not dwell on the reason for the delay in this matter."

On the 2nd April, Notes were exchanged between the Chinese and Portuguese Governments announcing the abandonment by Portugal of extra-territorial rights in China.

A Sino-Philippine Treaty of Friendship was signed in Manila on the 18th April by President Roxas and Dr. Chih Ping, Chinese Minister to the Philippine Republic. Provision is made for the settlement of all disputes by peaceful means and for the mutual exchange of diplomatic and consular representatives.

French Indo-China

Correspondents paint a gloomy picture of possible floods, pestilence and famine in Tonking when the rains come in June. The French forces have consolidated their hold on the principal towns except Vinh, which was surrendered, but in their withdrawal the Viet-Nam forces have carried out a ruthless scorched-earth policy and have evacuated further large sections of the populace. Even in peaceful times the task of controlling the numerous streams that form the Red River Delta is formidable. Now it may prove impossible.

M. Bollaert, the new High Commissioner, has returned from a visit to Cambodia and has made his first public statement of importance. At a press conference on the 17th April, he announced that it had been agreed with the King of Cambodia to draw up immediately a Franco-Cambodian treaty within the framework of the French Union. In this connexion it is of passing interest that no reference to a Federation of Indio-China was made.

It is thought that the publicity recently given to the rumours concerning the intention to reinstate ex-Emperor Bao Dai in Viet Nam has considerably detracted from his chances, and that tentative negotiations are now proceeding at Saigon with a representative of Ho Chi Minh. Much will probably depend on the ability to curb the extremists. At the moment, although Viet Nam forces appear to have lapsed into guerilla tactics, there is no immediate sign of a weakening of the strangle-hold they maintain throughout the countryside. In Cochin-China terrorists continue to harass the peaceful inhabitants with disastrous effects on the economy of the country.

The Ministers of War and Marine, who left France for Dakar on the 14th April, are proceeding to Indo-China. According to the press the object of this visit is to convey praise and encouragement to the French troops, on whom the recent quarrels in the National Assembly are thought to have had a depressing effect. The French Authorities have restored their Customs Administration in Haiphong, the spark that led to the present conflagration.

THE UNITED STATES OF AMERICA

The attention of those in the United States who seek to follow the evolution of the new foreign policy has tended to alternate this week between the Foreign Ministers' Conference in Moscow and the deliberations of Congress on President Truman's programme of aid to Greece and Turkey in Washington. It is now expected that Mr. Marshall will return home empty-handed from the Moscow meeting, although it is thought that the recent negotiations have at least given him the chance to feel his feet as one of the "Big Four" and to take full stock of the present international situation. Much curiosity has been displayed regarding Mr. Marshall's private conversations with Generalissimo Stalin of the 15th April, although, in view of the disappointing results which have followed the anodyne gestures and pronouncements

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of the Soviet Premier in the past, there has not been much hope of this meeting breaking the deadlock at the conference table. M. Molotov's determination to smother the proposed Four-Power Pact in a blanket of patently unacceptable amendments is seen as another Soviet attempt to induce the United States to " pull out " of Europe, and as such it has been answered by assurances from a wide variety of commentators that the United States has no intention of taking any such short-sighted step. One or two newspapers, like the *Washington Post*, make a point of suggesting that, " if, as it seems evident, we cannot have a Four-Power Pact governing Germany, a Three-Power Pact would be the next best thing." This represents a notable departure from the belief that there must be no appearance of creating a Western *bloc* against the Soviet Union which commentators maintained so insistently at the time of the first Foreign Ministers' Conference in September 1945 (see *Summary* No. 311).

Congress continues to make progress with the legislation embodying the President's plan to provide assistance to Greece and Turkey. On the 22nd April the Senate approved the bill to make 300 million dollars available for the former country and 100 million dollars for the latter. 35 Republicans and 32 Democrats voted for this measure, and only 16 Republicans and 7 Democrats against it. On the 16th April the House of Representatives Foreign Affairs Committee approved without dissent (although ten members were absent and another three abstained from voting) the bill which is being sponsored by its Chairman, Representative Charles A. Eaton. Originally identical with its Senate counterpart, the Eaton bill at present includes the Vandenberg amendment (see last week's *Summary*), but not the Vandenberg–Connally preamble which seeks to project the President's policy into a wider United Nations setting. It also contains a clause providing for the examination by the Federal Bureau of Investigation of the persons appointed to administer the assistance programme. Another amendment, introduced into the Senate bill during the Committee hearings. forbids the Greeks or the Turks to use any of the money appropriated to repay loans which they have received from other foreign Governments. Under the influence of this amendment and of the strength of Congressional feeling behind it both Mr. Marshall in Moscow and Mr. Dean Acheson in Washington have been inclined to resist the suggestion of His Majesty's Government that the cost of maintaining the British military mission in Greece (which the State Department is anxious to have remain in that country) shall be paid by the Greek Government in dollars received from the United States. In the course of the recent Committee hearings Mr. Acheson is said to have assured members of Congress that the State Department had no intention of using any part of the funds now being voted to subsidize the British mission or any other British military force.

It is generally agreed that, instead of impeding the proposed action with regard to Greece and Turkey, the attempts of Mr. Henry Wallace to mobilize left-wing opinion in this and other European countries against it have had the effect of consolidating Congressional feeling in favour of the President's programme. Thus Senator Allen J. Ellender of Louisiana, a right-wing Democrat, has been moved by the activities of what the *Louisville Courier-Journal* calls " this muddled innocent abroad " to modify his earlier opposition to the Truman policy, while Senator Edwin C. Johnson, another Isolationist in the Democratic camp, has complained that, by his " shocking crusade," Mr. Wallace has " pulled the rug from under the Congressional opposition." Commentators like Mr. Harold Ickes, who share some of Mr. Wallace's views on domestic issues, accuse him of " running hog-wild " and of showing bad taste, even as a private citizen, in attacking his country's policy from foreign platforms. In its extreme form feeling has been reflected in the suggestion of Representative J. Parnell Thomas, the Chairman of the House Committee on Un-American Activities, that the Department of Justice should prosecute Mr. Wallace under a sedition law which was rushed through Congress under the threat of war with France in 1798. In the eyes of less severe critics the danger of what Mr. Wallace has said and done has lain—to quote the *New York Herald-Tribune*—in the mistaken belief of some Europeans that he is " a great political leader, when in fact he is simply the editor of a magazine of limited circulation who cannot affect the votes of a single American State to any perceptible degree."

In view of the continuing American interest in the economic situation in this country the British Budget has attracted considerable attention. Reactions have on the whole been favourable. Even the *Wall Street Journal* is willing to concede that the budget represents a " notable achievement " and that the Chancellor of the Exchequer " points his policy in the right direction." The effort to reduce tobacco consumption is said to have caused some initial consternation among Congressmen from Virginia, Kentucky, Tennessee and the Carolinas. Nevertheless the large increase in the tobacco tax, which, in the opinion of the *New York Times*, throws into relief " the nature of Britain's real Budget problem, which is external rather than internal," is for the most part accepted as necessary to stem the drain upon Great Britain's dollar resources.

On the American economic front the prospects brightened on the 20th April when it was announced that a new wage agreement had been reached between the C.I.O. Steel Workers' Union and the U.S. Steel Corporation at Pittsburgh. This not only promises to avert the steel strike which had been threatened for the 1st May, but it also provides the pattern for a settlement in the other heavy industries. The willingness of the employers to negotiate is believed to have been influenced by the heavy costs of the steel strike last year, while the inclination of Mr. Philip Murray to come to terms as quickly as possible on behalf of the workers is stated to have been due in part to the action of the House of Representatives on the 17th April in passing its bill to control labour by the unusually large majority of 308 to 107. This bill, which is sponsored by Representative Fred A. Hartley (Republican, New Jersey), the Chairman of the Committee on Education and Labour, is expected to be shorn of its more stringent provisions—particularly its ban on industry-wide bargaining and on the creation of welfare funds—when it comes up for debate in the Senate. In the meantime the country at large has begun to show anxiety at the setbacks which the Secretary of Labour, Mr. Lewis B. Schwellenbach, has suffered in his efforts to arbitrate between the union leaders and the employers in the telephone strike. On the 16th April Mr. Schwellenbach took the seemingly desperate step of appealing over the radio to the public to bring pressure to bear upon both parties to accept a settlement.

LATIN AMERICA

Brazil

The proposed formation of a Communist Youth Movement has led to vigorous denunciations by the Ministers of Education and Justice and the three service Ministers. The statutes of the " Union of Communist Youth " were, in compliance with Brazilian law, published in the Official Gazette. Though their terms were mild enough, the whole Brazilian press, with the exception of the Communist organs, broke into expressions of intense indignation. It is to be presumed that the Brazilian Communists hoped to resume the offensive with their new movement and thus avoid the prohibition of the party, which is still in the balance. The result, on the contrary, has been to emphasize their isolation. According to a broadcast message, the Youth Movement was officially suspended by decree throughout Brazil, for a period of six months.

Chile

The uneasy partnership of Radicals, Liberals and Communists in the Cabinet has now broken down, and President Gonzalez Videla has formed a new administration, in which he relies entirely on the Radicals (his own party) for support. The President's inclusion of the Communists, in return for their backing in the presidential election, had grown increasingly objectionable to both Liberals and Radicals, many of whom considered that they were losing votes, as a result of their association with the Communists. The Cabinet crisis was accompanied, according to broadcast reports, by a curious statement from the Chilean Government, in which the Socialist leader, Sr. Oscar Schnake, was accused of " anti-Chilean activities," in having urged the Argentine Government to press President Gonzalez Videla to eliminate the Communists as a condition of the Argentine-Chilean trade agreement. Sr. Schnake published denials, and the Chilean Government replied with a statement that the information came from the Argentine Minister for Foreign Affairs.

The withdrawal of the Liberals from the Government was followed by that of the Communists, though the Communist Party had held demonstrations in favour of their Ministers remaining in the Government. On the 16th April the names of the new Cabinet were announced, and the President made a rather unimpressive appeal for sympathy and support. The Ministers of Interior, Finance, Foreign Relations and Education are un-

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changed (Sres. Luis Alberto Cuevas, G. Picó Canas, R. Juliet Gomez and A. Rios Valdivia). The new Ministers are :—

Economy : Luis Bossay.
Defence : J. Hernandez.
Public Works : Ernesto Merino.
Land : Humberto Aguirre.
Agriculture : Pedro Castel Blanco.
Health : Manuel Sambuesa.
Justice : Humberto Correa.
Labour : Juan Pradenas.

(All these are Radicals except the last-named who is non-party.)

Paraguay

The civil war is now almost two months old. On several occasions General Morínigo and his Government have announced complete victory. He has not announced that the air force flew over to the rebels in the middle of March, and little prominence has been given to the fact that the navy has declared itself neutral : both Paraguay's gunboats are under repair in Buenos Aires, but naval forces have established a neutral zone in Asunción. On March 18th General Morínigo proclaimed a "state of war," but as this was followed by the closure of the Argentine frontier and suspension of Argentine steamer services, the order was withdrawn after four days.

In Uruguay there is strong propaganda against the Morínigo dictatorship, which has led the Asunción propagandists to urge the Uruguayan people to overthrow their Government, a gesture so ridiculous as to suggest despair. However, press reports now say that Argentina has agreed to supply wheat to Asunción, where bread had become extremely scarce, and also to clear the Argentine frontier of Paraguayan exiles, mainly opponents of the Morínigo régime.

UNITED NATIONS

Security Council

U.S. aid to Greece and Turkey

On the 28th March the United States representative informed the Security Council of his Government's proposals for economic and financial assistance to Greece and Turkey. He also suggested that the Balkan Commission should leave a "rear-guard" in Greece to observe and report whilst the Commission was writing its report in Geneva. In the debate on this twofold subject which opened on the 7th April and continued on the 10th, 14th and 18th, Russia and her friends took the line that Greece was in a state of civil war and that in consequence help by one State to the Greek Government became intervention. Greece needed help, they admitted, but the help must be strictly economic, and administered by a United Nations' Commission. Military aid, in any form, must be banned. Help from one source only, they argued, ignored the principle of co-operation and undermined the authority of the United Nations. It was a curiously disingenuous argument, considering the nature of the assistance, that Russia had supplied to Yugoslavia and Poland, without giving any information on the subject to the United Nations. It was a somewhat unreal debate, with the "Slavs" professing not to know what external dangers threatened Greece, and the U.S. refraining from saying what those dangers were. Finally a Russian resolution to set up a Commission to supervise U.S. aid to Greece was defeated by 4 votes to 2 with 5 abstentions. The U.S. proposal for a rear-guard was carried by 9 votes, with Russia and Poland abstaining, and the rearguard, composed of a representative of each of the members of the Commission, will be in Greece "pending a new decision of the Security Council." An interesting feature of the whole discussion was the way in which the Slavs, and especially Yugoslavia's representative, came to recognise the right of one sovereign State to give help to another. The Yugoslav representative objected to the U.S. attempt to link this legitimate act of sovereignty with the United Nations.

THE MOSCOW CONFERENCE

The Foreign Ministers discussed the Report of the Coal Experts on Tuesday and Wednesday the 15th and 16th April Nothing was agreed. Mr. Molotov urged an increase in German coal production, and in the percentage devoted to exports, suggesting that half of these exports should be devoted to reparations. He proposed that the Four Powers should jointly control all Germany's coal output, with a special Four-Power body in charge of the Ruhr fields. Mr. Bevin replied that coal was only one item in Germany's economy, and that until Germany was treated as economically one, and the British and American Zone had become self-supporting, to devote Ruhr coal to reparations would mean that reparations were being paid by the British themselves. Mr. Marshall supported him.

Discussion on the Austrian Treaty began on the 16th April, in an atmosphere of friendliness and several of the less important clauses were agreed upon. There was, however, up to the 22nd April, no sign of compromise on German assets in Austria or on Yugoslav territorial and financial claims; and without agreement on these basic questions there can be no treaty. (See under "Austria" for a detailed account of the proceedings.)

On Monday and Tuesday the 21st and 22nd, the Ministers took the Report on the Finances of Trieste. Mr. Molotov, at first suspicious of Mr. Bevin's suggestion that the Free territory should apply to the United Nations for any financial help that it needed in the immediate future, eventually came round, and the four Ministers were thus able to register agreement as follows : The Security Council should be asked to put a sum not exceeding five million dollars at the disposal of the Free Territory, if it receives a request from the Governor and the Provisional Council for help to meet financial emergencies during the months of July, August and September. It was also agreed that goods of Italian and Yugoslav origin should enter the Free Territory duty-free until three months after the Governor has been appointed, by which time the Territory's own customs régime should have been set up. The agreement depends on Free Territory goods obtaining similar treatment by Italy and Yugoslavia.

THE EUROPEAN COAL POSITION

(This survey of the coal supply situation in present-day Europe has been prepared for this Weekly P.I. Summary by a member of the Economic Intelligence Department.)

The main factors responsible for the present solid fuel deficiency in Western Europe including Scandinavian countries are the low-level of output of Germany's western coalfields—particularly the Ruhr—and the lack of supplementary supplies normally available from outside sources.

Some idea of the overall deficiency may be gauged from the fact that the Ruhr coalfields which before the war contributed as much as 125 million tons of hard coal a year to Europe's fuel supplies are still operating at little more than half the pre-war level. Furthermore U.K. exports to Western Europe, which amounted to over 25 million tons before the war, did not exceed 3½ million tons in 1946, while, despite the acquisition by Poland of additional coal resources in the shape of the ex-German Silesian coalfields, the Polish coal contribution to the needs of Western Europe is still considerably below the pre-war level, namely, under 4½ million tons in 1946, as compared with more than double this figure in 1938. A redeeming feature of the situation, however, is the development of an export trade to Europe by the U.S.A. from which Europe benefited in 1946 to the extent of some 16 million tons. There is the prospect of a considerable increase over this figure during 1947 since U.S. exports are now running at the annual rate of over 25 million tons. American supplies, however, apart from uncertainties of the labour outlook in the American coal mining industry, cannot be regarded as other than a temporary expedient to meet a state of emergency, since they are not likely to be forthcoming on a scale sufficient entirely to fill the gap, while the adverse factors of transport and currency involved in their purchase (apart from inferior quality) will naturally influence European importing countries in favour of more convenient and cheaper and better quality sources of supply as and when these become available.

On a rough estimate it seems likely that out of a normal requirement of between 400 and 500 tons the current annual solid fuel deficiency of Western Europe is as high as 140 million tons. Even when scaled down in conformity with the reduced fuel consumption of those countries whose industries are operating at well below the pre-war level this still leaves a very large gap, the continued existence of which cannot but operate as a serious handicap to the general economic recovery of Europe.

So far as Eastern European countries are concerned, the dominant factor is the Polish production which can easily satisfy their more modest fuel requirements and is in most cases already contributing helpful supplies. Poland is also supplying Sweden, Finland, Denmark, Norway, Switzerland and France with varying and irregular deliveries of coal.

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Exporting Countries

Germany is of course the principal Continental exporting country involved. In 1946, hard coal production amounted to 65·5 million tons as compared with 186 million in 1938; of this latter figure, the area now lost to Poland accounted for some 31 million tons. 1946 production in Rump Germany was, therefore, only 42 per cent. of that of 1938. By the last week in February 1947 hard coal production in the Western Zones had reached a level of 54 per cent. of 1938, with a labour force of probably not more than 75 per cent. of the pre-war strength.

The main reasons for the decline in output are, according to the report of the Committee of Coal Experts, (1) shortage of suitable manpower particularly in the British and French zones, (2) lack of incentives to work—insufficient food, lack of consumer goods, poor housing and (3) the high rate of absenteeism. The amount of merchantable coal is further reduced by the abnormally high rate of colliery consumption due to the poor state of equipment at the pits. This factor is aggravated by the fact that coal allocations to the steel industry are insufficient to maintain the level of production necessary to provide replacements of equipment for the coal industry as well as the other vital branches of engineering.

Under these circumstances the amount of coal available for export is small. In 1938, exports of hard coal for all Germany amounted to 32·3 million tons, 17 per cent. of production*; in 1946 exports from the British zone amounted to 12 million tons, or 22 per cent. of production. In the autumn of 1946, it was found necessary to curtail even the limited export allocations owing to the pressing needs of German industry and the exhaustion of stocks. From October 1946 exports from the British zone were drastically cut, and it is only now that the process of restoring these cuts can begin. In April 1947 exports to European countries are being increased by 50,000 tons, and in May they will go up by 200,000 tons over the February–March (4 week) level of 625,000 tons. In June the increase will amount to a further 200,000 tons and, provided that during May daily production in the Ruhr reaches an average of 250,000 tons, the June increase will be raised to 300,000 tons over the previous month's level, *viz.*, April 675,000, May 825,000, June 1,031,000 or 1,156,000 tons. In order to maximise production and to work out an equitable division of available supplies between home consumption and exports it is proposed to hold an enquiry into the coal production in the combined British and American zones. In the meantime the British, French and U.S. Governments have jointly announced an arrangement for fixing the proportion of exports from their zones of occupation to the coal importing countries of Europe for the six months period from July 1st next. Exports will be fixed in terms of percentages of net merchantable coal beginning at 21% when the daily output of clean hard coal in the Western zones reaches 280,000 tons a day and rising to 25% when it reaches 370,000 tons a day. It has also been agreed that when the economic incorporation of the Saar with France has been decided, a joint notification will be made by the Powers to the European Coal Organisation pointing out that in future France will be presenting to E.C.O. both the resources and the needs of France and the Saar as a whole, and asking that body to take account of this new situation.

Poland is the only other sizeable coal-exporting country in Europe. Polish coal production which at the beginning of 1947 was at the annual rate of some 55 million tons (or about 80% of the combined pre-war output of the old Polish and the newly-acquired Silesian coalfields)—continues to increase, but exports to Western Europe are well below normal. In 1946 Poland's exports (apart from deliveries to the U.S.S.R. on account of her reparations liability in respect of the newly occupied Western territories) totalled some 4 million tons or only about half the pre-war exports of which about 2 million alone went to Sweden. The original 1947 programme of the Polish coal industry envisaged a figure of 20 million tons as the total export to all countries including 9 million to the U.S.S.R. as "reparations" (see above). Under the recently announced Russo-Polish Agreement, 1947, "reparations" deliveries to the U.S.S.R. have been reduced from a nominal 13,000,000 to 7,000,000, for the whole year (6,500,000 in 1948). However, this will probably not result in any increased availability for Europe, as the Polish Government have officially estimated that their total export figure will be no more than 17,500,000 tons.

Poland is already making a helpful contribution to the needs of Eastern European countries which are by comparison small. The only other significant hard coal producer in Eastern Europe—apart from the U.S.S.R.—is Czechoslovakia, where hard coal output is now in sight of and brown coal output above the pre-war level and which is roughly normally self-supporting in solid fuel. The Soviet coal output itself is not a factor affecting the European coal supply position, but the reduction in the Russian demands on Poland already referred to should naturally be reflected to some extent on the quantity of Polish coal available for Western Europe.

* In 1937 before exports declined they accounted for 22% of total production.

Importing Countries

France heads the list of fuel importing countries in order of importance, though as will be seen, her relative dependence on imported supplies is much less than in the case of many of the others where domestic production is small or negligible.

The French domestic output continues at just above the pre-war level with a total labour force of some 40 per cent. higher of which a sixth (55,000) are prisoners-of-war. In 1946 production amounted to 49 million tons as compared with 47·5 in 1938 and during the past winter has been running at an annual rate of over 50 million tons. It is, of course, in respect of her outside sources of supply that France's position has weakened since before the war, when some 20 million tons of solid fuel were imported as compared with 11 million tons in 1946. The upshot is nevertheless, that during the last quarter of 1946 the monthly availability of solid fuel supplies averaged 5·2 million tons as compared with 5·6 million tons in 1938.

In view of the extreme energy with which France has urged her case for a larger share of the Ruhr coal production, it may be as well to consider the importance of these supplies in relation to her total fuel requirements.

In 1938, the main sources of French coal imports (totalling in all about 20 million tons) were over 6 million from U.K. and including coke nearly 7 million from Germany and over 4 million from Belgium.

At present, out of current imports of 600/700 thousand tons a month, as much as two-thirds comes from the U.S.A., while France's dependence on Ruhr coal amounts to no more than about one-eighth of her total imports or below 100,000 tons a month. Thus supplies from the British zone play a relatively unimportant part in the French coal supply position at present, and it is clear that the French agitation for a larger share of the Ruhr production derives as much from political and financial motives as from supply considerations. French demands relate in fact to the expanded level of industrial production envisaged under the Monnet Plan, rather than to any mere restoration of the pre-war level of coal consumption; furthermore France, like other European consumers, finds U.S. coal expensive and of poorer quality and would prefer not to have to draw so large a proportion of total imports from dollar sources.

The general cuts which were absolutely necessary last autumn in Ruhr exports to all destinations and of which France was made to bear no more and probably less than her fair share, doubtless affected the French position, particularly as during the shipping strike American supplies fell off, while Polish exports promised under the Franco-Polish trade agreement also failed temporarily to materialise to their full extent.

The present position is that, out of a total export allocation from Germany (Ruhr and Saar) to all countries during the quarter April–June 1947 of approximately 2½ million tons (see above under "Exporting Countries") France is to receive 720,000 or 28%, and if the May output in the Ruhr attains 250,000 tons a day, her share in June of the extra 125,000 tons to be made available for export will be 30%.

This provisional arrangement covering the second quarter of 1947 will be followed by the more recent arrangement mentioned above by which the British, French and U.S. Governments have agreed to fix exports from all three zones of occupation on a scale of percentages of output, thus to a large extent satisfying the requests which the French Government have been putting forward for a considerable time for the fixing of the volume of exports on a sliding scale as a percentage of German production, though the French make it clear that there is still a difference between what can be expected from these latest proposals and the "vital needs of France." Hence their request for help with E.C.O. over the question of the Saar and its effect on their coal position.

The French contention that she is entitled to the whole of the Saar production merits separate examination. The current rate of production of the area is

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The main reasons for the decline in output are, according to the report of the Committee of Coal Experts, (1) shortage of suitable manpower particularly in the British and French zones, (2) lack of incentives to work—insufficient food, lack of consumer goods, poor housing and (3) the high rate of absenteeism. The amount of merchantable coal is further reduced by the abnormally high rate of colliery consumption due to the poor state of equipment at the pits. This factor is aggravated by the fact that coal allocations to the steel industry are insufficient to maintain the level of production necessary to provide replacements of equipment for the coal industry as well as the other vital branches of engineering.

Under these circumstances the amount of coal available for export is small. In 1938, exports of hard coal for all Germany amounted to 32·3 million tons, 17 per cent. of production*; in 1946 exports from the British zone amounted to 12 million tons, or 22 per cent. of production. In the autumn of 1946, it was found necessary to curtail even the limited export allocations owing to the pressing needs of German industry and the exhaustion of stocks. From October 1946 exports from the British zone were drastically cut, and it is only now that the process of restoring these cuts can begin. In April 1947 exports to European countries are being increased by 50,000 tons, and in May they will go up by 200,000 tons over the February–March (4 week) level of 625,000 tons. In June the increase will amount to a further 200,000 tons and, provided that during May daily production in the Ruhr reaches an average of 250,000 tons, the June increase will be raised to 300,000 tons over the previous month's level, *viz.*, April 675,000, May 825,000, June 1,031,000 or 1,156,000 tons. In order to maximise production and to work out an equitable division of available supplies between home consumption and exports it is proposed to hold an enquiry into the coal production in the combined British and American zones. In the meantime the British, French and U.S. Governments have jointly announced an arrangement for fixing the proportion of exports from their zones of occupation to the coal importing countries of Europe for the six months period from July 1st next. Exports will be fixed in terms of percentages of net merchantable coal beginning at 21% when the daily output of clean hard coal in the Western zones reaches 280,000 tons a day and rising to 25% when it reaches 370,000 tons a day. It has also been agreed that when the economic incorporation of the Saar with France has been decided, a joint notification will be made by the Powers to the European Coal Organisation pointing out that in future France will be presenting to E.C.O. both the resources and the needs of France and the Saar as a whole, and asking that body to take account of this new situation.

Poland is the only other sizeable coal-exporting country in Europe. Polish coal production which at the beginning of 1947 was at the annual rate of some 55 million tons (or about 80% of the combined pre-war output of the old Polish and the newly-acquired Silesian coalfields)—continues to increase, but exports to Western Europe are well below normal. In 1946 Poland's exports (apart from deliveries to the U.S.S.R. on account of her reparations liability in respect of the newly occupied Western territories) totalled some 4 million tons or only about half the pre-war exports of which about 2 million alone went to Sweden. The original 1947 programme of the Polish coal industry envisaged a figure of 20 million tons as the total export to all countries including 9 million to the U.S.S.R. as "reparations" (see above). Under the recently announced Russo-Polish Agreement, 1947, "reparations" deliveries to the U.S.S.R. have been reduced from a nominal 13,000,000 to 7,000,000, for the whole year (6,500,000 in 1948). However, this will probably not result in any increased availability for Europe, as the Polish Government have officially estimated that their total export figure will be no more than 17,500,000 tons.

Poland is already making a helpful contribution to the needs of Eastern European countries which are by comparison small. The only other significant hard coal producer in Eastern Europe—apart from the U.S.S.R.—is Czechoslovakia, where hard coal output is now in sight of and brown coal output above the pre-war level and which is roughly normally self-supporting in solid fuel. The Soviet coal output itself is not a factor affecting the European coal supply position, but the reduction in the Russian demands on Poland already referred to should naturally be reflected to some extent on the quantity of Polish coal available for Western Europe.

Importing Countries

France heads the list of fuel importing countries in order of importance, though as will be seen, her relative dependence on imported supplies is much less than in the case of many of the others where domestic production is small or negligible.

The French domestic output continues at just above the pre-war level with a total labour force of some 40 per cent. higher of which a sixth (55,000) are prisoners-of-war. In 1946 production amounted to 49 million tons as compared with 47·5 in 1938 and during the past winter has been running at an annual rate of over 50 million tons. It is, of course, in respect of her outside sources of supply that France's position has weakened since before the war, when some 20 million tons of solid fuel were imported as compared with 11 million tons in 1946. The upshot is nevertheless, that during the last quarter of 1946 the monthly availability of solid fuel supplies averaged 5·2 million tons as compared with 5·6 million tons in 1938.

In view of the extreme energy with which France has urged her case for a larger share of the Ruhr coal production, it may be as well to consider the importance of these supplies in relation to her total fuel requirements.

In 1938, the main sources of French coal imports (totalling in all about 20 million tons) were over 6 million from U.K. and including coke nearly 7 million from Germany and over 4 million from Belgium.

At present, out of current imports of 600/700 thousand tons a month, as much as two-thirds comes from the U.S.A., while France's dependence on Ruhr coal amounts to no more than about one-eighth of her total imports or below 100,000 tons a month. Thus supplies from the British zone play a relatively unimportant part in the French coal supply position at present, and it is clear that the French agitation for a larger share of the Ruhr production derives as much from political and financial motives as from supply considerations. French demands relate in fact to the expanded level of industrial production envisaged under the Monnet Plan, rather than to any mere restoration of the pre-war level of coal consumption; furthermore France, like other European consumers, finds U.S. coal expensive and of poorer quality and would prefer not to have to draw so large a proportion of total imports from dollar sources.

The general cuts which were absolutely necessary last autumn in Ruhr exports to all destinations and of which France was made to bear no more and probably less than her fair share, doubtless affected the French position, particularly as during the shipping strike American supplies fell off, while Polish exports promised under the Franco-Polish trade agreement also failed temporarily to materialise to their full extent.

The present position is that, out of a total export allocation from Germany (Ruhr and Saar) to all countries during the quarter April–June 1947 of approximately 2½ million tons (see above under "Exporting Countries") France is to receive 720,000 or 28%, and if the May output in the Ruhr attains 250,000 tons a day, her share in June of the extra 125,000 tons to be made available for export will be 30%.

This provisional arrangement covering the second quarter of 1947 will be followed by the more recent arrangement mentioned above by which the British, French and U.S. Governments have agreed to fix exports from all three zones of occupation on a scale of percentages of output, thus to a large extent satisfying the requests which the French Government have been putting forward for a considerable time for the fixing of the volume of exports on a sliding scale as a percentage of German production, though the French make it clear that there is still a difference between what can be expected from these latest proposals and the "vital needs of France." Hence their request for help with E.C.O. over the question of the Saar and its effect on their coal position.

The French contention that she is entitled to the whole of the Saar production merits separate examination. The current rate of production of the area is

* In 1937 before exports declined they accounted for 22% of total production.

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now between 9 and 10 million tons a year or almost 70% of the pre-war level. This is disposed of as to some 50% for consumation in the Saar itself, the remaining 50% being disposed of approximately as follows: military consumption 1·5 million, rest of French zone 1·2 million and exports nearly 1½ million, practically all of which go to France itself. If the Saar is handed over to France with all its surplus coal production leaving the remainder of the French zone of occupation to be supplied from the British zone (Ruhr), France proper would stand to gain at least an additional 2–2½ million tons a year over and above her present intake. Even this advantage would be lost if as a result all Ruhr supplies were cut off, as she would lost an almost equivalent quantity of good quality coke for which Saar coal is an inadequate substitute.

As indicated above, however, the French have requested help with the European Coal Organisation when they present to that body both the resources and needs of France and the Saar as a whole.

Belgium and Holland are similar in that before the war domestic production went a long way to meet requirements, but both countries were dependent on imports of certain essential categories of coal—these coming mainly from Germany. Belgian domestic production is now at nearly 80 per cent. of the pre-war level (30 million tons a year) and Holland at between 60 and 70 per cent. (pre-war 15 million tons a year). Indigenous production is at present being supplemented by imports as to about 3 million tons a year in the case of Belgium and 4 million in the case of Holland which come almost entirely from the U.S.A. and Germany. Even so, the fuel availability in the case of Belgium is only about 85 per cent. and 75 per cent. of the pre-war quantity in the case of Holland. Domestic production is not responding very rapidly owing mainly to labour difficulties and an early recovery to the pre-war level cannot be expected. The Scandinavian countries of Norway, Sweden, Denmark and Finland are in even worse shape since not only have they an insignificant or no domestic production but they were greatly dependent before the war on large-scale imports from the U.K., the absence of which has not only handicapped them in their recovery but has reacted adversely on British trade activities and prospects in this area (*e.g.*, Swedish and Finnish timber exports to U.K.). Pre-war imports of all the above countries, including coke, totalled over 15 million tons a year, of which nearly 10 million tons or roughly two-thirds came from the U.K. The present low level of imports which are coming from a variety of sources—the U.S.A., Germany and Poland mainly—averages some 50–60 per cent. of pre-war, Sweden despite large imports from Poland being perhaps the worst off with a consumption of solid fuel below 50 per cent.

Italy and Switzerland as mainly dependent on imported supplies also have certain points of resemblance. Italy imported nearly 12 million tons before the war of which as much as 7 millions came from Germany, over 2 millions from the U.K. and about 1½ millions came from Poland. Her imports in 1946 of which as much as four-fifths came from the U.S.A. were about 5½ million tons. Her fuel supplies with her small domestic production, at about 80 per cent. of pre-war, are thus probably only about half her consumption before the war.

Swiss imports in 1946 were about 1½ million tons as compared with over double this figure before the war when supplies came mainly from Germany. Supplies are at present being drawn from a variety of sources namely France, Poland, U.S.A., mainly, and to a smaller extent Germany, Czechoslovakia and the Netherlands.

As already indicated, Eastern Europe's fuel requirements are or can be largely met from Polish sources. But, so far as any permanent solution of the solid fuel difficulties of Western Europe (including Scandinavia) is concerned, this is indissolubly linked with the necessity for a substantial increase in the Ruhr production and in U.K. exports to the European continent. At any rate until the proposed Anglo-American Joint Commission of Enquiry for raising production in the combined zones has reported and its findings have been acted upon, no rapid restoration of the pre-war fuel position can be expected.

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Weekly Political Intelligence Summary

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EUROPE

SPECIAL ARTICLE

THE EASTERN ZONE OF GERMANY—I

Introduction

It has only recently become possible to piece together a reliable and coherent picture of the Soviet Zone of Germany. The result is in some ways alarming. Progress towards a Communist society has been more rapid than appeared on the surface. A façade of democratic forms has been maintained, and there is even the appearance of a democratic party system. In practice, however, the Communist-dominated Socialist Unity Party has either already secured complete control of every organ of the legislature, executive and judiciary, or has occupied a position which will give it complete control in the foreseeable future unless there is a drastic reversal of developments through amalgamation with the West. This first of two articles discusses the power of the Socialist Unity Party itself and of the various organisations dependent on it. The second will discuss the progress of sovietisation in the organisation of industry and agriculture, in the administration and police, education, youth, religion and denazification.

The Party System

The system of Government in the Soviet zone has not yet received its finishing touches. The skeleton and outline is, however, firm enough. It is based on the principle of control by one group, the Socialist Unity Party (SED), which in turn receives directives from Russia. The SED is virtually the Communist party under another name. It was formed on the 1st April, 1946, through compulsory fusion of the Communist Party and some of the Social Democrat Party; actually the Social Democrat component has had no real influence on policy. At the beginning of the occupation the Communists were not eager for fusion, but they reversed their policy when they saw that the Social Democrats were steadily growing stronger while they themselves were weakening. There were three main causes for their unpopularity:

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the early excesses of Russian troops lowered the prestige of a party associated with the occupying Power; communist mayors appointed by the Russians were often extremely disreputable; many people were dismayed to find that the communist order bore a striking resemblance to that of Nazism, in its use of spying, its political oppression and the dragooning of public opinion by one-sided propaganda. The only way for the Communists to strengthen their hold was to absorb their chief rival, and fusion was therefore pushed ahead with vigorous help from the Russians.

Since the 1st April, 1946, no independent SPD has been permitted in the Zone. The three licensed Parties, the Socialist Unity Party, Christian Democratic Union and Liberal Democratic Party, are not fully representative of the electorate. The LDP in particular, although stronger than the CDU in some areas, is largely unreal. Its electors are mainly anti-Communists who also distrust the clericalism of the CDU, but own no real allegiance to the LDP programme. This state of things alone makes it impossible to regard the party system in the Zone as democratic. The system is, however, above all vitiated by the direct preference given by the Russians to the SED. Important decisions regarding the future of Germany, such as the latest decision to cease dismantling, have been announced by the Russians "after consultation with SED leaders," and were made public through SED channels. The Russians have thus treated the SED as if it were the *de facto* Government of the Zone. At the local and Diet elections in 1946 the Russians used unfair discrimination and even a degree of terrorism, though mild by Polish, Bulgarian and Roumanian standard, to secure an SED majority.

In the Diets some attempt is made to maintain a façade of democracy, though SED spokesmen have proudly declared that the system has little in common with "bourgeois democracy." Parliamentary debates take place; motions are voted on; and from time to time the SED is even outvoted by the other two parties. Nevertheless, on all major questions the CDU and LDP appear to be completely subservient. The whole political system is based on the "unity of the anti-fascist democratic parties," as expressed in the Unity *Bloc*. The *Bloc* had its origin in the four-party committees which were set up in 1945. As at that time there had been no elections, any ordinary system of party government was clearly impossible, and the committees seemed a reasonable expedient for the transition period. They have now, however, become a permanent institution. In the Diets all major measures are first agreed in the *Bloc* Committee before being debated in the Chamber. A revealing statement on this procedure was made by Otto Buchwitz, President of the Saxony Diet, on the 26th February, 1947. Buchwitz stated that, if the ordinary party system were used, the SED, with its small majority, would be able to force any measure on the other parties (in fact, the SED only has a majority with the aid of the 2 Peasants' Mutual Aid representatives and the one Cultural League representative; Buchwitz thus confirms that these two organisations are SED-controlled), and "on the top of this, the SED majority would have to bear sole responsibility for whatever happened in Saxony." Thus through the Unity *Bloc* system the CDU and LDP, though they seem to have little or no influence on policy, have to bear their share of the blame if anything goes wrong. Buchwitz further stated that all *Bloc* meetings were attended by representatives of the Free German League of Trade Unions (FDGB) "which, as a non-party organisation, is not represented in the Diet." As the FDGB is SED-controlled, this makes it impossible for the other parties to outvote the SED in the *Bloc* committee. Other means for securing SED predominance in the Diets include terrorisation and arrest of officials and candidates of other parties; preventing the other parties from putting up candidates; terrorisation or political bribery of the voters; and control of propaganda.

In spite of this the other two parties together succeeded in obtaining more votes than the SED in all States in the Diet elections. Yet the SED secured in each of the five Governments the key positions of the Ministries of the Interior and of Education. In four the Premier was also from the SED (in Saxony-Anhalt an LDP Premier was given an SED Vice-Premier). No matter what proportion of votes the non-Communist parties may possess in the Communes the mayor is almost always SED. Likewise the Central Administrations in the Soviet Zone are staffed almost entirely by SED members. Even applicants for lower posts in the administration apparently have to declare their political allegiance. In September 1946 advertisements in the Leipzig press for positions under municipal authorities said that "only persons . . . . who belong to one of the three anti-fascist parties need apply." Thus the non-party official is eliminated.

The S.E.D. Party State presents the same curious phenomenon as the Nazi State of the "doubling" of governmental

departments by the party. The Nazi Party not only dominated the State; it was also a "State within the State." The ruling elements from 1933 onwards realised that the majority of the civil servants were not Nazis and could not therefore be altogether trusted to show the necessary zeal in implementing Nazi policy. Each Ministry therefore had its corresponding Party "Office" as watchdog. The SED Central Secretariat in Berlin, similarly, has departments for Youth, Training and Canvassing; Personnel and Finance; Administration, Local Government and Agriculture; Industry, Labour and Social Policy; Women. It should be added in all fairness that there is one important difference between the organisation of the SED and that of the NSDAP. In the Nazi Party all posts were filled by appointment from above. In the SED, on paper at any rate, the Party executives and secretaries are elected. The SED machinery requires a large number of reliable and trained officials. At the head of the training system is the Parteihochschule Karl Marx at Liebenwalde. 150 students were being trained there in January, 1947, of whom 60 came from the Western zones. No great account has been taken of political background and convictions in selecting students for District Party Schools. In a letter of January, 1946, a student, clearly a former Nazi—attending one of the courses—wrote: "I have had to change my views considerably; it was not easy, but now I am enthusiastic about it. Anyway I must have a profession, and why not an active Party member?" The latter remark throws light on the Soviet Zone system of government from another point of view. Like the Nazis, the SED seems to aim at creating a large class of people whose security is directly dependent on the fortunes of the Party. It is hoped in this way to ensure the stability of the régime by basing it on personal self-interest.

Officially the SED has nothing to do with the system of House and Street Wardens to be found in every town in the Zone; but these officials can be regarded to a great extent as a further means used by the Party to control the population. All reports indicate that the Wardens are to a large extent SED members, although officially appointed by the administrative authorities. Originally the House Wardens' tasks were to keep the house register, distribute ration cards and mobilise labour for tasks of reconstruction. Reports indicate that they also have certain police functions, and that there is close co-operation between the Wardens and the Food Office, the Social Welfare Office, the People's Solidarity Scheme and the Statistical Office. The House Wardens also have the task of allocating supplies of clothing, a task which must give them considerable hold over the persons in their charge.

The "Non-Party" Organisations

The mass organisations for charity, youth, women, culture and labour, are an essential part of the SED State and might in fact be regarded as its very foundation. Not everyone is compelled to take part directly in the activities of the Party, but it is difficult to see how anyone can slip through the finely-meshed net formed by the Organisations. Of course charitable organisations, women's committees, youth clubs and trades unions exist in other zones. What is peculiar to the Soviet Zone is that in each of these fields only one organisation is permitted; this organisation not only has the monopoly in its field, but is given an official or semi-official status and performs functions which elsewhere would be carried out by the ordinary administration. They are in fact inextricably part of the machinery of government but do not appear to be subordinate to the public authorities, so that they are an instrument of government which is not properly accessible to democratic control. They are centrally controlled and have organisations covering the whole Zone. In all this they bear a striking resemblance to the organisations of the Nazi régime such as the NSV and the DAF. Although nominally the organisations are non-party, they are in fact all controlled to a greater or less extent by the SED.

The People's Solidarity Scheme, founded in 1945, has absorbed all private charity organisations in the Zone. It has openly admitted, however, that its charitable aspect is of secondary importance, and its activities include those which should normally be the functions of public authorities such as price-regulation and, in Thuringia, supplying funds for mining bituminous coal. The Women's Committees, while engaging in practical welfare tasks, aim at "the anti-fascist indoctrination of women . . . . and the democratic education of children through their mothers." The major instrument for the

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control of intellectual and cultural activities is the Cultural League. As an example of its kind of control an artist writing in May 1946 affirmed that pictures were only accepted for exhibition if the painter was a member of the League. Directives are reported to be received directly or indirectly from Moscow. The Peasants' Mutual Aid Association helps in the building of farm houses, runs tractor loan stations and co-operates in fixing delivery quotas. Its newspaper *Der freie Bauer* leaves no doubt that the Association is dominated by the SED. It may serve later as the instrument for introducing a system of collective farms. In practice, the position of new farmers is more like that of members of Russian collective farms than of independent farmers. A Zonal agricultural directorate ensures planned output. In 1945 farmers received stern orders to complete harvesting and threshing by certain dates. Rigid scheduling, although standard in the Soviet Union, was new to the German farmers and many complaints were made against the Administration with the result that the Peasants' Mutual Aid now plays a more important part in the system.

The Organisation of Labour

Labour in the Soviet Zone is organised through the all-embracing Free German League of Trades Unions, which includes among its members all recipients of wages, salaries and fees. There is also in every factory or office a Works Council elected in accordance with Control Council Law No. 22 of April, 1946. In addition, there are *Chambers of Industry and Commerce*, *Chambers of Handicrafts*, and a *Chamber of Technology*. These organisations, however, do not represent the professional interests of their members over against the workers or the public authorities, but are an integral part of the administration, assisting the latter in the preparation and execution of laws. The majority of the members of the executives are not elected, but are appointed by the public authorities and the FDGB.

The main difference between the organisation of trades unions in the Soviet Zone and in the Western Zones is that in the West there has been a gradual development in each branch of industry from local unions, to a final loose association of zonal unions—except in the French Zone—whilst in the Soviet Zone the organisation has been centralised on a zonal basis from the beginning. The FDGB is a unitary organisation centred on Berlin with 19 constituent unions representing the various trades and professions organised vertically. Thus doctors are organised not as a Medical Association, but in the Health subsection of the Trade Union of Public Services and Administration. Elections for all commitees take place once a year on a non-party basis.

The whole organisation is similar to that in the USSR, and Walter Ulbricht, in a recent pamphlet urges German trades unions to take the Soviet unions as a model. As private enterprise is gradually eliminated in the Zone the trades unions tend to lose their function of representing the workers' interests over against the employers and to become agents of social security, educational organisations and cultural and welfare bodies. Above all, however, they are an additional instrument of control on behalf of the SED. The FDGB organ, *Die Tribuene*, pursues an SED line; and the key men in the organisations are all SED. Further, the SED has demanded that the coming Government of all Germany shall contain ministers from the FDGB. Membership of the FDGB is nominally voluntary, but according to all reports is in most places virtually compulsory. The total membership in the Soviet Zone is about 4 millions out of 6 million trade unionists in the whole of Germany.

In the Weimar Republic the Works Councils had no coercive powers and in the end performed little more than welfare functions. And, whereas in the British and US zones Works Councils do not seem to have any greater powers than under the Weimar Republic, in the Soviet Zone the tendency is to give the Works Councils coercive power over private employers, such powers being provided for in the Works Agreements which employers have to conclude with workers. Elections for the Works Council are, as for the FDGB, nominally non-party, but by a recent (secret) order of the SMA the SED has been given direct control of the Works Councils. This order provides for the inclusion in every Works Council of two members of the SED, not elected by the workmen but nominated by the military authority, often without reference to other qualifications. Their duty is to report all proceedings of the Works Council to a higher SED authority, with the object of ensuring that no "undemocratic decisions" are carried out.

(To be continued)

GERMANY

Two welcome agreements were secured before the Moscow Conference ended. On the 23rd April, Mr. Bevin repeated his proposal that all German prisoners-of-war should be repatriated by the end of 1948, and M. Molotov agreed. The Control Council will submit to the four Powers by the 1st July, 1947, a plan for absorbing these prisoners. M. Molotov made it clear that all German nationals were covered whether they had served in the armed forces or in the auxiliary services. Earlier the Deputies had agreed in principle on free interchange of information and opinion between the zones. This is subject to considerations of military security and the need to prevent a revival of National-Socialism. The matter had already been discussed in the Control Council, but the French had been unwilling to admit newspapers freely to the Saar.

On the 23rd April and at the last meeting of the Conference the following day there were further fruitless exchanges between M. Bidault, Mr. Marshall and M. Molotov on the proposed Four-Power Treaty. The best that can be said is that this proposal has not been formally withdrawn from the agenda. The American suggestion for a limitation of the number of occupation troops was discussed. M. Molotov wanted 200,000 men for the Soviet Zone, 200,000 between Great Britain and the United States and 50,000 for France. Mr. Bevin pointed out that there was not a common Anglo-US army and said that the minimum figure for the most populous area of Germany must be 145,000. The French could not agree to less than 80,000 at present. British military strength is at present somewhat over 131,000, but allowance must also be made for contingents from Allied countries such as Belgium. In mid-March US forces numbered 165,000 including 30,000 constabulary but it is planned to reduce this figure to 117,000 by the 1st July. The matter is to be studied by the Control Council. The Deputies are to study the provisional political organisation of Germany. Mr. Bevin told Dominions' representatives on the 24th April that the United States' attitude to the political structure had only lately become clear. They wanted the *Laender* to control the electoral machinery but would agree to direct election to the Central Parliament. This scheme was much more practicable than the one clung to by the French who insisted that representatives to the Central Parliament should be elected indirectly by representatives of the *Laender*. The French, he said, wanted to put the clock back to Napoleonic times and it would not work. The next session of the Council is planned for November in London. No agenda has been prepared. Mr. Bevin left Moscow on the 28th April for talks in Berlin with British advisers and with Lord Pakenham, successor to Mr. Hynd.

Deep gloom over the end of the Conference permeates the press of nearly all regions or groups in Germany except the Communists. A typical comment by the Berlin *Telegraf* was that even those who did not expect success must be deeply concerned about the far-reaching extent of this failure. By contrast the Socialist Unity Party organ, *Neues Deutschland*, writes "only those have cause for pessimism who would like to preserve nazism." The paper adds, more reasonably, that no one can expect all-round agreement in seven weeks. Berlin Radio on the 25th April indulges in deliberate distortion. After dissociating itself from the "shouting about failure . . . . which helped to sabotage agreement" it claims that much of the preparatory work of a Peace treaty has been completed. M. Molotov is represented as the champion of German interests battling against the "powers of darkness." The broadcaster makes out that Mr. Marshall did not want to destroy cartels or to further democracy and that it was he who "caused the fiasco of the whole Four Power Pact."

Final results of the *Laender* elections in the British Zone, of which a preliminary report was given last week, show that the SPD has 39·7 per cent. of the seats, the CDU 33 per cent. and the KPD 8·3 per cent. (In the District elections last year the CDU had more seats although less votes than the SPD.) In Schleswig-Holstein the SPD has an absolute majority. The only other parties represented are the CDU and South Schleswig Association. In Lower Saxony the SPD has a majority but not a clear one while in Rhineland-Westphalia the CDU just leads. In both States the Centre holds the balance between Right and Left. The KPD in Rhineland-Westphalia has increased its representation to 28 seats. The CDU is really the only loser by the election. This is not surprising in view of the conglomeration of voters from different walks of life which it has collected in the past, many of whom may have since wavered in their views or may not have voted at all. On the whole there was remarkably little tendency to vote for extreme parties in spite of the hardships

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endured since last autumn. The poll averaged 65 per cent. of the electorate, a proportion which though high by British standards is low compared to last year's elections, and which German observers take as a sign of preoccupation with the food situation. Schumacher stated on the 21st April that the results showed that the cleavage between the CDU and SPD had increased. Adenauer, for the Christian Democrats had said that the CDU would only be ready to participate in a Government if all questions which divided the parties were relegated to the background and if a promise were obtained from Military Government for immediate supplies of food. He argues that politics are out of place when living conditions are so desperate. On this basis the Socialists would have to shelve some of the most important points in their programme such as Socialisation and land reform. Obviously they will not agree to do this.

During the first fortnight of April Communist Conferences were held in all States of the US Zone, and resolutions were passed in favour of "fusion" with the Socialist Unity party. Military Government has not given permission for a change of name, and General Clay stated on the 16th April that he thought admission of the SED would be influenced by the possible admission of the SPD to the Soviet Zone. The move may strengthen the administration and prestige of the SED but does not affect the SPD. In Hesse fourteen SPD officials have resigned, presumably preparatory to joining the KPD. Certain divisions of opinion within the US zone SPD, notably in Bavaria and industrial Hesse, have long been more obvious than in the British zone, but they are not so great that the KPD can expect to attract many disciples at present. Although the KPD organisation is the most efficient, SPD discipline is also strict, and the party keeps a much tighter hold over the members than do the more right-wing parties. In February General McNarney had expressed the opinion that party leaders in the zone were, on the whole, not doing much to reorientate the German people and were more interested in wielding political power. The Trade Unions and other bodies, he thought, did more. Over the last two months US officials have made surveys of German opinion in the US zone which reveal considerable criticism of parties and a feeling that the party system is still on trial. An important minority of 10 per cent. thought that only one party should be allowed after the end of the occupation. Very naturally this view was most prevalent among younger people, plunged for the first time from a feeling of security under Nazism into an atmosphere in which they have to think for themselves. Other groups expressed scepticism about the possibility of the party system working in Germany. It is of interest, however, that whereas in the early days it was party functionaries of the pre-1933 era who took the lead there are now an increasing number of people taking an interest in politics for the first time, who both inside and outside the parties are more ready to criticize and suggest reforms.

At a meeting of the prisoners-of-war and displaced persons directorate on the 22nd April the French member, supported by the Soviet member, protested against the British action in transferring 12,000 Yugoslavs from Italy to Germany (see last week's *Summary* under "Italy"). He declared that the move was contrary to Four-Power Agreements and was inconsistent with previous statements that H.M. Government were unable to accept any non-Germans, such as *Volksdeutsche* from Austria, into the British zone. The United States member could not see that the action was contrary to Four-Power Agreement. At the same time he regretted it as it would increase the burden on food supplies. Although the American authorities were equally concerned in this respect they had not been consulted. This is a somewhat curious statement, since conversations have been going on for some time with the State Department about the whole question of Yugoslavs in Italy. The British member expressed surprise that the protest should be raised by the Power which had contributed least to solving the displaced persons' problem. The movement, he pointed out, was not contrary to Four-Power Agreements and had been publicly announced in the press. The matter is now to be referred to the four Governments.

AUSTRIA

The Conference in Moscow has closed without producing a Treaty for Austria. A last effort on the part of the British Delegation on the 22nd April to produce a compromise solution on that bugbear of the Conference, the problem of the "German assets," apparently met with no response from the Russians, though the British proposal, made in private session, touched the fringe of Russian demands by providing (*a*) that, while owners who had been dispossessed without full and effective compensation should regain their property, such compensation as they had received

should rank as a German asset, and (*b*) that disputes regarding the validity of owners' claims on property acquired by the Germans by force or duress or by the application of Nazi laws should be settled in the first instance by bilateral negotiations and only in the last resort by arbitration. Finally, Mr. Marshall proposed that the whole problem should be referred to the General Assembly of the United Nations. This also was rejected by M. Molotov (at the final meeting of the Council), who proposed instead that a Four-Power Commission should be set up to examine all the disagreed articles. This proposal, which had also been in the minds of the U.K. and American delegates, was finally accepted and it was agreed that the Commission, which is to include a Committee of experts to give special consideration to Article 35 (German assets) and to the appropriate parts of Article 42 (United Nations property in Austria), should start work in Vienna on the 12th May. There is still some disagreement, however, over the Commission's terms of reference; the Russian formula would confine the work of coordinating the points of view of the Four Powers to the assets question.

The two last meetings of the Council were marked by acrimonious exchanges between Mr. Marshall and M. Molotov, Mr. Marshall accusing the Soviet Delegation of blocking the Austrian Treaty by its uncompromising attitude over the problem of the German assets, while M. Molotov attempted to saddle Mr. Marshall with the blame. A radio commentator from Moscow on the 19th April accused the "reactionary international monopolists" of attempting to sabotage the agreed decisions on reparations—"the just and legitimate claims of the Soviet Union." There were no grounds, he insisted, for saying that the passage of the German assets into Soviet hands would undermine Austria's economic life; on the other hand this could truly be said of the compensation claimed for United Nations' nationals, which amounted to "disguised reparations."

The Moscow Conference has thus ended without restoring to Austria her freedom and sovereignty; some relatively minor points have been agreed on, but the Austrians are left with their country under continued Four-Power rule, with uncertainty about the frontiers, Austrian economic stability dangling precariously in the balance of Allied disagreement, and with the prospect that Russian and French troops of occupation, in addition to many unwanted Displaced Persons, will live for many months more on Austrian food. The plea for the reparation of Austrian prisoners-of-war also remains unanswered; when this was brought up by the British Delegation at the Council's last meeting M. Molotov flatly refused to discuss the matter.

Austrian official and press reactions to the failure of the Conference have been disillusioned and gloomy. Dr. Gruber has described the treatment accorded to the Austrian problem as being "a flagrant contradiction of the declaration concerning the creation of a free and independent Austria," likely to embitter the Austrian population and rob it of its faith in democracy. "If ever a free and happy Austria is to arise again," he said, "it will not be through but despite Allied policy." People's Party circles have expressed some gratitude for the U.K. decision to modify the claim for compensation for United Nations nationals, and President Renner has thanked General Mark Clark (the retiring U.S. High Commissioner in Austria) for his firm advocacy of Austria's vital interests. The Austrian press has tried to derive some crumb of comfort from the establishment of the Four-Power Commission, and the Socialist Party is convening an extraordinary conference for the 6th May to discuss the general situation produced by the Moscow failure. The Austrian Communists have seized on the negative result of the Conference to press for new elections "to place the struggle for the Austrian Treaty in the strong hands of the people." According to the *Oesterreichische Volksstimme*, it was only due to M. Molotov, who "tirelessly pressed for greater speed," that the Conference did not end "entirely without result" and it was thanks (only) to Russian endeavours that the door was kept open through the establishment of the Commission.

Discussion at the Allied Council meeting in Vienna on the 25th April on a Soviet resolution designed to forbid Commissions to recruit labour from amongst Displaced Persons in Austria, was inconclusive; a Soviet complaint of anti-Soviet and anti-repatriation activities in the Western zones was refuted by the Western members of the Council. The Russians are, of course, particularly sensitive in regard to any measures which might prevent the eventual repatriation of their own nationals or of those belonging to nations within the Soviet sphere of influence.

The latest Austrian police and denazification scandal has been the escape of Franz Richter, a former Deputy Mayor of

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Vienna and leading SS-man, while on a working party in a Vienna street. A revealing statement by the Minister of the Interior on the escape announced that a number of police officials had now been dismissed, that the practice of employing lesser Nazis to guard leading Nazis was now to cease, and that leading Nazis would no longer be employed on work in the streets. From all accounts it would appear that the extent of manual labour done by Richter and his associates was more nominal than actual, and the comment of the official Austrian press agency that the ban on their future employment on such work would mean "a serious blow to the programme of rebuilding in Vienna" has evoked a good deal of satire in the Austrian press.

The Socialist nominee, Herr Wedenig, was elected Provincial Governor of Carinthia on the 25th April, with the Communist and People's Party members abstaining from voting. Herr Wedenig, who is of Slovene origin, has reiterated the firm intention of the Carinthian Government to preserve Austria's 1937 frontiers.

CZECHOSLOVAKIA

The Tiso trial has not, after all, been without its repercussions upon the Slovak political scene. Although the verdict pronounced against the former President of the former President of the Slovak Independent State is generally regarded as just, yet the abiding sympathy so frequently expressed on his behalf by many Slovak Democrats almost led to a crisis in the leadership of that Party. It would be a mistake, however, to suppose that the mere possibility of such a breach was due in the first place to the Tiso affair itself: political differences within the ranks of the Democrat Party have their origins in much deeper roots. There is, for example, the religious conflict between the Protestant and Catholic denominations and, as its logical off-shoot, the long-standing political rivalry between the Slovak separatists, who are mainly Catholics, and the "Czechoslovak-minded" Slovaks, who are chiefly Protestants.

The immediate reason for the threatened crisis was the attitude of the Catholic Right-wing group of the party towards various questions connected with the trial. This group is led by Canon Cvinček who, shortly before the general elections were held in May, 1946, attempted to establish a new party from among the dissatisfied Catholic elements. This dissident group has now criticised the failure of the Commissariat for Justice (which is supervised by the Slovak Democrat, Dr. Ivan Štefánik) to secure a reprieve for the ex-President and has disapproved of Dr. Lettrich's absence (he is the Chairman of the Slovak National Council) in America during the earlier part of the hearing.

The situation became so acute that a special meeting of the party Præsidium was convened on the day following Tiso's execution. After a stormy session party unity was eventually restored on the ground that its disruption would irremediably harm Slovak national interests and the democratic consolidation of the entire Republic, thereby enhancing Communist prospects at the next general election.

The Czechoslovak Parliamentary Delegation now in England is staying for two weeks by way of a return visit for that of the British M.P.s to Czechoslovakia last summer. The Delegation, which is led by M. Josef David, the Socialist President of the National Assembly, is representative of the four Czech and four Slovak parties; Mme. Hodinová-Špurna (Czech Communist) represents the 23 women deputies. Some of the deputies were members of the Delegation which visited the Soviet Union at the end of last year and some have recently attended the conference of the Inter-Parliamentary Union in Cairo. The party is visiting the Midlands and the North after a short tour of London and the Home Counties. They will be present at the Czechoslovak Film Festival to be held in London at the New Gallery Cinema between the 2nd and 7th May, when the leading Czech representative will be M. Fierlinger, the Social Democrat Vice-Premier. The Festival will help to develop still further the cultural relations which were fostered by the British Film Festival and the visit of the Arts Theatre Company in Prague last October.

Rudolf Beran, the former Germanophile leader of the Agrarian Party and Prime Minister after Munich, and General Syrový, his Minister of Defence, have been sentenced by the National Court in Prague to twenty years' penal servitude and loss of civic rights for the part they played in national events between 1938 and 1941.

POLAND

Polish official opinion has been much exercised, it appears, by the closing stages of the Moscow Conference, and particularly that part of it which first broached

the question of Poland's western frontier. The 13th April saw the beginning of "Regained Territories Week," which, organized by the semi-official Polish Western Union, has had as its object "to place again before the whole nation the main problem of the present day." Almost certainly, the "main problem" was intended to be placed before the whole world as well as the Polish nation, and the synchronization, conscious or unconscious, with the Moscow Conference has indeed been useful. Speeches throughout the regained territories have been made by important people, the most notable coming from the Prime Minister M. Cyrankiewicz, at Walbrzych (Waldenburg), and M. Gomulka, Minister for Regained Territories, at Szczecin (Stettin) and Gorzow (Landsberg). Both speakers strongly insisted that the present frontier with Germany must not be revised at Poland's cost, since it constituted the defence of Slavdom against German imperialism. M. Cyrankiewicz, however, whose speech was appreciably less polemical than those of M. Gomulka, also added that Great Power Unity was the "philosopher's stone in the strengthening of peace," and that he believed Great Britain and the United States to be fully aware of this. These countries were bitterly attacked by M. Gomulka, who directed his words against Mr. Marshall and Mr. Bevin personally, on the ground that they raised the frontier question merely "to send up their diplomatic stock," and, allegedly, with special reference to the Ruhr.

The theme of danger from Germany was also lengthily expounded by the Polish Foreign Minister, M. Modzelewski, in a speech before the Polish Parliament on the 16th April. The speech was devoted to the importance of the recent Polish-Czech treaty, which, like those signed by Poland with the Soviet Union and Yugoslavia, was described as "a link in the system for ensuring help in the event of German aggression." France was also associated with such a system. M. Modzelewski said that Poland was discussing a treaty of friendship with France, and the French Foreign Minister, M. Bidault, was said to approve Poland's western frontier on the grounds of security. The argument for the present frontier was somewhat ingeniously used by *Robotnik*, the Socialist newspaper, in its statement that Poland intends to export 28 million tons of coal in 1948, and 35 million tons in 1949. European collaboration was Poland's desire in this matter, but to maintain such an export, it would need to be assured of Szczecin (Stettin) and the whole course of the Oder.

The execution on the 16th April of Hoess, the former German Commandant of the concentration camp at Oświecim (Ausschwitz), provides a grimly pertinent psychological background to Polish opinion as regards Germany. After a three weeks' trial the accused was found guilty of being responsible for the murder of four million people by methods of unequalled brutality. The scrupulous fairness and complete calm with which the trial was conducted, was very laudable, the more so in view of the reputation of the Poles as an emotional people. In the words of M. Cyprian, the Public Prosecutor, one purpose of the trial was to show that Hoess was "a willing link in the system" aiming at the total destruction of the Slav people. This system, M. Cyprian argued, began a thousand years ago, when the Poles were driven from the Oder and Western Neisse.

The Budget session of the Polish Parliament opened on the 15th April. A surplus of 11 million zlote is revealed, though this is more than cancelled by the reconstruction expenditure of 85,400 million zlote proposed in the separate State Investment Budget. According to Polish figures, expenditure by the Ministries of National Defence and Public Security, together with that on Foreign Affairs, amounts to 25·2 per cent. as compared with 39·9 per cent. in 1937–38. The army, 600,000 strong at the end of hostilities, now numbers 165,000.

SOVIET UNION

Contrary to the consensus of British and American comment on the disappointing results of the Council of Foreign Ministers, Soviet commentators have been at pains to be optimistic about the future of Big Power cooperation while deploring the so-called misrepresentation of the Soviet attitude in the West. Mr. Thomas Barman, the excellent B.B.C. commentator in Moscow during the Conference, got a personal bad mark for his blunt admission of failure. The high lights of the Soviet attitude were reflected in a recent Moscow lecture by the well-known Soviet publicist, Yermashev. Yermashev clearly aimed at preventing his audience from drawing pessimistic conclusions from the Moscow Conference and made as much as possible of Big Power cooperation. The Soviet Union, he said, saw no reason to expect

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failure and did not entertain the idea of a breakdown. Having dealt with the German and Austrian problems on familiar Soviet lines, he asserted that the present international position showed an undoubted animation of reactionary forces. It is curious to note the omission of any reference to the Anglo-Soviet treaty talks in this general review of international affairs and of the Council of Foreign Ministers Conference.

The text of M. Molotov's reply (dated 19th April) to Mr. Marshall's letter on Korea of the 8th April has now been published with the latter, somewhat belatedly, on the 22nd April. M. Molotov began by recalling the terms of the agreement on Korea reached at Moscow by the Big Three in December 1945 and gave his views of the reasons for the failure meanwhile to implement this agreement. He laid the blame squarely on the American delegation to the joint U.S.-U.S.S.R. Commission in Korea, though Mr. Marshall for his part had alleged (see under "Far East" *Summary* No 388) that the political amalgamation of Korea had been directly obstructed by the Soviet commander in Northern Korea who had refused to permit communication between the two zones. In spite of their directly conflicting views of the causes of the present unsatisfactory state of affairs, both M. Molotov and Mr. Marshall claimed that the policy of their respective countries was aimed at the establishment of an independent state of Korea. M. Molotov's assertion that the U.S. delegation excluded the participation "of a number of democratic parties of Southern Korea" is countered by Mr. Marshall's previous allegation that the Soviet commander had insisted on a formula which would result in eliminating the majority of representative Korean leaders from consultation. Their opinions also clash regarding the attribution of responsibility for failure to convene the joint commission, which adjourned *sine die* on the 8th May, 1946, M. Molotov claiming that no reply had been received by the Soviet commander to his last letter to his American opposite number on this subject. M. Molotov proposed in his letter that the joint Commission should resume its work on the 20th May in Seoul, a disingenuous propaganda trick masking the difficulties originally created by the Soviet commander which made it impossible to re-convene the Commission hitherto. M. Molotov also recapitulated the progress allegedly made under Soviet auspices in Northern Korea in regard to democratization, the introduction of universal franchise, "guarantees of political freedom," the land reform, *etc.* —all of which must be taken with the proverbial grain of salt.

Soviet propaganda has dealt cautiously with Palestine in recent months, the press having given little attention to Palestine news or even to the terrorist incidents. On the eve of the U.N. debates about Palestine Soviet views were expressed more succinctly than hitherto in a long article in *Krasny Flot* (Red Fleet). Great Britain was attacked on more or less familiar lines, and guarded support was given to the Arab position. Great Britain was attacked for: (*a*) using Palestine from the first as a strategic base and insisting on the guarantee of her strategic and economic interests in the White Paper, (*b*) using the Jews and especially prominent British Zionists to counter-balance the demands of the Arabs for independence and thus retain her domination, (*c*) denying "elementary political rights" to the population, and (*d*) artificially creating antagonism between the Jews and Arabs. The current number of *New Times* makes the points that the United Nations is alone competent in present circumstances to find a solution and that the British mandate is definitely discredited.

New Times (18th April) welcomes the establishment of Soviet-Indian diplomatic relations as "an event of no mean international significance" and "a sign that India is moving towards an independent policy." It claims that the Indian people have been fighting for their independence for many years, but that the emancipation of India is by no means yet completed. "This vast country is still bound hand and foot by Colonial fetters, its economic development is retarded, its political and civil life is torn by conflicts. The establishment of peace and order in India and the development of an independent foreign and domestic policy are hampered by external forces which would perpetuate the country's Colonial régime and preserve a feudal order which should have long ago been discarded." Indian Democrats are said to have long been urging the establishment of diplomatic relations with the U.S.S.R., but British and Indian reactionaries are endeavouring to undermine the sympathy of the Indian people for the Soviet Union by anti-Soviet campaigns "which have of late become particularly intensive."

A Moscow broadcast in Turkish recently stated that last year 50,000 Armenians from all over the world had returned "to their homeland" and that another 63,000

are expected to return this year. Further, it was alleged that by the end of the year repatriated persons will represent one-tenth of the Republic's population of 1,200,000. These repatriated Armenians are apparently now working in various Armenian factories, especially the textile factories. Soviet propaganda has made the most of the opportunity of stressing the comforts provided for Armenian workers, including free land for those anxious to build houses, schools, restaurants, *etc.* Reports smuggled out of the country in letters to relations of these, repatriates provide a very different picture of discomfort and considerable hardship. Another broadcast stated that several hundred Armenians had been forced to escape from the persecution and extortion of local landowners in southern Persia and were leading a beggarly existence in Tabriz. Again the contrast was suggested between the plight of these people and the carefree existence of their fellow-countrymen in Soviet Armenia. (See also under "Turkey.")

The Soviet authorities have now spread their net for new citizens as far as Morocco. The local Soviet consul, together with an official from the Paris Embassy has been combing through the White Russian community, holding out promises of a pleasant life in the U.S.S.R.; so far he appears only to have secured fifteen applications.

Recent weeks have seen a striking number of moves in Moscow diplomatic circles. Australia and Canada are in process of changing their representation; Italy, Chile and the Netherlands have appointed new Ministers who have not yet taken up their posts. The Danish Embassy is vacant through the death of M. Doessing, who was in any case about to retire, and the new Swedish Minister, M. Rolf Ragnarsson Sohlman was received by M. Molotov on the 22nd April. A new Polish Ambassador, M. Naszkowski, has presented his credentials, and M. Mikhal Prifti, representing Albania, has just had his first audience. An interesting arrival is that of the Argentinian Ambassador, M. Federico Cantoni, who after a long delay has arrived in Moscow as the first representative of his country. The first Siamese envoy since the re-establishment of relations between the U.S.S.R. and Siam, M. Artakitti Banomion has also reached Moscow.

One of the first public Soviet criticisms of the American Russian-language broadcasts to the U.S.S.R. has appeared in the form of articles by Ilya Ehrenburg in the Party organ *Kultura i Zhizn.* To Ehrenburg's complaint that the broadcasts advertised American reaction and attacked the Soviet Union, David Lawrence, the well-known columnist and editor of *United States News*, replied, and Ehrenburg returned to the charge, bringing up the old familiar complaints of racial discrimination in the United States, and adding attacks on the proposed American aid to Greece and Turkey. In the one case this merely amounted to "tips to gaolers and gendarmes," in the other to subsidising von Papen's friends while refusing aid to the heroes of Montenegro. Ehrenburg concluded by asserting that he held friendship between the Soviet people and the U.S.A. essential to the development and happiness of humanity, but held that the "voice of America" broadcasts merely served further to estrange them.

Tass has announced the inauguaration of a new passsenger shipping line between the Soviet Union and the U.S.A.; the *Rossia*, one of the newer Soviet ocean liners, is to open the service by sailing from Odessa to New York on the 5th May.

FRANCE

French opinion had for some days been reconciled to the failure of the Moscow Conference to produce substantial Allied agreement, and the only noteworthy reaction in the press has been a tendency to accept the long-term division of Germany into an Eastern and a Western zone and to acknowledge the inevitability of French participation in the Anglo-American scheme of zonal fusion. The agreement on coal exports from Western Germany (see last week's *Summary*) was well received in the press, partly because it was generally, and wrongly, assumed to mean that when the Saar has been incorporated into the French economy the whole Saar coal output will be available to France without any deduction from her allocation of Ruhr coal. Those writers who understood that no such guarantee was contained in the agreement were more reserved. The Communist attempts to deny any value to the agreement were countered by the reply that Russia had made no effort to ease the coal situation. M. Teitgen, acting Minister for Foreign Affairs, assured H.M. Minister that the French Government were genuinely grateful for the agreement.

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General de Gaulle held a long but uninformative press conference in Paris on the 24th April. He said that the *Rassemblement du Peuple Français* already had several hundred thousand members and 40 regional offices. He said it would intervene at elections to influence opinion but would not fight elections itself. He denied any idea of forming a single party or of wishing to set up a dictatorship, and claimed credit for his own record when he was in power. The comments of the newspapers favourable to General de Gaulle throw more light on his ideas. These papers belong to the group owned by M. Amaury, financier of the M.R.P. press and director of Havas-Publicité, the firm which produced the posters advertising de Gaulle's speeches. Amaury now owns *Le Parisien Libéré* and *Ce Matin*, two old Resistance papers, and has an interest in *Le Figaro* and *Paris-Presse*, the paper which is now publishing Colonel Passy's mémoirs. He undoubtedly represents the largest individual newspaper concern in the country and intends to use his power in support of General de Gaulle. Thus the formerly independent *Figaro* is showing more favour than hitherto towards the General and wrote of him: "It is certain that in case of emergency a man of his calibre, drawing more moral strength from his isolation than from the leadership of a party, might well be summoned by the whole nation to devote his prestige once again to the service of his country." The same article was, however, sceptical of the efficacy of the R.P.F., which was described by *Le Parisien Libéré* as "the instrument of a mystique" designed to transform the political atmosphere. The General's decision to lead the R.P.F. in person was apparently taken against the advice of many of his supporters and he has not yet made any outstanding converts among party leaders. He is at pains to avoid becoming associated with the extreme Right, but he is already classed in the minds of most Frenchmen as a man of the Right. The M.R.P. seem to have decided that they can afford to oppose the R.P.F. without losing too many adherents, and the return from Moscow of M. Bidault will no doubt serve to strengthen this decision.

Concern has been caused in moderate circles by a speech made by the Communist Minister of National Defence, M. Billoux, on the 25th April, to former members of the *Francs-Tireurs et Partisans* (the communist sponsored Resistance group). He described his conception of a modern democratic army, with 9 to 12 months' military service, provision for large-scale technical research, and the organisation in peace-time of local security forces based on the factory or the village and immediately available for defence against air invasion or for guerilla action in case of enemy occupation. The idea of entrusting the organisation of such forces to a Communist Minister will clearly not be tolerated by the other parties.

On the 24th April, elections were held throughout France in connection with the new unified social insurance scheme. Contributors were required to elect boards of directors who will have complete charge of their contributions and administer the prescribed benefits. These elections represent a revision, of M.R.P. inspiration, of the original arrangements whereby the boards were nominated by the Trade Unions. The main provisions of the new system are, on the one hand, allowances carefully calculated to encourage large families, and, on the other, old age pensions, including increased benefits for those who stay at work after the age of 60. It thus reflects and seeks to remedy one of France's greatest problems of the moment, that of manpower. Medical treatment and cash allowances for illness are also provided, but it is not proposed to nationalise, at least for the time being, the country's health services. The only organised opposition to the unification of the system has come from non-salaried workers such as tradesmen and self-employed craftsmen (supported in many areas by the Christian Trade Unions—C.F.T.C.), whom it was originally proposed to treat in exactly the same way as the employed workers. The accommodating attitude of the Communist Minister of Labour, M. Croizat, indicated, however, that this category of middle-class workers may be allowed an entirely independent pensions scheme. Moderate opinion has been alarmed by Socialist propaganda tending to discourage individual saving and by the prospects that the C.G.T. adherents will vote in larger numbers than the less-organised but equally numerous non-unionists and Catholic workers. The M.R.P. therefore urged the necessity of a high poll, and although the *Confédération Générale du Travail* was by far the largest active body in the "electoral campaign," it appears from the partial results available that its candidates have not done as well as was expected and that on an average 60 per cent. of the votes have gone to the C.G.T., 20 per cent. to the C.F.T.C. and the rest to the friendly societies, parents associations, etc.

The crisis which arises at this time each year over wheat supplies has roused the press to unusual anger since last year's wheat harvest was so good that no difficulty had been expected in lasting out until the new harvest. It appears, however, that the prospect of a very poor harvest this year, due to the disastrous winter frosts, is causing farmers to hoard their wheat so that deliveries are falling short, while imports from America are behind schedule and too much home-grown wheat has been fed to livestock. In Paris last week a quarter of the bakeries closed because of lack of flour. The Government has now been forced to reduce the bread ration from 300 to 250 grams a day and to prohibit the making of all cakes. It is anticipated, moreover, that the reduced ration will have to remain in force until August 1948, and that France will need imports of two-and-a-half million tons of wheat in 1947–8. The blow is particularly bitter in view of the fact that bread rationing, though legally in force this winter, had virtually lapsed.

SWITZERLAND

As a result of Swedish restrictions on imports there has been a certain amount of heart burning in Swiss commercial circles on the question of currency revaluation. Switzerland takes credit for having at an early date determined to maintain her policy of a stable currency. It is being emphasized that Sweden will adhere to the provisions of her commercial agreement with Switzerland, which is valid until the 30th June, 1947.

Negotiations with Czecho-Slovakia have resulted in a new commercial and payments agreement, valid until the 29th February, 1948. Swiss exports will be mainly machinery, instruments, textiles, watches, agricultural produce, and dyestuffs. Imports from Czecho-Slovakia will include sugar, agricultural produce, iron, paper, footwear, machines, chemicals, porcelain, glass and earthenware. In view of the favourable development of trade between the two countries quotas have been considerably extended. In addition, it is agreed that the interest on Swiss investments in Czechoslovakia may be transferred, as well as property of Swiss emigrants returning from that country.

The housing shortage, which affects all chief towns in Switzerland, is particularly serious in Zürich, where the number of persons for whom emergency accommodation has to be found is rapidly increasing. Figures up to the middle of March showed that 1,530 persons had been housed in that way. To meet the situation the authorities are considering a prohibition on removals into Zürich, the use of military barracks for emergency accommodation, and the extension of protection for tenants to cover even those in single rooms. It is hoped that the favourable conditions which at present apply in the building industry will bring about some alleviation of the situation this year.

The provisional returns of the Federal Railways for 1946 show total receipts of 581 million francs, as compared with the estimated revenue of 486 million francs. A readjustment of tariffs for both goods and passengers, which took effect from the 1st April, is expected to yield another 5 per cent.

The money market remains liquid. The Confederation has recently redeemed loans to the value of 175 million francs. New issues of public loans and industrial securities are quickly taken up. Indeed, in the expectation of substantial dividends, several Swiss industrial shares have recently shown a rise on the local stock exchange. The average yield of Federal Bonds is 3·05 per cent.

All restrictions on the use of electricity have been cancelled throughout Switzerland.

ITALY

On the 20th April elections were held in Sicily for the new Regional Parliament in accordance with the Statute granted to the Island last May under the terms of which Sicily was to be given autonomy within the political unity and constitutional laws of the Italian Republic. The whole question of Regional autonomies in Italy has still to be threshed out in the Constituent Assembly, and there is likely to be strong opposition to the proposed granting of special autonomy to Sicily, Sardinia, Val d'Aosta and Trentino-Alto Adige as well as to the general plan of provincial and regional decentralisation. The holding of elections for a Regional Parliament in Sicily is considered in many quarters as premature, but the Government have evidently felt that the holding of elections might placate the Sicilians and at least enable the Sicilian point of view to be put forward when the question of autonomy is discussed by the Constituent Assembly. As far as any amelioration of economic conditions is concerned, little or nothing has been done to appease the Sicilians, whose ideas of economic autonomy persist,

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in spite of the obvious dependence of the island on the mainland.

The result of the elections has been announced as follows :—

"Popular *Bloc*" (Communists, Socialists (Nenni), Actionists)	29
Christian Democrats	19
Liberals and Qualunquists together	14
Monarchists	9
Sicilian Separatists	8
Republicans	4
Socialist Workers (Saragat) ...	4
Democratic Union	2
Independent Qualunquist ...	1
Total	90

As compared with the General Elections in June 1946 the Popular *Bloc* has increased its percentage of votes from 21·5 to 31·5 while the Christian Democrat percentage has fallen from 33·6 to 21·1.

There are two particularly interesting features about these results, first the failure of the Monarchists, and in general of the right-wing parties, Monarchists, Qualunquists and Liberals together with the Separatists to obtain a majority over the Popular *Bloc* and the Republicans together, and secondly the success of the Popular *Bloc* in this stronghold of monarchy and of conservatism. The Christian Democrats have done rather better than they did in the Sicilian municipal elections, but they obtained 240,000 fewer votes than they did in June in a poll which was only 75,000 votes smaller. There can be no doubt that there was a decided swing to the left on the part of many former Christian Democrat supporters, for the Liberal–Qualunquist–Monarchist parties also lost 50,000 votes.

The victory of the Popular *Bloc* is ascribed in large measure to Communist energy and to skilful manœuvring, exemplified particularly in their voting for the inclusion of the Lateran Pacts in the new Constitution. This action may have soothed the fears of a number of gullible persons who had hitherto taken fright at the wicked anti-clericalism of Communists. But the left-wing success is probably also partly due to the miserable economic conditions of Sicily. The Christian Democrats are of course the successors of the Popular Party of the early 1920s, which was strong in the island, and they, as well as other Parties, have made many promises of help to Sicily. But nothing has been done to remedy the malarial conditions, the lack of water and neglect by absentee landlords. Many of the voters are doubtless tired of empty promises, and also realize that the Christian Democrat Party includes not only honest reformers but some of the big landowners whom the peasants regards as their worst enemies.

While it is true that the Saragat Socialists have had little time—and perhaps little money—to work up an election campaign, there is no sign yet that they have got that solid working-class backing which is the *sine qua non* of a successful Socialist party.

There has been heated debate both in the Constituent Assembly and all over the country on the question whether article 23 of the Constitution should read : "The Republic recognises the rights of the family as a natural association based on indissoluble matrimony" or, as amended by Saragat, "based on matrimony" omitting the word indissoluble. To the outsider it seemed that the vote to include in the Constitution the Lateran Pacts which forbid divorce had disposed of the possibility of divorce in Italy. But evidently many Italians felt strongly that the phrase "indissoluble matrimony" strengthened the hands of the opponents of divorce to an immeasurable degree. So strong was feeling on both sides that the Deputies demanded a secret ballot. The Communists supported the Saragat amendment, and by a majority of 3 the word "indissoluble" was omitted. The *Osservatore Romano* is not unnaturally furious, but it is surely indiscreet, to say the least, when it attacks what it calls "the criminal procedure of the secret ballot" in the voting.

The Yugoslav Government have presented two Notes demanding the immediate surrender of Yugoslav "quislings" in Italy. One Note was addressed jointly to the British and U.S.A. Governments and stated on the question of accused war criminals that "nothing has been done for two years" in spite of repeated Yugoslav demands. This Note flatly rejected the contention that Allied military authorities in Italy had no responsibility for Yugoslav "quislings" living outside camps.

(See also under "Yugoslavia.")

SOUTH-EAST EUROPE

Roumania

There is some talk of a new Roumanian political party backed by the Russians which has been formed for the purpose of attracting the more moderate elements of the population. It is called "The National Union for Work and Reconstruction." Reports say that it is headed by Constantin Argetoianu, assisted by some little known members of the Communist

Party who are trusted by their chiefs. One of these men has been provided with funds and facilities for the publication of a new daily newspaper. It seems incredible that this Constantin Argetoianu can be the same person who became Prime Minister of Roumania after the murder of Armand Călinescu in September 1939, and whose antecedents by no means suggest sympathies with Communism. He was, however, in 1943 reported to be founding a "centre party." Roumanian politicians do strange things.

It appears that pressure is being put upon the ex-satellite countries to prevent the establishment of theological institutes on the ground that Russia is well supplied with such establishments and is glad to receive students from Roumania and neighbouring countries. A certain number of Roumanian theological students have always done at least part of their training in Russia, and this is a good plan so long as no attempt is made to bring political pressure to bear. For some years before the war a scheme existed for the exchange of Roumanian and English theological students. But all this is very different from insistence by Russia on the privilege of supplying the Roumanian Church with Russian-trained clergy, which may very well be part of a plan for destroying the independence of the Roumanian Patriarchate, and possibly for substituting Old Slavonic for Roumanian as the liturgical language. The Liturgy has been said in the vernacular in Roumania since the XVIIth century.

The Minister of Communications, Professor Profiri, Dl Stoicu, Director-General of Railways and other officials left on May 28th for Budapest to discuss with the Hungarian Ministry of Communications matters concerning railway communications of interest to both countries.

Four ships have arrived at Constanţa with cargoes of grain from Turkey, the U.S.A. and France, amounting to over 1,600 wagon-loads, for the relief of the distressed areas of Roumania.

Yugoslavia

The joint communication to the Yugoslav Government on the subject of refugees in Italy which was made by H.M. Ambassador and the U.S. Chargé d'Affaires on April 8th, was not received with marked enthusiasm, nor did the news of the transfer of the *četniks* from Eboli to Germany seem very welcome. Official reactions have confirmed these impressions. In a long and bitter reply the Yugoslav Government have virtually rejected the proposals contained in the first note. They insist that His Majesty's Government and the U.S. Government are responsible for the surrender of all quislings in Italy, whether in camps or at large. They appear deliberately to have confused the British and American insistence on a *prima facie* case being made out against persons believed to be quislings with the question of their subsequent trial, and they appear determined to see in British and American policy only the desire to keep as many Yugoslav refugees and quislings as possible from returning to their mother-country. The news of the transfer of the *četniks* provoked an equally uncompromising response. It is regarded not only as quite unnecessary, but even as a hostile act directed against the Yugoslav Government. The Yugoslavs are apparently convinced that the *četniks* are being moved to existing camps in the British zone of Germany where they will be no less highly organised than they were at Eboli, and subject to similarly undesirable influences.

Yugoslav organs of publicity have, of course, reacted most unfavourably. The most notorious quislings and war criminals are said to be flocking to Eboli from their hiding-places in Italy in order to be taken to "safety" in Germany. It is also alleged that the British authorities are holding other quislings in gaol and ignoring all requests for their surrender. This is quite untrue. Nine of those who have been rounded up during the screening of British-controlled camps are now on their way to the Yugoslav frontier and should be in the hands of the Yugoslav authorities by April 28th.

There has been so much publicity about the Five-Year Plan for industrialisation and electrification since the beginning of the year that it might be assumed to be already in operation. Indeed the Budget for 1947 was drawn up on the basis of the Plan. But in fact the Plan was not introduced to the National Assembly until the 23rd April. The approval of the Assembly is, of course, a mere formality and a foregone conclusion, but the "debate" will no doubt provide an opportunity for explaining to the public the benefits to be gained from the industrialisation of Yugoslavia. M. Hebrang, who introduced the Bill, announced that 278,300,000,000 dinars were to be invested in the Plan, of which 120 milliard were to be allocated for the development of industry, particularly heavy industry, 30 milliard for electrification, 72 milliard for communications and

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19½ milliard for agriculture. He said that it was planned to increase output by 66 per cent. in industry and by 90 per cent. in mining. A 50 per cent. increase-in the yield per hectare was also envisaged. M. Hebrang did not say by what means these increases in "labour productivity" were to be obtained.

Greece

At the meeting of the Chamber on the 22nd April the Premier reviewed the Government's work during the two months' recess. M. Maximos, after warmly thanking Great Britain for past help, referred to the Greek Government's appeal to the United States. The Government realised that the proposed assistance meant a greater obligation on the part of Greece to sustain democratic ideals. To be worthy of American help Greece must suppress the rebels who were trying to establish a totalitarian régime and must also curb all other anti-democratic manifestations. The Greeks could then turn all their efforts to reconstruction, success in which would be the justification for President Truman's policy. The Government regretted the need to impose law by force but would couple continued generosity to those who surrendered with stern measures against the rest. They had turned the corner, thanks to the work of the armed forces, but there were still trials ahead. The Government meanwhile had given all possible aid to the United Nations Commission and awaited their findings with a quiet conscience. During the debate which followed M. Sofoulis deprecated the Government's use of force to end the rebellion and urged a greater extension of the amnesty, while MM. Markenzinis and Turkovasilis thought the Government's measures not drastic enough and urged them to outlaw all leading Communists.

The Greek Army have continued to make satisfactory progress against the rebels. The commander of the Second Army Corps has announced that the whole mountainous region of Thessaly from the line Metsovo–Kalabaka south-wards to Karpenisi, an area of 4,000 square kilometres, is now under State control. He added that, since operations began, more than two-thirds, about 1,200, of the estimated number of bandits in this area had been either killed or captured, or had voluntarily surrendered. (British sources, quoting reports received up to the 23rd April, have not so far confirmed more than about half this number.) It is estimated, however, that, in this heavily wooded country, many bandits are escaping and it may take many months before the country is completely cleared.

Further north there have been several more reports of bandits escaping over the border into Bulgaria and Yugoslavia: it is confirmed, for instance, that in the course of mopping-up operations in the Mount Belesh area, north-east of Doiran, a band (closely pursued by Greek military forces) crossed into Yugoslav territory whence they opened fire on their pursuers. In the same area a Greek Spitfire shadowing bandits near the border was fired on both by Greek bandits stationed on the highest ridge of Belesh, who fired down on the aircraft flying below them on the Greek side of the mountain, and by other Greek bandits on Yugoslav territory immediately North of Lake Doiran.

In the Peloponnese the situation is again reported to be bad. The main reason given for the recent deterioration in the situation is that the large number of armed "Rightists" has become divided between (*a*) those owing allegiance to local Populist leaders like Mavromikhalis and Turkoyasilis and (*b*) followers of Zervas. These factions have on occasion fought among themselves. Meanwhile, on the 23rd April, Communist bands on Mount Parnon who were only temporarily dispersed almost without casualties in Zervas's recent operations, inflicted a severe reverse on a gendarmerie company which is reported to have lost 70 to 80 men.

Discussions have continued on the nature and the terms of reference of the rearguard section of the United Nations Frontier Commission which is to be left in Greece.

Albania

The press and wireless campaign against this country has been kept up unremittingly by the Albanian authorities. Thus the Tirana Radio's political commentator told his French-speaking listeners on the 21st April that if they were fair-minded they would have to admit that the U.K. Government had deliberately engineered the Corfu Channel incident and its sequel in order to create trouble for Albania, whose "only crime is that she occupies a strategic position in the Mediterranean. The British would like Albania to become their operational base, like Greece." The only trouble for us was that although "the Albanian people have always been anxious to establish friendly relations with the British people," they had "learnt a few lessons from this war" and were now "resolved to go their own way and pursue a foreign policy of complete independence." In view of the fact that Enver Hoxha is at least as much in Tito's power as Tito himself is in Stalin's, the last sentence of this broadcast appears to stand in some need of qualification.

A new Albanian Minister to the U.S.S.R. called Mihal Prifti left Tirana for Moscow on the 19th April. He does not appear to have held a post of any great importance or responsibility before, and his main task now will certainly be to transmit home faithfully and promptly the orders that he receives from the Kremlin.

Bulgaria

During April the chief subjects discussed by the Grand National Assembly have been foreign policy and the budget. The (Communist) Minister of the Interior dropped perhaps the most interesting remark made in the course of the budget debate when he was unexpectedly asked by an Agrarian deputy if it was true that there were 35,000 secret service agents employed in the State Security Department. "No," answered M. Yugov without turning a hair, "we have only 3,167." (Presumably it depends on whom you include and whom you leave out.) The most interesting speech during the foreign policy debate was that made by M. Petkov, who defined the attitude of the Agrarian Opposition in some detail. On many points in this one field they find themselves in agreement with the Government. The whole Bulgarian people, he tactfully said, stood for the maintenance of cordial relations both with the Soviet Union and with Yugoslavia. At the same time there could surely be no question of Bulgaria's being seriously asked to cede Pirin Macedonia to Yugoslavia: on the contrary, the Bosilegrad and Tsaribrod strips of territory [taken from Bulgaria in 1919 under the Treaty of Neuilly] ought in justice, he thought, to be given back, and he hoped that as a friendly gesture Yugoslavia would formally waive her reparations claims. Good relations with Greece, he felt, were dependent upon the establishment of really democratic governments in *both* countries [*i.e.*, not only in Greece] and upon the acknowledgment of Bulgaria's claim to Western Thrace. Petkov deplored the Government's "malicious" press campaign against the United States and Great Britain, which, he said, ought to be stopped at once and could only do their own country harm in the long run. By their gratuitous mishandling of the recent currency changes they had alienated these two great Powers still further, and also in particular France, already upset by the needless restrictions being imposed on French schools. He also took this opportunity to criticise the Bulgarian diplomatic service as "corrupt and incompetent." [The great majority of the old career diplomats were dismissed during last year's purge and replaced by Communist nominees.] The Government had little enough to say to all this in reply.

Reliable reports disclose that the Sovietisation of former German businesses and industrial establishments in Bulgaria is in full swing. The Fokke-Wulf Aircraft Company, the Deutsche Lufthansa, the Société Allemande de Navigation Danubienne, Siemens Schuckert, Bayer-Farma and other undertakings have all been taken over by the Russians, and so has the Deutsche Bank. Moreover, all State-owned factories connected with the armaments industry have Russian specialists and inspectors working in them. It is believed that the Pirin coal-mines have a new and exclusively Soviet-run directorate, while several of the engineers and foremen are certainly Russian. On the other hand, since the last elections in November 1946, the number of immigrant Russian families in Bulgaria is thought to have remained almost stationary at the approximate figure of 65,000 persons. A few hundreds may have arrived at Plovdiv during March. For whatever purpose, the Soviet Legation at Sofia are believed to have changed 800 million leva on or about the 7th March, exclusive of the funds of the Soviet military authorities. It is said, incidentally, that ordinary Bulgarian citizens are becoming increasingly restive and indignant at the shameless way in which the officers in command of the various Occupation Army units allow their men to strip requisitioned premises bare, right and left, removing not merely beds, blankets and upholstery, but even window-frames and doors.

With the exception of the popular banks, all co-operative organizations have by now joined the Communist-dominated central union.

The Government press has denied any intention of nationalising the land.

Turkey

While waiting for President Truman's proposals to take final shape in Washington, the Turks have maintained a robust attitude towards the Soviet Union. The Turkish press has been busy answering the

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familiar Soviet charges of past collaboration with Germany. It has for the most part ignored charges of present subservience to Anglo-American imperialism and capitalism which are represented as turning Turkey into a satellite in order to secure the oil-fields of Mosul. Nor, being fully determined to accept no American conditions involving any loss of sovereignty, do the Turks appear to have been affected by Soviet fictions to the effect that, contrary to the tradition of Atatürk, the Turkish army will be put under American command and into American uniforms. The Turks have retaliated for past abuse on the subject of Armenia by publicising an account of the "Soviet paradise" given by certain Armenians who appear to have been induced by the Soviet authorities to return to Soviet Armenia and to have been thankful to escape from it. (See also under "Soviet Union.") Further, the Soviet Government are roundly blamed for the breakdown of the Moscow Conference. But perhaps the clearest indication of the way the wind is blowing in Angora is the acquittal of various Turks who had for many months been on trial for indulging during the war in Panturanian—and therefore anti-Russian—activities. Judgment was pronounced some weeks ago and appears to be final.

When Maximos V was elected Œcumenical Patriarch in February 1946, he was generally regarded as a strong character who might do something to raise the Patriarchate from its fallen state. It was not long, however, before he had a severe nervous breakdown, and this still continues. The likelihood that Maximos V may soon die or have to be replaced is a matter of some international importance. Soviet Russia, whose policy amounts to resuming the traditional Tsarist rôle of protector of the Orthodox Christians in the Near East, covets the Œcumenical Patriarchate as an admirable instrument for influencing local opinion. She has failed so far to get a foothold at the Phanar and, though now pursuing the alternative of intriguing for the transfer of its primacy to the Patriarchate of Moscow, she would doubtless be glad to obtain the election of a Russian nominee. The Western Powers have no interest in such an increase of Soviet influence at Istanbul. To Greece any such development would be doubly objectionable, since it would help to postpone to a remote future the realisation of the now dormant "Great Idea" of a Greek Constantinople. Turkey, the sovereign Power, has little to fear from Greece in present conditions of Turco-Greek interdependence and friendship, but it is vital for her to prevent the Patriarchate from passing under Soviet influence. Her interest is therefore that the Patriarchate should not be so feeble as to invite Soviet intervention, nor so strong as to be again the champion of Greek nationalism. The Orthodox in Turkey and abroad can but desire to see some measure of strength restored to an institution whose authority recently extended from the Adriatic to the Caucasus, but, since the expulsion of the Greeks in 1922, has been confined to the remnant in Istanbul. Shorn of properties, revenues and the offerings of most of the faithful, the Œcumenical Patriarchate to-day presides over a depressed little community of some 80,000 souls who can hardly provide a quorum of bishops for the Holy Synod nor candidates for bishoprics when they fall vacant. Moreover, in the administration of its churches, schools, hospitals and other institutions the Greek community of Istanbul is still exposed to arbitrary and vexatious interference by the Turkish authorities.

THE MIDDLE EAST

Egypt

Nokrashy Pasha has deliberately delayed the presentation of the Egyptian case to the Security Council of the United Nations in the hope of strengthening his position in the country before doing so, and, possibly, with some hope also that last-minute concessions by His Majesty's Government might do away with the necessity to refer to the United Nations at all. But there are now signs that the matter can be put off no longer, and the *Ahram* talks of the middle of May as a probable date for the case to be brought up, giving as reasons for the delay the need to await the conclusion of the Moscow Conference and the undesirability of overlapping with the discussions on the Palestine problem. The press appear to think that the Egyptian delegation will argue that the 1936 Treaty is invalid because it includes clauses "contrary to the Charter of the United Nations," as *al Misri* puts it. The writer of this article argues that Great Britain alone has no right to assume responsibility for the protection of the Suez Canal, which should be assured by the Security Council. Nokrashy Pasha, in a conversation with the correspondent of *The Times*, has taken much the same line. He held that there is

no justification for the retention of British forces on Egyptian territory, and said that evacuation to the Canal Zone did not satisfy his views on the matter. The Assembly of the United Nations, he said, had pronounced against the retention of the troops of one country on the territory of another without that other's agreement, and the Egyptians, seeing no present or early threat, and regarding the 1936 Treaty as having been designed to meet circumstances which no longer exist, did not now agree to the presence of British troops. He suggested that reference to the Security Council could be obviated if His Majesty's Government, "as an act of policy, based on an examination of what was right and just, independent of political and strategic objections," were to withdraw their troops from Egypt forthwith. He was insistent that such a decision must not have the appearance of a concession wrung by Egypt from His Majesty's Government. His Majesty's Ambassador interprets Nokrashy's insistence on this point as due in part, at any rate, to his feeling that such a decision would amount to His Majesty's Government dropping the claim that the 1936 Treaty is still in force, which would remove the necessity for Egypt to go to the United Nations to argue its invalidity. It is not clear what Nokrashy would hope to gain in the question of the Sudan. He says that, if he could announce that British troops would be out of Egypt by the spring of 1948, Egypt's aspirations would be satisfied and a new treaty could be concluded in three months. He refused to commit himself on the terms of a treaty, and said it was impossible to say in advance what the treatment of the Sudan question would be.

Although Nokrashy Pasha, in the interview quoted above, referred only to the removal of British troops from Egypt, the Cairo press assures its readers that immediate and complete evacuation of all foreign troops from Egypt and the Sudan will be demanded before the Security Council. The Egyptian Government will thus presumably claim the invalidity not only of the 1936 Treaty, but of the 1899 Agreement by which the condominium in the Sudan was established; or, alternatively, that Egypt has sovereign rights over the Sudan and that she is entitled to demand the removal of foreign troops from that country as well as from Egypt.

Palestine

The imminence of the discussions on Palestine before the Asssembly of the United Nations has not produced a more helpful attitude from the Jewish Agency. After the attack on the Cairo train on the 22nd April the High Commissioner sent for Mr. Ben Gurion, the Chairman of the Agency Executive, and warned him in the gravest possible terms of the inevitable results of a continuance of acts of violence, *e.g.*, tightening of military control and the liquidation of much, if not all, of what the Jews had built up. But Ben Gurion, although he reaffirmed his desire to stamp out terrorism, gave no hope of co-operation with the security forces. His Excellency's reference to the illogicality of taking up this attitude while the matter is *sub judice* at the United Nations Assembly merely produced the argument that the matter was not *sub judice*, and that His Majesty's Government were still bound to interpret the Mandate as the Jews read it. However, in spite of unwillingness to co-operate actively with the authorities, the Jewish Agency have announced in the press a new drive against terrorism, which will be directed principally to "systematic education" in the youth movements, which are recognised as the factories of anti-British sentiment and terrorism.

On the 25th April a Post Office vehicle was stolen in Tel Aviv and two hours later was driven up to Sarona camp by two men pretending to be workmen of the Posts and Telegraph Department. Their passes were apparently in order, and nothing suspicious was found in the vehicle although it was searched. The men left the vehicle near the Depot Headquarters, where it afterwards exploded causing the death of a British Inspector and three British constables, and injuries to ten others, British, Arab and Jewish.

Assistant-Superintendent of Police Conquest was murdered in a Haifa street by two Jewish youths about noon on the 27th April.

A 300-ton steamer registered at Istanbul was intercepted on the 21st April and boarded when she entered territorial waters on the 23rd April. Some opposition was offered, but the 773 illegal immigrants were got off and the majority were immediately trans-shipped to Cyprus. No master or crew were found on board.

The hunger-strike at the Cyprus camps (see last week's *Summary*) was called off after lasting for ninety hours.

Apart from the *communiqué* issued after the recent meeting of the Foreign Ministers of the Arab States at Damascus (see under "Arab League" in last week's *Summary*) there is little indication of the tactics

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which the Arab delegates will follow in New York. They are believed, however, to be strongly opposed to the appointment of any fact-finding commission after their previous experiences of such bodies, and may try to insist upon the whole question being discussed at the General Assembly. The Amir Faisal, who is representing Saudi Arabia, spoke with much earnestness and feeling to the Oriental Minister in Cairo of the disaster which an upheaval in the Middle East would be to both the Arabs and the British.

There is little political activity evident on the part of the Palestine Arabs, and the Mufti, in spite of rumours of his departure to Syria or the Lebanon being imminent, remains in Cairo.

Demands which have been put forward for the Jewish Agency to have official representation at the Assembly, on the ground that it is recognised as the representative of Jewry in regard to Palestine, have not gone unopposed. The American Council for Judaism, which is strongly assimilationist, and the American League for a free Palestine, are both against any such representation. The former says that it regards the American delegation as the only spokesmen for American Jewry; the latter that recognition of the Jewish Agency would imply either that Jewish citizens of countries other than Palestine are not full citizens, or that they have a dual allegiance.

(See also under "United Nations.")

Iraq

Mulla Mustafa Barzani (see last week's *Summary* under "Persia") was reported by the Chief of the Persian General Staff to have left Persia on the 18th April with 500 armed men and 6 Persian army deserters, and to be heading for Barzan. His Majesty's Ambassador, Baghdad, reports that Mulla Mustafa entered Iraq, having come *via* Turkish territory, accompanied by 200 armed followers. He has now withdrawn to the neighbourhood of Argosh, north north-east of Barzan, where he is penned in by the Iraqis, who are being helped by the Turks. There appears to be a possibility of his being able to break back into Persia, but the harrying that he has received from the Persian army will doubtless not tempt him to do so, except as a measure of desperation. All reports testify to the skill and endurance of the Barzanis; His Majesty's Consul-General, Tabriz, writes of their "superb fighting qualities."

The attitude of the Iraqi Government is to refuse to grant them an amnesty, and to demand unconditional surrender. They also insist on punishment for the leaders of the Dohuk insurrection of July, 1945, which led to action by the Iraqi army against the Barzanis and their eventual entry into Persia in October of that year. So far, there are no signs of a sympathetic rising among the Kurdish chiefs of Iraq.

Persia

On the 22nd April El Aris, the leader of the delegation from the World Federation of Trade Unions, submitted his report for the signature of his colleagues. Harries, the British representative, stated that he could not agree to this report which was, in effect, a sweeping indictment of the Persian Government and a vindication of Reza Rusta. El Aris then drastically amended the findings of his report, which now omit any reference to Rusta but confirm recognition by the World Federation of Trade Unions of the Central Committee of Trades Unions and recommend that the clubs and premises of the Persian Federation of Trade Unions be restored to the Federation. The revised report also urges the Government to release any innocent workers who have been imprisoned, and recommends that the new Trades Union elections be held under supervision of the World Federation of Trade Unions, following a congress of all Persian workers. Harries has initialled the recommendations, but has added a reservation to the effect that he cannot agree with many of the statements in the report itself.

The charges to be preferred against Reza Rusta (see last week's *Summary*) are much more serious than mere financial irregularities. According to the Minister of Labour he will be charged with undermining the security of the country, co-operating with the rebels and secessionists, inciting the citizens to insurrection, murder and encouraging the armed forces to mutiny.

The Pars News Agency has stated that Persia's reparations claim against Germany (see *Summary* No. 388) amounts to $955,000,000, a figure which has also been quoted by Muzaffar Firuz, Persian Ambassador to Moscow, in a statement to press correspondents.

The Persian left-wing press appears to be growing less hostile towards the Anglo-Iranian Oil Company. This is largely due to the Company's policy of inviting Tehran editors to visit their establishments and see

things for themselves. An article which appeared in *Aras* (which has replaced *Iran-i-ma*) in March is very fair towards the Company, as the following extracts shew. "The British are trying hard to approach the Persians . . . . The A.I.O.C. has already taken plenty of steps, and will take others in future, to satisfy the workers as far as possible." Such statements, coming from a paper like *Aras*, are decidedly healthy signs.

An Indian Trade Delegation, led by Mr. Isfahani, which has been visiting Tehran, has attracted much attention. Mr. Isfahani stated that the aims of the delegation, which had no political significance, were to improve trade and to strengthen the friendship between the two countries.

ASIAN RELATIONS CONFERENCE

The above Conference (see *Summary* No. 386) ended on 2nd April. The proceedings, if inconclusive, appear at least to have been reasonably harmonious, a fact which, considering the diversity of outlook represented, is somewhat remarkable. There does appear to have been a cleavage of outlook, however, as to whether the Conference should confine itself merely to exploratory issues—a view held by the Chinese delegation and an influential section of the Indian representatives—or should formulate a definite policy of Asiatic co-operation. The latter view was supported by delegates from South-East Asia and the Soviet republics, as well as by Nehru himself. There was unanimity of opinion on the need to resist foreign exploitation, but this was not accompanied by marked hostility towards the West. The correspondent of the *News Chronicle* has stated that the delegations from the smaller States shewed signs of nervousness against any tendency to dominate by India and China, regardless of the fact that, unless these two countries achieve internal unity, neither will be able to exercise much influence towards unifying Asia.

The one positive achievement of the Conference was the decision to set up an Asian Relations Organisation for which a Provisional General Council is to draw up a constitution. Nearly all the Asian countries, including the Soviet Republics, are represented on this body, over which Pandit Nehru will preside. The primary object is to co-ordinate the work of branch institutes for the study of Asian affairs in all the countries concerned. The next Conference is to be held in China in 1949.

That the Conference achieved so little is not surprising. Its very terms of reference precluded it from reaching any major decisions. Furthermore, it was hampered by the non-participation of the Muslim League, Mr. Jinnah staunchly refusing Pandit Nehru's efforts to secure his co-operation. But the Conference was not entirely valueless.

Summing up the position, Mr. Iqbal Singh, in *The Spectator*, states:—

> "It had a psychological value which cannot be exaggerated. It underlines the sense of Asiatic solidarity which had hitherto been only a sentimental assumption . . . . What is more, the Conference made it clear that there is no disposition in Asiatic political circles to-day any longer to tolerate foreign domination, or even patronage, and that from now on Asiatic nations are determined to take their full share in international affairs in their own right, rather than as agents of Western Powers."

THE FAR EAST

Japan

Unofficial returns for the general elections show only one striking change in the composition of the Lower House: the Social Democrat Party has increased its membership from 98 to 143 and thus becomes the major Party. Its gain has not, however, been obtained at the expense of the two conservative parties, which now together total 259 seats as against 253. Roughly speaking, the composition of the House is now:—

Right—		
Liberals	133	
Democrats	126	
	—	259
Centre: Social Democrats	143	
Left	64	
	—	207
		—
		466

But this grouping is deceptive because the Social Democrat Party itself has a

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right and a left wing. Moreover what has been described for convenience as "Left," consists of several small parties, some of whom may be "attracted" to one or other of the larger parties. If the rather more go-ahead Democrats can agree on a policy (and also on an allocation of seats in the Cabinet), with the die-hard Liberals, the two Parties could form a fairly homogenous Government.

All the members of the present Cabinet stood for election, several for the first time, and were elected. The Communist Party made a poor showing, only 4 being returned (as against 6 in the last House). Of 79 women candidates 15 were elected as against 39.

In a special message General MacArthur declared that the basic issue before the electorate had been the selection of political philosophies; that of the totalitarian extreme Right had been discredited, that of the extreme Left was still at issue. Judged from a distance, the result seems to betoken a slight strengthening of liberal forces in the Lower House.

The results of the election to the Upper House (House of Councillors) are obscured by the return of 110 Independents out of a total of 250. These persons, however, are said to be mainly of conservative tendencies, and it is estimated that the House will consist of 188 Right Wing and 62 Left Wing members. It is to be noted that the Communists have secured 5 seats.

Korea

(See also under "Soviet Union.")

While the U.S. and Soviet Government are discussing possible terms on which to re-convene the Joint Commission, politicians in South Korea are busily stirring a witch's brew of intrigue, disorder, and murder. The supporters of Rhee Syngman, now due back from his visit to the United States, Japan and China, are preparing to welcome the return of the conquering hero. He is pictured as the man who stiffened the American back and extracted a promise of economic support. Demonstrations are to be held urging him to accept the position of head of the Government of South Korea, May Day is scheduled as an auspicious day for the inauguration of this new movement towards independence. It is an interesting pointer on Korean officialdom that the Chief of Metropolitan Police is openly reported to have transferred his allegiance from Rhee, the political leader, to Kim Koo, the militant head, of the Right Party. Kim, therefore, seems to have strengthened his position at the expense of Rhee.

Meanwhile the Communists have not been idle. They are training small mobile groups of 20 to 30 to foment disorders. Communists have been "infiltrated" into provincial Government departments and into the constabulary and police. On the 17th April, 12 of these policemen, together with 15 civilians and 3 agents from North Korea, were arrested while planning an attack on a police station. Both sides resort to terrorism. The latest exploit is the murder of the children of a worker who had refused to join the Communist ranks.

That life in Northern Korea is not all beer and skittles is suggested by the flow of refugees who are entering the Southern zone, sometimes at the rate of 1,000 per day.

French Indo-China

The arrival at Saigon of the French Ministers for War and Marine, together with the Chief of the Naval Staff, has been the signal for a fresh outburst of terrorist activity. A convoy on its way to Mytho, on the Mekong 40 miles south of Saigon, was ambushed and 44 persons were killed, including two Ministers of the Cochin-Chinese Government and a French Colonel. Nguyen Van Tam, the Minister of National Defence, who is said to be on the Viet-Minh Black List, was fortunate enough to come through unscathed. Previously, a bomb outrage in Saigon killed six Frenchmen and a number of Indo-Chinese.

Indonesia

On the 31st March, within a few days of the signing of the Linggadjati Agreement, Mr. Sjarir left Batavia in an aircraft especially sent by Pandit Nehru to take him to New Delhi in time to attend the final sitting of the Inter Asian Conference. With him went a number of other senior members of his Government, and this exodus brought to a temporary halt all further high-level discussions with the Commission General. The economic talks which had already started between Dr. van Hoogstraten and the Indonesian Minister for Economic Affairs, Dr. Gani, were suspended and Dr. Gani departed for Madioen, where at the Second Congress of the P.N.I. (Partai Nasional Indonesia) he was elected President of that party, despite its outspoken opposition to the Linggadjati Agreement to which Dr. Gani had but recently put his signature.

On the 10th April, Mr. Sjarir returned from India to find that, disturbed by the growing Indonesian agitation about independent foreign representation—fanned by a section of the Indonesian press—the Commission General had independently released the Notes officially exchanged between them and the Indonesian Delegates during the discussions which preceded the initialling of the draft Agreement. In the Commission's view this correspondence proves their contention that Article 15 of the Agreement shall be considered as providing for the admission of Indonesians to the Foreign Service, but not for independent Indonesian representation abroad until after the formation of the United States of Indonesia. The Indonesian leaders, on the other hand, are dissatisfied and claim that the correct interpretation of Article 15 is as set out in Mr. Sjarir's Note of the 20th November, 1946, that "in future qualified Indonesians will be appointed as representatives of the Indonesian Republic"—although Dr. van Mook had replied to this Note by pointing out that "diplomatic representation in the strictly international sense will not be possible before the formation of the United States of Indonesia." Endeavours to reach an understanding on this question with Mr. Sjarir have ended in a deadlock and, in these circumstances, the possibility cannot be overlooked of neighbouring States deciding to appoint diplomatic representatives direct to Jogjarkarta, thus aggravating an already delicate situation. His Majesty's Government and the United States, however, have made it clear that they will extend to the Indonesian Republic the *de facto* recognition accorded by the Netherlands under Article 1 of the Linggadjati Agreement, with continued recognition of the Netherlands Government as the sovereign in foreign and economic relations.

In the meantime attention has been centred on the endeavour to straighten out the more pressing economic problems. These discussions have not been made easier by Indonesian insistence that the Dutch must first lift their blockade of Indonesian ports, nor by the departure of Dr. E. J. van Hoogstraten for Australia to head the N.E.I. delegation for discussions concerning their respective war claims. It is understood that among the many points reviewed have been imports and exports, rice supplies, foreign exchange, and the return of the owners, or their representatives, to factories and estates situated within Republican-held territory. Some significance attaches perhaps to the fact that the representative of the Anglo-Dutch textile company, *Nebritex* (partly owned by Calico Printers Limited) has been granted permission by the Indonesian authorities to resume control experimentally of the Company's factory at Plered—near Pasaroen. At the same time Dr. Gani has given warning that foreign firms will be required to comply with Republican laws and regulations regarding production and distribution. Both sides appear at one in the conviction that all movements of imports and exports must be officially controlled and that certain State trading organisations should be set up with a joint economic planning board. Further discussions are expected to take place as soon as the Indonesian delegates return from Jogjakarta where they have been attending a full meeting of the Republican Cabinet to examine both the developments in connexion with the economic situation and the deadlock which has occurred over the question of foreign representation.

On the 22nd April, the first session of the East Indonesian Parliament was opened at Macassar. Both Dr. van Mook and the Commission General were present. In his inaugural speech M. Soekawati, the Interim President, surveyed events since the Malino Conference of the 16th July, 1946; voiced the expectation that they would soon be able to welcome Borneo into the family of the Indonesian States; and, after re-affirming his Government's intention to perform their share of co-operation in the formation of the United States of Indonesia, expressed appreciation of the manner in which the situation had been handled by Dr. van Mook, who, he hoped, did not contemplate resignation from his post.

An exchange of official visits between President Soekarno and the Commission General has been under contemplation, and it is understood that Dr. Idenburg will be going to Jogjakarta shortly to invite Dr. Soekarno to come to Batavia for this purpose. It has also been announced at the Hague that the Netherlands Prime Minister, Dr. L. J. M. Beel, and the Minister for Overseas Territories, Mr. J. A. Jonkman, will visit Java shortly for discussions with the Netherlands East Indies and Republican Governments. It is also announced that the Netherlands Minister of Finance, Professor P. Lieftinck, will leave for Batavia towards the end of April. After a brief stay in Java Professor Lieftinck is expected to accompany Dr. van Mook on a visit to the United States of America about the 18th

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May, in the hope of arranging a substantial dollar credit for the Netherlands East Indies. It is thought that this request, which is supported by the Indonesian Republican Government, is likely to meet with a sympathetic reception in the United States and that, if granted, the loan is not likely to be unduly burdened with restrictive conditions. The Netherlands East Indies exchange control is threatened with a complete breakdown unless credits can be arranged, and in the meantime exchange is being refused for even the most essential imports for the rehabilitation of foreign enterprises.

THE UNITED STATES OF AMERICA

In his eagerly-awaited broadcast to the nation on the 28th April Mr. Marshall gave a restrained account of the difficulties which had prevented agreement from being reached by the four Foreign Ministers at Moscow. Agreement, he stated, had been made impossible because the Soviet Union had insisted upon proposals tantamount to establishing in Germany an administration which could be "too readily converted to domination by a régime similar to the Nazis." As regards the proposed Four-Power Pact to guarantee the demilitarization of Germany he had been "forced to the conclusion that the Soviet Government either did not desire such a pact or was following a course calculated to delay any immediate prospect of its adoption."

Among American press and radio commentators the negative outcome of the Moscow meeting has occasioned little surprise. Even before it wound up on the 24th April the Conference had been widely written off as a "total failure." Yet in the post-mortems which have followed the emphasis has been not so much upon the sense of frustration which such failure inevitably produces but upon the more positive significance of the Conference as marking the end of what has been called the "phoney peace." As the *New York Herald-Tribune* observes, "until the present, international policy has proceeded on the assumption that the war alliance retains its reality . . . . That assumption seems no longer tenable. The *impasse* at Moscow records a division too deep to give hope for a genuinely common policy which can be administered in the common interest." One or two thoughtful and cautious observers, like Mr. Sumner Welles, are willing to believe that there may still be hope, if the "highest authorities" in the Kremlin and in Washington resolve "to make a further attempt to negotiate the broad bilateral understanding upon which the fate of the world must now depend." Elsewhere, however, the conviction appears to grow that strengthening what the *Philadelphia Inquirer* calls the "Western association of nations" might be the wisest course to pursue in future.

That the United States can no longer think exclusively in terms of reaching agreement with the Soviet Union has frequently been emphasized in comment on the recent Senate approval of President Truman's plans for aiding Greece and Turkey (see last week's *Summary*). Drawing attention to the fact that the important details of the President's programme have still to be worked out, some commentators suggest that the "way in which it is administered will be vital to the success or failure of the policy." Those who will be responsible for the administration of the Greek programme are warned against using "direct political pressure" in that country and against allowing themselves to be influenced by British missions which may remain there. To this Mr. Walter Lippmann—still apparently a sceptic at heart—adds that what is to come of the Truman doctrine "depends on whether Marshall . . . . can translate our inchoate opposition to Soviet expansion into a realizable plan of action." The first objective, he states, should be "the conclusion of a treaty fixing definitely the boundaries of Greece, Turkey and Iran, the régime of the Straits and the distribution of the oil concessions.", The realization that such detailed considerations do in fact command urgent attention has lent interest to reports regarding the State Department's intention to set up a "Policy Planning Board." At his press conference on the 25th April Mr. Acheson confirmed that the Department was establishing such a Board and that this would be headed by Mr. George F. Kennan. Mr. Kennan has, significantly enough, been a member of the American diplomatic staff in Moscow.

A request which the President has made for a revision of the 1939 Neutrality Act has been well received, even by some who might have been suspected of harbouring a nostalgic attachment to the isolationist doctrine which inspired this Act seven years ago. In the message which he sent to

Congress on the subject on the 15th April Mr. Truman urged that the executive power be given control over the export of armaments so that it could carry out its obligations under the United Nations Charter and deal effectively at the same time with "changes in the international situation." The burden of his argument was that, if war should ever again become imminent, it would be "intolerable" for the United States to find itself bound by its own laws to give aid and support to a Power which might later attack it.

Initial comment on the special session of the United Nations Assembly on Palestine has been mixed and inconclusive, although the Zionist organisations in New York have been much in evidence in pressing their claims. His Majesty's Goverment have again made representations to the United States Government regarding the continued Zionist appeals for funds to promote illegal immigration into Palestine, with the result that Mr. Acheson has undertaken *inter alia* to have an inquiry made into the possibility of discouraging the sale of American ships for illegal immigration purposes. Mr. Acheson believes, however, that it will be difficult to find any legal ground upon which to intervene in this matter. The State Department is clearly still subject to Zionist pressure on the immigration question. Partly perhaps for this reason it has been endeavouring to dissuade His Majesty's Government from having the United Nations Secretary-General appeal to other member-nations to deny transit facilities to Jews trying to get into Palestine illegally. Ostensibly the State Department fears that such action on the part of the Secretary-General might cause the special session of the Assembly to digress from its more immediate purpose to a general discussion on immigration policy.

The necessity of grappling with the pressing problem of high prices at home was once more emphasised by the President in the address which he delivered to the Associated Press in New York on the 21st April. The American system of private enterprise, Mr. Truman stated, was being "tested before the world," and the persistent rise in prices was the one cloud which cast a shadow over the country's economic future. Again asserting that it rested with industry and business to halt the trend towards inflation, the President pointed out that labour also bore a share of the responsibility, although he conceded that his "counsel of moderation" as regards wage demands had generally been followed since January by the wage-earners and their leaders. In this connexion it is interesting to note that the agreement reached between the steel workers and the U.S. Steel Corporation last week for a wage increase of approximately 15 cents an hour has been followed by similar settlements between the General Electric, Chrysler and Jones and Laughlin Steel Companies and their employees. The President of General Electric admits, however, that his company must, as a result of the wage increases involved, raise the price of its products by about another 7 per cent.—a step which might help to send the wage-price spiral whirling upwards again.

Meanwhile the labour issue begins to look more and more like the rock upon which Republican unity, in the Senate at any rate, may founder. This week Senator Irving M. Ives (Republican, New York) and Senator Robert A. Taft (Republican, Ohio) have clashed openly in the Upper House on labour legislation. Senator Ives, a former Dean of the School of Industrial Relations at Cornell University, who is something of a labour expert in his own right, believes a number of clauses which Senator Taft has been endeavouring to write into the Senate labour bill to be unnecessarily stringent and he seems to have been able to persuade a majority on Senator Taft's own Labour and Public Welfare Committee to accept his point of view. There are also influences in favour of moderation at work outside the walls of Congress, the Executive Council of the American Federation of Labour having just set up a 1·5 million dollar "war" fund to combat the sort of restrictive labour legislation which the Republican diehards have been proposing. The A.F. of L. has yet to make it clear what this will mean in terms of 1948, but neither Senator Taft—a Presidential aspirant—nor any other Republican leader could afford to persist with a policy which would array labour solidly against him then.

LATIN AMERICA

Brazil

Throughout Latin America organised labour is acutely political: nevertheless, Brazilian syndicates are prohibited by a decree of July 1946 from indulging in political activities, and the Brazilian Government still continue to fumble with this far-reaching question of the position to be given to organised labour. Under Dr. Vargas an advanced system of labour

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legislation, embodied in the Consolidated Labour Laws of 1943, was introduced. After his removal both contestants in the 1945 presidential election favoured a progressive labour policy, but, as organised labour has divided its political support between Dr. Vargas and the Communists, the present régime has never been on particularly intimate terms with the syndicates. When the Ministry of Labour held a national congress last November, the result was merely an open split between the Communist-controlled Confederation of Brazilian Workers (C.T.B.) and the Unions favourable to the Ministry. The latter erected themselves into a National Confederation; but, failing to make any progress against their rivals or to obtain official backing, this Confederation was wound up in the middle of February. The Communists at once claimed that the C.T.B. was the officially recognized organisation, since it had complied with the law in publishing its statutes in the official *Gazette*. The Minister of Labour replied that only confederations approved by his Ministry could legally represent organised labour. This implies that the Government does not recognise the right of any movement to represent Brazilian labour in international organisations, such as the Confederation of Latin American Workers (C.T.A.L.).

Colombia

Shortly after the congressional elections held in the middle of March the Colombian cabinet again resigned (see *Summary* No. 387). President Ospina Pérez has now announced a new ministry, composed of six members of his own Conservative party, four Liberals who support Dr. Gaitán and two orthodox Liberals. As the elections did not give the Conservatives a clear majority, the President has adhered to his policy of preserving the coalition, but the composition of his new cabinet reflects the decline of the official liberals and the rise of the Gaitánistas. The eclipse of the official liberals is emphasised by the departure of Dr. Alberto Lleras Camargo to become Director-General of the Pan American Union and that of Dr. Alfonso López, who is to represent Colombia on the Security Council. Dr. Gabriel Turbay left politics after his defeat in the presidential election, and the present leader Dr. Eduardo Santos, has planned a long visit to Europe. Whether the orthodox liberal party can survive without its giants remains to be seen.

Venezuela

Rumours of impending disturbances (see *Summary* No. 380) have again been rife. In the middle of April the Government sought powers from the Constituent Assembly for the detention of those suspected of sedition. Most of the potential insurgents were accordingly arrested, and confidence in the Government's power to control the situation was restored. In the course of the debate, the danger of civil war was discussed, and when one of the two Communist deputies declared that ex-President López Contreras was supported by United States imperialism, the United States Ambassador, who was in the diplomatic box, shouted: "That is a lie," and left the building. The incident attracted considerable attention in the press, even papers of the right appealing to Venezuelan "national dignity."

UNITED NATIONS

The General Assembly

The first Special Session of the Assembly met on the 28th April to study the question of Palestine. Dr. Aranha (Brazil) was elected President. Seven Vice-Presidents were elected from the following countries: France and U.S., 49 votes each, U.K., 47, China, 45, U.S.S.R., 44, Ecuador, 43, India, 37. The Chairmen of the six committees were chosen from Canada, Czechoslovakia, Egypt, Sweden, Poland and Honduras. The President, the seven Vice-Presidents and the six Chairmen form the Steering Committee which will discuss the agenda, and whether it shall be limited to the U.K. request for a Preparatory Committee on Palestine or shall include the Arab proposal for the end of the mandate and the recognition of an independent Palestine. Jewish requests for non-voting seats at the Assembly will also be discussed. (See also under "Middle East.")

International Wheat Conference

The final plenary session of this Conference (see *Summary* No. 385) was held on the 23rd April, five weeks after the draft agreement had been put before the delegates. In the meantime considerable changes had been made in the draft, largely because one of the chief wheat exporters (Argentina) declared they were unable to participate in an agreement. The result of these changes was to transform the original draft from a commodity agreement on the old pattern to what was

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in effect a multilateral long-term contract. Agreement was reached on the main principles of the new Draft. The U.K. was ready to approve the general plan of the draft, in the preparation of which it had played a major part and regarded it as a model for future international commodity schemes. A workable plan for the chief importing and exporting countries (excepting Argentina) was indeed in sight, but no agreement could be reached on the fundamental question of the prices that were to prevail under the agreement.

Under the plan as it now stands each signatory should adhere to this agreement as either an importing or an exporting country and should guarantee to import or export a specific quantity of wheat in each year of the agreement within a determined price range. The importers would guarantee to import their guaranteed quantities when the price was at the bottom of the range and the exporters to supply their guaranteed quantities when the price was at the ceiling. Member countries would undertake to maintain stocks as instructed by the International Wheat Council.

The draft agreement allows for freedom of trade within the price range, but the variation of prices is to be kept within bounds by agreed maximum and minimum prices intended to protect the consumer against overcharge and the producer against under-payment, while at the same time guaranteeing the consumer supplies in time of scarcity and the producer a sure market in times of surplus. The British delegation was able to agree to this system of "wheat points" (so called on the analogy of "gold points") but could not admit that the present spot and futures wheat prices on particular markets (*i.e.*, Chicago) could be taken as the measure of a "reasonable" world price. The prices ruling on the world market before the war were, indeed, too low; but those being asked now are, in many instances, far too high. The world must face international wheat prices far lower than at present, and the U.K. desires that these may be reached soon. The price proposals in the draft agreement as it now stands, which were originally made by the U.S. delegation, did not, in the opinion of the British delegation, allow for a quick enough or big enough fall in prices. The U.K. could not afford to pay excessive sums for any of its imports, particularly for essential imports such as bread grains; but this draft would require excessive prices to be paid in future years. The U.K. was, therefore, unable to sign the draft as it stood. Canada was unwilling to sign if the U.K. did not, since an agreement without the U.K., the world's largest wheat importer, could hardly be expected to work. It was therefore proposed, as the Conference could get no further, that the draft be referred to the International Wheat Council for further consideration at a later date. It is possible that discussions may shortly be resumed in Washington.

The difference between the price offers of the prospective sellers and buyers does not seem great at first sight. The U.K. agreed very reluctantly to a ceiling price of 1·80 dollars a bushel for the term of the agreement and to a duration of 5 years. Its original proposals were a ceiling of 1·55 dollars and 4 years. The U.S. proposals, however, would not allow wheat prices to fall to 1 dollar until the fifth year of the agreement. To this the U.K. could not agree. It must be possible for prices by 1949–50 to come down to 1 dollar a bushel if there are plentiful supplies of wheat in the world by then. If prices like those in the Anglo-Canadian agreement could have been obtained (*e.g.*, from 1·55 dollars a bushel in 1946–47 to not less than 1 dollar a bushel in 1949–50) it is probable that the draft might have been accepted; but, in view of the importance of a long-term wheat agreement for the British balance of payments, and of the probability that prices will soon be falling, the terms proposed were unacceptable.

THE MOSCOW CONFERENCE

The Foreign Ministers concluded their "Fourth Plenary Session," as the Moscow Conference is known officially, on Thursday the 24th April. It was the forty-third meeting. They will meet again in November in London, and may hold a brief unofficial meeting in September, if all four Ministers attend the Assembly of the United Nations in New York. The Deputies will continue their work probably in London, possibly in Berlin.

No important agreements were made, and yet the Conference was not a complete failure. By removing obscurities in the policy of Russia and of Great Britain, France and the United States, it made it easier for the Ministers to see the road to peace. Mr. Bevin and Mr. Marshall each

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summed up the position. "I would rather," said Mr. Bevin, "take a long time and produce a good peace in the end, than have a loose one slopping over with false formulas," and Mr. Marshall: "the differences between the Western Democracies and Russia have been neither increased nor decreased during the Conference. We understand now what those differences are." Both Ministers declared that the differences could be solved, but their apparent optimism must be judged against the background of Mr. Marshall's question "How long can Europe endure while we are struggling with the problem?"

On the 23rd April the hard-worked Deputies produced a list of agreements, disagreements and conditional agreements on the German problem. As has so often been said before, agreement on the political organisation of Germany depends on agreement on the economic unity of Germany, which in turn depends upon agreement with the Russians upon reparations, &c.

A considerable amount of work has been done on the subject of procedure for preparing the peace treaty; but here again, partial agreements, though better than nothing, are to have no validity until agreement has been reached on the whole question. Part I of the Deputies' Summing-up deals with denazification, demilitarisation, &c. Agreements on this part go to the Control Council as directives, disagreements for information and study.

In attributing the rejection of the Four Power Treaty to M. Molotov, Mr. Marshall declared that his Government did not withdraw the offer. The Treaty therefore remains alive, though it is in a state of indefinitely suspended animation. Some apparent agreement was reached on the return of prisoners-of-war to Germany. Mr. Bevin's proposal of the end of 1948 as a final date was accepted. It should be recalled that Russia's figure of prisoners held by her is generally considered to be an under-estimate.

The Austrian Treaty, which the Foreign Ministers in New York had told their Deputies to prepare, failed to materialize because, as Mr. Marshall pointed out on the 23rd April, the Soviet had not advanced from the position which they had taken up in February, and because they had widened the gap between themselves and the West. They gave the clear impression that they did not desire peace with a "free and independent Austria." German assets remained one of the two centres of disagreement, since to accept the Russian interpretation would be to guarantee the dependence of Austria. Mr. Marshall proposed that the General Assembly should be asked to make recommendations for a settlement of the question if it was still outstanding in September. This proposal was immediately followed by the most startling and hopeful response that M. Molotov has made to Western ways of thought, a response which may prove to be the most important achievement of the Conference. It showed, provokingly late in the day, that the four Ministers could all practise the art of agreement through discussion, and that M. Molotov could, like his colleagues, tolerate a fact-finding commission. M. Molotov rejected an appeal to the Assembly; but proposed a commission of the four Powers to examine all the articles of the Austrian Treaty which were still in dispute, especially articles 35 (German Assets) and 42 (United Nations property in Austria). Mr. Marshall was anxious for a Committee of experts in Vienna to study the conditions for a final settlement of the German assets question, and Mr. Bevin insisted on the need to get at the facts of the "assets" and "property" questions. Chiefly as a result of his initiative the Council adopted the following decision: "The Council of Foreign Ministers agree to establish a Commission, consisting of representatives of the Soviet Union, the United Kingdom, the United States of America and of France charged with the examination of all disagreed questions of the Austrian Treaty. The Commission shall include a Committee of Experts to give special consideration to Article 35 and the appropriate parts of Article 42 and to the establishment of concrete facts.

The aim of the Commission shall be to co-ordinate the points of view of the Allied Governments represented on it.

The Commission shall submit its report without delay to the Council of Foreign Ministers.

The Commission will sit in Vienna," and begin its meetings on the 12th May. Article 42 is the other centre of disagreement, because it includes oil, and Russia has an eye on these oil properties, which belong in part to Nationals of the Allies. The Russians have subsequently claimed that the co-ordination of the Allied points of view refers only to the question of German assets.

Two other matters were raised on the last day of the Conference, the size of occupation forces, and the return of German prisoners-of-war. Mr. Byrnes had

originally proposed that Russia should maintain 200,000 men, the U.S. and the U.K. 140,000 each, with 70,000 for France. M. Molotov now suggested 200,000 Russians, 200,000 between the U.S. and the U.K. and 50,000 for France. Mr. Bevin replied with 145,000 each for the U.S. and the U.K. It was agreed that "considering the need to reduce the size of occupation forces in Germany, the Control Council should consider the question and determine the strength of the occupying troops of the four Powers as at the 1st September, 1947." The report should be submitted before the 1st June.

Mr. Bevin asked that the Powers still holding Austrian prisoners—Russia—and to a lesser extent France—should send them back now, in accordance with the spirit of Article 31 of the Austrian Treaty. M. Molotov refused to discuss this question.

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SPECIAL ARTICLE

THE EASTERN ZONE OF GERMANY—II

The Organisation of Industry

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Liberal and Christian Democrat speakers later declared that many owners who were not Nazis had their plants listed for expropriation. Other reports indicated that several well-known Nazis succeeded in evading the law. Most of the confiscated plants were transferred to the State Governments or to local authorities, but some were sold and a number of the smaller firms were returned to their original owners. Thus in Saxony State the Government took over 1,119 out of the 1,866 firms which were finally expropriated and sold the rest to "victims of Fascism," resettlers, cooperatives, etc. Firms taken over by the State Governments are organised under one special administration or group

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EUROPE

SPECIAL ARTICLE

THE EASTERN ZONE OF GERMANY—II

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of administrations. Thus the "*Industriewerke der Provinz Sachsen-Anhalt*" contains 14 groups covering the principal industries. A board of directors is appointed by the President of the Province, and its decisions have to be approved by a board of management on which the unions and political parties are also represented. The group controls the greater part of the industry of the province. This is a process not merely of socialisation but of creating giant horizontal trusts leading to an economic system similar to that of the Soviet Union. There are in addition coal marketing boards run by the States as organs of the central administration. The districts and communes have also taken over businesses which are in some cases financed partly by private capital.

Socialisation is now being speeded up, and the final elimination of an independent middle class is in sight. Berlin radio of the 28th February announced that some 3,000 industries were now owned by State Governments, but this excludes railways and posts and works owned by districts, communes and cooperatives so that private enterprise plays a less important part than would appear from this statement. The pretext of denazification is still used to dispossess owners of small businesses. Nor are the authorities at a loss for other means. At the end of January 1947 a well-known pharmaceutical firm was expropriated on the grounds that it had "contributed a too small proportion of its profits to social purposes." The cooperative societies, largely under SED control, have been given special privileges in order to enable them to drive the small retailer out of business. The blocking of all bank accounts was a measure which tended also to squeeze out the middle class, though there is no evidence to show that it was introduced for this purpose. It was, in fact, justified on economic grounds alone since the assets on which the banks could pay out sums of money no longer existed. In the British Zone, moreover, the crisis has been aggravated by the disproportion between the amount of money circulating and the amount of goods available.

A special feature has been the establishment of "Soviet State concerns" which began in the summer of 1946. Its motive was simply the more effective control and exploitation of German economy for the benefit of the Soviet Union. These factories are estimated to account for approximately 27 per cent. of the total value of production in the zone. It appears that the central authority is a Soviet holding company under the Soviet Military Administration in Karlshorst. Under this company is a number of "combines" each covering one branch of industry. A firm is apparently taken over in the following manner. The Russian director of the combine makes an inventory of assets which are said to be usually valued at only 25 per cent. of their peace-time value. The inventory then goes to the Soviet holding company which cuts the figure by 50 per cent. The final sum is credited to Germany on reparation account. No credit is given for natural resources such as ores or forests owned by the firm, and no outstanding debts are taken over by the Russians. Besides German workers it is reported that hundreds of Russians have been brought from Moscow. The workers seem to be well treated but are paid on a complicated system of piece-rates, and the rights of trade unions are curtailed. Nearly all output goes to Russia and is not credited to Germany on reparation account. Some private firms, however, which had been transferred to Soviet administration are now being handed back to German administration. It is not definitely proved that the Russians are completely relinquishing their hold, but it is not improbable that the products from these factories will go to the German market.

Land Reform

The Land reform initiated in the autumn of 1945 in order to destroy the power of the Junkers was stated at the time to entail the expropriation of all owners of land over 100 hectares. The reform has, in fact, affected only about 60 per cent. of the land covered by large estates, and, of the land actually distributed, about 24 per cent. has not been given to individuals but has been reserved for communal use in some form. This suggests that the desire for spreading private ownership was not the only or even the main motive for the move. On the other hand, the proportion of land given to private owners was not inconsiderable, the impoverishment of the new peasants, no doubt, it was thought, would make it easy to take a further step towards collectivisation—they are already dependent to a large extent on central aid.

The Administration

The following organs of government exist in the Russian zone: (*a*) the Central departments; (*b*) the *Laender* or Province administrations; (*c*) the *Landkreis* (country district) administration; (*d*) the *Stadtkreis* (borough) and *Gemeinde* (commune) administrations.

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There are 13 central administrations, the first of them having been set up in June 1945 in Berlin by order of the Russians. It aroused some comment that the other Allies were not informed, but the Russians could, with some justification, claim that this represented no departure from Allied policy. At that time the central administrations could no more be regarded as a zonal government than the subsequently formed Zonal Advisory Council in the British zone, much less the States Council in the U.S. zone. The administrations were then merely executive organs of the Soviet Military Administration (S.M.A.), and there was no connecting link, apart from the S.M.A., between the individual administrations. In the first few months the "advice" given by these departments to the Provincial and State Authorities appears to have been frequently ignored, but gradually it became clear that this "advice" was acquiring the force of law and that the departments were issuing circulars not originated by the Russians. In November 1946 a formal change of power was made when the administration for Labour was given the right to issue orders and even supervise the local administrations. In February 1947 the Russians ordered the State Governments to place themselves "voluntarily" under the orders of a central administration for industry. Despite this progress towards centralisation there is still no direct link between the administrations which would give them the character of a real zonal government.

Constitutions have been passed for all the other levels of government. At their face value they are an expression of democratic principles, and where they differ from those of the Western zones they frequently appear to ensure more democratic control and greater decentralisation. Only when viewed in the context of the political system as a whole is it seen that the democratic provisions are vitiated.

All the Soviet zone State Constitutions affirm that the States are part of a German democratic republic, and all are based on a Draft Constitution for the whole of Germany which the Socialist Unity Party published in November 1946. This in turn is based on the Weimar Constitution—with a number of significant differences. The SED believes that National Socialism came to power largely by exploiting the institution of State President, and particularly the Article which made it possible to govern by emergency decree. The SED do not, therefore, provide for any President except as a figure-head. They wish the only source of authority to be a one-chamber parliament unhampered by a supreme constitutional court, a really independent judiciary or even a non-political civil service. In short, there must be no obstacle to dictatorship by the strongest party and the door is therefore left open to the one-party State. It is in this conception that the Soviet zone constitutions differ most profoundly from those so far drafted in Western Germany. The system of proportional representation is maintained. "Permitted" political parties and organisations" can put up candidates, but no clue is given as to which are permitted. As in the U.S. zone, use of the referendum is included. Lay judges are to be appointed for all types of court in the States. The judges of the highest courts are to be elected by the parliaments. These lay or "peoples'" judges are said by the SED to prevent the judiciary from being the preserve of the academically-trained middle class. Land reform, expropriation measures, and school reform are incorporated. There is complete separation of church and State. The sections on "personal rights" seem to follow closely on those of the Weimar Constitution and similarly qualify them by stating "Exceptions are only permissible on the basis of laws."

The various district constitutions and the uniform communal code bear out the principle of concentrating all power in the Assemblies. As in the British zone, these are elected by the inhabitants and are supreme in their own district, but, unlike the British zone, the assemblies also elect their chief executive officers so that there is no separation of functions and no non-party civil service. The mayors of the communes follow the German tradition, departed from in the British zone, of combining the chairmanship of the assembly with the office of chief executive. At first glance these codes embody to a unique degree the principles of democracy and decentralisation, going further than those in force before 1933 and even than the constitutions of Western Germany. Thus the chief district official is elected by the district instead of appointed by the State, as formerly. Both district and communes are free to take over economic undertakings, whereas in the British zone, they are restricted in this field. Again, however, there is in practice scarcely any obstacle in the path of one-party domination. More-

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over the actual functions of the authorities are still vague and are to be defined by "special laws." Suspicion that these may render negative the democratic provisions are strengthened by a Draft Law for one State which has become available. This proposed to exclude the following from the power of the communal authorities: the grading of employees; matters of general organisation and 14 types of police. The latter were to include "press police" and "Public meetings police" and even "political police," although anything of the last-named type is forbidden by the Control Council and would tend to deprive the communes of their autonomy.

Education and Youth

The contrast between Eastern and Western Germany is perhaps more marked in this field than in any other. In the Soviet zone uniformity and regimentation are the order of the day, and schools are being used to instil Communist ideology. The school system has been entirely reformed. Formerly there was a *Grundschule* for all children from 6–10 followed by the *Oberschule* from 10–18. There is now a uniform primary compulsory school up to the age of 14, after which about 10 per cent. of the pupils go to *Oberschule* and others to technical schools or part-time classes. All private schools are banned. The institution of this uniform school has been a demand of Left-wing circles since before 1919. In the West the Weimar compromise of a single school up to the age of 10 has been maintained. From the purely educational point of view the Soviet zone standard is not likely to be so seriously affected as might appear, for a wider choice of subjects is taught than formerly, but the system does destroy the last privilege of the middle class. Moreover, a particularly drastic denazification policy was carried out in order to destroy the middle-class character of the teaching profession. The gaps have filled by thousands of new teachers, mostly of working-class origin and with only elementary school education. In the universities, as in the schools, there is highly centralised direction. Special consideration is given to working-class students and in the winter of 1946 it was claimed that they made up nearly 50 per cent. of university undergraduates. Although membership of the SED counts in a candidate's favour, and there are strong SED student groups in each university, it cannot be said that admission to the universities is actually limited to members of the SED.

All youth activities are in the hands of the Free German Youth which is controlled by the SED although members of other parties and even some clergy participate. Membership is nominally voluntary but various means of pressure are applied. Thus it is reported that all children of civil servants must join the movement. Its activities range from ordinary sports and entertainment to participation in works councils and local parliaments.

Religion

On the 26th April, 1946, Vatican Radio proclaimed "In Eastern Germany the decisive battle between Christianity and Bolshevism is being waged." This is somewhat misleading. Soviet leaders have clearly recognised the conflict between Christian and Marxist doctrines—and certain SED leaders have admitted that they intend eventually to destroy the churches: but neither wishes to add to the roll of Christian martyrs, and they have taken pains to avoid provoking a Church struggle such as was waged under the Nazi régime. The Church has also been reluctant to give any trouble to the authorities. The administration have even given tangible expressions of goodwill. Church property was excluded from the land reform measures, and church buildings have received priority in derequisitioning. On the other hand, Church youth organisations are banned, and all religious teaching is forbidden in the school curriculum, though school buildings can be used for instruction after school hours. Thus a struggle undoubtedly exists but is not publicly admitted.

Denazification

The attitude of the Russian authorities to denazification has differed from that of the Western Powers in that they are much more interested in bringing about a social revolution than in baiting former Party members. Denazification has therefore been left largely to the Germans, and, as a result, the most chaotic conditions developed with regulations differing even between village and village. At first arbitrary methods were used. Foreign workers and Communists were asked to denounce Nazis, who were rounded up and allegedly shot or in some cases deported to Russia. Later more discrimination was exercised, and denazification was also used as a means of bringing about social change as in the case of the teachers. Opinions vary on the completeness of the purge of

administrative and economic life, but in general non-active Nazis have been able to rehabilitate themselves by "helping in democratic reconstruction," usually by joining a political party, the SED for preference. It is significant of the chaotic state that, despite the drastic purge of teachers, a Thuringian Minister this spring spoke of over 50 per cent. of teachers in Thuringian secondary schools being former Nazi Party members. At the beginning of this year measures were drastically tightened up, evidently in preparation for the Moscow Conference, but it appears that these may have been somewhat modified later as the result of SED complaints. There is no doubt that the Russians have protected compromised individuals who could be of use to them.

Conclusion

All in all the U.S.S.R. should have reason to be satisfied with the practical success of communisation in the Soviet zone. It is the more interesting that by advocating unification the Soviet Union should risk upsetting this work, for it seems likely that under any system of genuinely "free" elections throughout Germany the work of the SED would be swept away. The Soviet authorities could attempt, of course, to maintain the present situation by force, and they would doubtless claim that the changes already made had been "freely" approved by Germans in the Zone.

GERMANY

Berlin has succeeded this week in achieving perhaps a record score of public Allied disagreements. The most important dispute is over the refusal of the Russian member of the Kommandatura to approve the resignation of the Lord Mayor, Dr. Ostrowski. As reported in *Summary* No. 389, Dr. Ostrowski resigned after receiving a vote of no confidence by the City Assembly. The Russians' position is weak, but they undoubtedly feel bound to obstruct the appointment of a successor who would be necessarily uncongenial. They have continued the illegitimate practice, initiated by them, of publicly airing disagreements before they have been discussed by the Allied Control Council. The Soviet commander in Berlin published in "*Taegliche Rundschau*" of the 23rd April a long attack on the Social Democrats and on U.S. Military Government, accusing the former of inefficiency and the latter of interference. United States and British representatives later made suitable replies. The Russians have also attacked the U.S. authorities for an alleged breach of secrecy over a recent round-up of deserters and the British authorities for alleged maltreatment of two Russian sergeants. The U.S. authorities have protested against the presentation in the Soviet Sector of a Russian play with an anti-American bias.

All these wranglings have further tarnished the prestige of four-Power administration. Indeed, in the case of the Lord Mayor's resignation, it has been made to look somewhat ridiculous in German eyes, since Dr. Ostrowski has stated that he would not resume office even if asked to do so by all four Powers. German party leaders are therefore surprised that the Kommandatura decided on the 28th April to submit the question to the Allied Control Council. Meanwhile the SPD has rejected Socialist Unity Party proposals for co-operation in the City Assembly. During the present inter-Allied quarrel an SPD conference was held in the city. The executive decided that the Berlin group should become a district organisation of the SPD for the whole of Germany in preparation for "the early realisation of the political and spiritual unity of Germany." The immediate effect of this decision will presumably be to strengthen the influences of the executive in Hanover, headed by Schumacher, who has for some time shown disquiet over the behaviour of party members in Berlin.

The pessimism of the West German politicians over the end of the Moscow Conference continues unabated and is not likely to be influenced by Mr. Bevin's appeal to world opinion not to be despondent and not to dismiss the Conference as a complete failure. Dr. Schumacher, interviewed by *Sueddeutsche Zeitung* on the 26th April, expressed frankly cynical views. He is reported as saying that Germans must realise that proposals made on Germany's future structure should not be attributed to any special interest in Germany. They were merely tactical moves made by the various Powers with a view to strengthening their political position. This type of utterance will be swallowed hook and line by the German public who will also appreciate the remarks made during the same interview by the veteran Social Democrat, Paul Loebe. "70,000,000 Germans," he said, "herded together between the Oder and the Rhine, robbed, underfed, and burdened with undefined reparations will become a hotbed of disease which will prevent Germany from attaining peace." More restraint was shown by Jakob Kaiser,

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the Chairman of the Eastern zone Christian Democrats, who remarked that all politicians who were aware of the difficulties of reconciling opinions within Germany must know that time and patience were needed to overcome differences between Eastern and Western policies. The Premier of Wuerttemberg-Baden delivered a singularly gloomy broadcast on the same day. A rare exception among Western German politicians was the Wuerttemberg-Baden Secretary of State, Fritz Eberhard (SPD) who, at a youth meeting in Berlin on the 30th April strongly deprecated the spread of pessimism about the Conference. While there is certainly no cause for optimism, a check to the German tendency to rush to extremes of gloom and fatalism might be salutary, and it is therefore unfortunate that such utterances are made only by persons of minor importance and are immediately exploited by the Communist-controlled Berlin Radio as part of its own campaign for optimism.

The earlier drive for the Socialist Unity Party (SED) in the U.S. Zone, which was discussed in last week's *Summary*, is being copied in the British Zone. So far it is restricted by the British refusal to admit SED speakers to the area. The Central Secretariat of the party has asked British Military Government to revise its attitude of opposition. Commenting on this the SPD immediately said that it had no wish to bargain for a sham freedom in the Eastern Zone in exchange for the formation of the SED in the British Zone. In Muenster a committee has been set up to prepare for the SED, and issued on the 15th April an appeal signed by some members of the SPD as well as by Communists. The SED is clearly taking advantage of the food crisis and the post-Conference depression to work up its campaign, but its chances of voluntarily converting large numbers—particularly when viewed in the light of the latest election results—seem meagre.

The Zonal Advisory Council of the British Zone is being reorganised closely in line with German proposals. This was announced by General Robertson at its meeting on the 30th April, just over a year after its formation. The Council, as established on the 6th March, 1946, was a German body appointed by the British authorities to advise them and consisted of representatives from the main political parties, administrative officials, representatives of the trade unions and technical experts. It is now to consist entirely of party members who will be chosen by the State Diets subject to Military Government approval. They will be representative of all political shades and not only of the majority parties in the States. General Robertson emphasised that this latter condition is in line with decisions taken at the Moscow Conference about the future German Advisory Council. This reorganisation had been deliberately postponed until after the Moscow talks and until full consideration had been given to the measure of agreement reached there on Germany's political structure. (No agreement was reached in Moscow as to whether an advisory Council should be restricted to the parties.) In reply to Communist complaints that the Trade Unions were not represented, General Robertson said the Council must consult them where necessary. He also urged that a proportion of women should be represented. The Council remains advisory; unlike the States Council in the U.S. Zone, it has no executive power and is not a coordinator of matters pertaining to the States. Members are allowed a wide freedom of discussion even extending to matters which are being considered by the four Powers in Berlin, but they have been warned that they must not abuse this right. Further, they may compel members of the zonal and bi-zonal agencies to attend meetings and answer questions. Speakers in the debate that followed regretted, however, that the Council's relation to the bi-zonal agencies remained undefined. Once again the conflict of authorities within the two zones is brought to the fore and makes more urgent the discussions being held on this subject.

24 senior officials of the German chemical trust IG Farben were formally indicted by a United States War Crimes tribunal in Nuremberg on the 3rd May. They are accused of aiding in the preparation of the war and of being involved in mass murders at Ausschwitz Concentration Camp. According to a report in *The Times*, among the charges was one that IG Farben through its international cartel arrangements had prevented United States firms from sending war material to Great Britain and other European countries until the United States entered the war and that this was part of a plan to limit the production of war materials in countries which might prove hostile. The first trial of industrialists opened in the U.S. zone in March of this year when members of the Flick enterprises were indicted.

AUSTRIA

The French High Commissioner for Austria and General Mark Clark, the former U.S. High Commissioner, have both proclaimed their Government's support for

the maintenance of Austria's 1937 frontiers. General Clark has now been succeeded by General Keyes. Before his departure from Austria General Clark was awarded an honorary degree at Vienna University. Speeches at the ceremony indicated sincere Austrian appreciation of his work in and for Austria.

The Austrian political parties celebrated May Day with the traditional demonstrations. The fact that these passed without incident provided the three-party paper *Neues Österreich* with an opportunity for disclaiming the necessity for the continued presence of (Allied) troops to maintain peace and order. The Communists had previously appealed in vain to the Socialists to hold joint demonstrations with them as evidence of working class unity. On May Day they sought to retrieve their failure to achieve this aim by placing the blame on the "small clique of SPO leaders" whose action, according to the Communist spokesman, Ernst Fischer, was whole-heartedly deplored by "tens of thousands" of Socialists. The Socialists explained their rejection of the proposal as being due to their desire to keep the day, as in the past, for a public proclamation of their political faith. The failure of the Moscow Conference naturally overshadowed May Day speeches and commentaries, and all parties were at least united in demanding liberty for Austria. The Communists did not miss the chance to demand new elections and to attribute the failure of the Conference to the fact that both leaders of the Austrian Delegation had been members of the People's Party.

One of the chief sources of disappointment over the delay in the conclusion of the Treaty has been the postponement of the return of the Austrian prisoners-of-war. Both on May Day and on several other occasions all political parties have emphasised the general anxiety on this score, and the Communists have utilised it to urge closer collaboration with the U.S.S.R. They have attributed the repatriation delay to an alleged anti-Soviet propaganda campaign in Austria. While these allegations are of course grossly exaggerated, and have even in one case bordered on the ridiculous, it is a fact that the Soviet authorities have recently drawn the attention of the Allied Council in Vienna to two short items with an anti-Russian tendency which have been published in the U.S. zone press. One of these, "And so it was in Nazistan" concerned the recent elections in the U.S.S.R.

Evidence of active Austrian Communist interest in furthering alleged Russian preparations for a "defensive war" against the Western Powers has emerged from a report of instructions which were given by Ernst Fischer to a select circle during the Styrian KPO's *Landesparteitag* in March. Fischer is said to have stressed that it was of the greatest importance "for the victory of Communism" that Russia should be accurately informed about the plans and new weapons of the Western Powers. He therefore urged his hearers to collect all possible scraps of information and opinion on such matters from the officers of the Western Powers.

According to press reports, the failure to meet the food rations in Vienna this week has produced a series of unofficial strikes in some factories. The Trade Union League is discussing the situation and has warned workers that such strikes are seriously prejudicial to the interests of reconstruction. At the meeting of the Food Directorate on the 30th April the Minister of Food had announced various measures to improve the food distribution and supply situation, including the supply of potatoes from Lower Austria for Vienna.

His Majesty's Government have authorised a gift to Austria of surplus machine tools to the value of £125,000 to assist in Austria's industrial rehabilitation.

The newly-formed Educational Exchange Committee in London is to arrange an exchange of Austrian and British students. Another students' exchange scheme has been initiated by the Austro-American Institute of Education in Vienna, and it has also been reported that Austrian Universities are in contact with the Danish International Students' Committee.

CZECHOSLOVAKIA

Judging by the tone of the daily press, one cannot but feel that relations between the Czechs and the Slovaks are steadily deteriorating, and Communist and Right-wing ideologists are trying to extract what advantage they can from the older conflict of regionalism. Following immediately upon the crisis which developed lately in the leadership of the Slovak Democrat Party (see last week's *Summary*) a state of open warfare has now been declared between *Rudé Právo*, the Czech Communist organ, and *Čas*, the organ of the Slovak Democrats. Recrimination and counter-recrimination are now the order of the day.

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A recent issue of *Čas* which stated that the Communists and the Prague Government (in which President Beneš is naturally included) were responsible for Tiso's execution was confiscated by the authorities on the ground that the article was tendentious and inexact. The Communists contend—it is no new theme—that the Democrat Party is dominated by Hlinka sympathisers who on every conceivable pretext viciously attack the Government, Prague centralism, the person of the President, Land Reform, the secularisation of schools—a reform already adopted in Slovakia and bitterly contested—and the July 1946 Agreement between the Government and the Slovak National Council defining and limiting the functions and competence of the latter body. The Communists are also making harsh criticism of "*Slovakia Today*"—a bulletin issued for Czech home consumption by the Slovak Commissariat for Information—which gives the impression, the Communists allege, that Slovakia is undergoing a reign of terror: in short, everything is done to foment suspicion between the two partners in the Republic. The generally unsatisfactory state of these relationships may soon impel the Marxists to seek a speedy amalgamation of both branches of the Communist Party.

From their historical opposition to imperial authorities, both Church and State, the Slovak Protestants, have always, like their Czech brethren, tended to champion the cause of national unity. The Protestant wing of the Democrat Party disapproves therefore of the "separatist" attitude of the more extreme members of the Catholic wing, although supporting the aims of a healthy regional consciousness. A clue to the Protestant line of action is presented by Air General Ambruš (he escaped from Slovakia at the beginning of the War and served with the R.A.F.) who has been condemning the anti-Czechoslovak standpoint of some sections of the Slovak Catholic press in America. At the same time, and in order to appease Czech apprehensions, a Štefánik Week of Czech-Slovak Brotherhood—from the 26th April to the 4th May—has been inaugurated by the Czech-Slovak Society of which Dr. Lettrich is Chairman. The choice of Štefánik to illustrate the bonds uniting the two "peoples" is particularly happy and significant. (Milán Štefánik, the Slovak airman who rose to be a general and who was so tragically killed in 1919 in an aeroplane disaster, was the Slovak member (along with President Masaryk and Dr. Beneš) of that famous "triumvirate" which did so much to secure the foundations of the first Czechoslovak Republic.

(See also under "Yugoslavia.")

POLAND

As announced by Sir Stafford Cripps, agreement in principle has been reached on the conclusion of an Anglo-Polish trade agreement, which is to operate for a period of three years. Poland would export to the United Kingdom goods to the value of £23,000,000, of which foodstuffs would form an important part. Imports from the United Kingdom would amount to £35,000,000, and would consist chiefly of machinery and raw materials such as wool, rubber, tin and graphite. The disposal of the £12,000,000 is connected with the ratification of the Financial Agreement of 1946 (see *Summary* No. 342), on which the Poles had strongly insisted. With reference to this question and to other aspects of Anglo-Polish affairs, the Foreign Secretary made a statement in an oral answer in the House of Commons on the 5th May. After mentioning his conversations with the Polish Prime Minister and Foreign Minister, held at Warsaw on the return journey from Moscow, he continued: "We had a useful and friendly conversation in which we discussed many matters of current interest to our two Governments, I expressed in the House on the 30th April my conviction that it is the duty of all Poles who feel able to do so, to return to Poland to aid in the reconstruction of their country. We shall, of course, continue to do our best for those who cannot return and who decide to stay here, but I am more than ever convinced, from my conversation with the Polish Prime Minister, that Poland has great need of Poles who are able to go back and that the Polish Government genuinely wishes to encourage them to return. As a result of this conversation I decided to recommend to H.M. Government the ratification of the Anglo-Polish Financial Agreement and I am glad to inform the House that His Majesty's Government have now decided that this agreement shall be ratified. This will, incidentally, facilitate a resumption of trade between Great Britain and Poland."

The prospect of an Anglo-Polish trade pact has been well received by the Polish Communist paper *Glos Ludu*, which said that it would be welcomed by the Polish people, always anxious to have the widest possible trade relations with the Western countries. "In trade policy," continued the writer, "we are not pursuing an Eastern or a Western policy. We should like to have normal trade relations both with the East and the West, based on mutual services and offering mutual advantage."

SOVIET UNION

The May Day slogans put out by the Central Committee of the Communist Party follow closely the familiar lines, though with somewhat increased emphasis on the appeal to the toilers of all lands and the call for the unmasking of the aggressive plans of the imperialists. An interesting new slogan was the fourth, which insisted that there could be no democracy without a fight against fascism. This text was elaborated in a long comment by Dr. Lemin, who attacked Anglo-Saxon foreign policy in the usual way, claiming, however, that the working people of Great Britain were opposed to it, and that there was a large, though insufficiently organised, Opposition movement in the U.S.A. The occasion was fully exploited for paying the now conventionally bombastic tributes to Soviet arms, attacking imperialism and disparaging foreign assistance in the war. "The U.S.S.R. does not want foreign help" was the theme of a highly tendentious broadcast talk by the well-known writer, Vsevolod Vishnevsky. Vishnevsky surveyed the machinations of foreign capital and intervention in pre-Soviet Russia and the Russian people's success throughout history in throwing foreigners out of their country and building up "their towns and fortresses" without foreign aid. On the latter point Vishnevsky is as glibly forgetful of the Italian and other foreign architects who were largely responsible for the Kremlin, and famous buildings in other Russian cities, as he is of the Lend–Lease supplies which reinforced Soviet manpower in the second World War. In view of the volume of these supplies and the dearth of consumer goods among the Soviet population during the war, M. Vishnevsky's claim that the Soviet Union "succeeded in ensuring all supplies necessary for the army and civil population" is easily exploded.

The Soviet Government have issued a vigorous protest against the transfer of displaced persons, mainly Ukrainians and Lithuanians, from the British and American zones of Germany to work in Belgian coal mines. *Pravda's* Paris correspondent claimed that a special agreement with the Belgian Government provided for the despatch of 20,000 persons from the Amerizan zone and 15,000 from the British, that such an agreement was unlawful and that such persons were subject to unconditional return to their motherland. The British reply stated categorically that His Majesty's Government had no obligation to interfere with the voluntary movement of the nationals of another country outside the borders of that country, even when the national status of the persons concerned was beyond dispute. The argument applied even more forcibly in the case of citizens of the former Baltic States, whose incorporation in the U.S.S.R. *de jure* had not been recognised by His Majesty's Government. The proposed transfer of some 8,000 Ukrainians from Italy has also come under fire from the U.S.S.R., and a number of general articles have appeared in the Soviet press claiming that the proposed despatch of displaced persons overseas is merely an Anglo-American scheme to get cheap labour and to have "dark elements" ready for any adventure.

The Russian press has reported the arrival in Moscow on the 29th April of an Hungarian Trade Delegation led by the Minister of Commerce, Sandor Ronai. This Delegation follows close on the heels of the other Balkan trade missions to Moscow from Yugoslavia and Bulgaria (see *Summaries* 341 and 38).

The views on national sovereignty now current in the Soviet Union suggest that Soviet political thought has moved far from the theories of international government popular in the days of Lenin. These Soviet conceptions of national sovereignty were recently propounded by Professor Korovin in a lecture in the Academy of Social Sciences attached to the Central Party Committee and are worth attention in view of their direct bearing on the Soviet attitude to various schemes of international control under the United Nations. In the first place, atomic energy, all involving some relinquishment of sovereignty. Korovin defended the principle of sovereignty and maintained that the whole course of Soviet diplomacy was directed towards safeguarding the sovereign rights of nations (with a bland disregard of recent Soviet interventions in Eastern Europe). "Sovereignty in its Soviet conception," said Korovin, "is a weapon in the struggle of the progressive democratic forces against the forces of reaction and imperialism."

It is interesting to note that in the years 1940–1946 (according to *Pravda*), membership of the various Societies for Cultural

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Relations with the Soviet Union and "Friends of the U.S.S.R." increased tenfold. These societies used to be mainly representative of the pro-Soviet intelligentsia and were located as a rule only in capital cities. In many countries they have now spread to the provinces with branches in smaller towns. Thus the Franco-Soviet Association, which was a comparatively small body before the war, now numbers 160,000 members. The Bulgaro-Soviet Society numbers over half a million members, the Czechoslovak Union of Friends of the U.S.S.R. about 300,000 members, the Finland-U.S.S.R. society 170,000 members and 700 local organisations. These societies with their fellow-traveller membership, and hard core of Communist direction form a most valuable network of propaganda agencies for the Soviet Union abroad. The information distributed by them is most carefully sifted and distorted so as to present a glowing picture of Soviet life and Soviet achievement. The political importance of these *soi-disant* cultural societies, is shown in the recent visit of a Delegation of the Albanian Society for Cultural Relations with the U.S.S.R. to Moscow, where it was received by M. Polyansky, Chairman of the Council for Religious Affairs of the U.S.S.R.—this being the first occasion on which a Cultural Delegation has been received by this official. M. Polyansky availed himself of the opportunity to describe the position of the various religions other than Orthodox inside the Soviet Union, laying special stress on the favourable conditions enjoyed by the Moslems, whose status would naturally be of primary interest to his audience.

Most of the societies publish regular bulletins, attractively illustrated, which, no doubt carry considerable weight among uninstructed readers. No equivalent "cultural"—but in fact quasi political—organisation working on similar lines in the interests of a foreign Power, it should be pointed out, would be tolerated by the Soviet authorities.

The post-war campaign for the ideological instruction of the Soviet peoples is now to be reinforced by the establishment of a new All-Union Society for the Dissemination of Political and Scientific Knowledge. The Society has been launched by an imposing group of sponsors consisting of Academicians, including the Presidents of the All-Union and various Republican Academies of Sciences, the Rectors of many higher schools of learning, representative professors, the writer Simonov and such important Government officials as S. V. Kaftanov, Minister for Higher Education in the U.S.S.R., and M. B. Khrapchenko, Chairman of the Arts Committee attached to the U.S.S.R. Council of Ministers. The object of the Society is to organise the "widespread propagation of scientific and political knowledge by lectures which will reveal the advantages of the Soviet public and State system over capitalism," the successes of the economic development of the U.S.S.R., and the achievements of Soviet science, literature and the arts as well as the problems confronting Soviet people. A determined drive is thus to be made, apparently, to eradicate the defects of the "political education" of the Soviet peoples, the inadequacy of which has been very frequently attacked in Party journals and meetings since the end of the War.

The Council of Ministers of the U.S.S.R. has decided to revive the activities of the Committee for Invention and Discoveries attached to the Council of Ministers. The object of this Committee, it is officially claimed is to improve the direction of inventions and discoveries in the U.S.S.R., to render assistance to inventors, to utilise new discoveries as rapidly as possible and to protect the interests of the State in this field. Engineer A. I. Mikhailov has been appointed the new Chairman of the Committee which, *inter alia,* will no doubt with close attention follow developments in nuclear physical research.

SCANDINAVIA

Denmark

M. Christmas Moeller, has startled both his friends and his enemies by resigning from the leadership of the Party's parliamentary group. He took this step, according to *Social-Demokraten*, at the suggestion of the Chairman of the Conservative Party organisation in his constituency. On the 20th April he called a meeting and requested that his own position as Chairman of the party should be placed under debate. At the meeting he explained that he had received letters accusing him of being the main cause of the recent Conservative losses in the elections to the Upper House. He had also been rebuked for fraternising with the Communists, and his attitude to the South Schleswig problem, his statement that the agricultural boom could not last, and his conclusion of the Trade Agreement with Great Britain had likewise been criticised. M. Moeller stated that he could see no political faults in his conduct but felt personally that one of the main causes of his

party's election defeat had been his own attitude to the South Schleswig question. He had, however, been completely loyal to his party in this matter. As for the accusation of having "fraternised" with the Communists, M. Moeller did not deny this, but emphasised that he had not forgotten the Communist participation in the starting of the resistance movement and did not think it an error to show confidence in them and let their acts speak for themselves. He believed that *he* had the right idea of the measures to be taken to contribute to the international peace and reconstruction of Europe. But he had expected less party politics and more collaboration after the liberation. At the same time he also emphasised that his political experiences had convinced him that Danish politics required a Centre Party, as the Venstre was a farmers' party and the Social-Democrats represented the workers. He would continue to serve as a "private" member of the Lower House. At the conclusion of M. Christmas Moeller's statement, M. Poul Møller, Chairman of the Conservative Youth Organisation, (M. Moeller's bitterest opponents within the party) requested him to retain the Chairmanship, but M. Christmas Moeller declared his decision to be final and also opposed the suggestion that a vote of confidence in him should be passed. M. Ole Bjørn Kraft, the Party leader in the South Schleswig question, will succeed M. Christmas Moeller.

Press reactions to M. Christmas Moeller's resignation are very interesting, although comments are still handicapped by the printers' strike in Copenhagen. Some conservative organs in the country regret his decision, as for instance *Jydske Tidende*, which states that many people will feel that the cause of Conservatism and Danish politics as a whole can ill afford to do without him. An article on the subject in *Information*, the Resistance Movement paper, is a curious mixture of praise and censure which probably comes nearest to the truth. M. Moeller had "awakened the displeasure of the middle classes by too many references to the sins of the occupation years and by excusing too much the public scapegoats." Undoubtedly the lack of success of the Conservative party since the liberation was due to him. Moreover, it was regrettable that M. Moeller had failed both his party and the country on the South Schleswig problem. He alone could have formulated a dignified reply to the British Government's ultimatum. When he complained that he had not expected, and was disappointed in, the post-war atmosphere of Danish politics, he overlooked his own share in this development. He had had authority and force in both camps—in the *Rigsdag* and in the Freedom Movement—and it might have been better if instead of rejoining the Conservative Party he had held himself in reserve and become a spokesman for Resistance ideas. *Information* concluded, however, with a most generous tribute to the great services that M. Moeller had performed for his country and expressed the hope that he might resume the activities which he had pursued in Great Britain of "creating friends for Denmark whose loyal spokesman he was in the most fateful period of her history."

The agreement covering the despatch of a Danish military contingent to the British zone of Germany was signed on the 23rd April. The despatch of the troops had to be postponed, however, until early in May owing to the death of King Christian X. (See *Summary* No. 385.)

Sweden

It is reported that the Swedish Trade Union Congress has appointed its treasurer, M. Axel Strand, to be the successor to M. August Lindberg, who retires on pension. M. Strand was the only candidate for the post and was elected by acclamation.

According to *Dagens Nyheter* of the 18th of April the Communists have succeeded in retaining the leadership in the Stockholm Metalworkers' Union, although by a very slender margin only, 8,487 to 8,025 against. About 52 per cent. of the members registered their vote which is a record. At the last election in 1946, the Communist beat their opponents by more than 3,000 votes as against 462 this year.

Finland

After nearly three weeks of fruitless negotiations the Finnish Government crisis remains unsolved. The first of the President's nominees, M. Sakari Tuomioja, Governor of the Bank of Finland, had to admit failure after the Folk Democrats had declared their refusal to participate in a Government headed by a member of the Progressive Party. Their own candidate, M. Leino, Communist Minister of the Interior, thereupon tried his hand at Cabinet making, but was unable to secure the support of Agrarians and Social Democrats. The third would-be Prime Minister, M. Eino Pekkala, who served as Minister of Justice in the outgoing Government presided over by his brother, was likewise

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refused the support of the Social Democrats.

The situation would, therefore, now appear to have reached a complete deadlock, with the Folk Democrats determined not to see their influence in the Government diminished by as much as a single portfolio, and the Agrarians and Social Democrats equally resolved on a redistribution of administrative power more in keeping with parliamentary representation.

In the meantime the Folk Democrats, with the Communists in the van, have organised huge demonstrations in various towns throughout the country, the intention of which can only be to bring pressure to bear upon the President and the Diet. At the same time the Finnish Communist press has been playing the ace of trumps—the trust of the Soviet Union—for all its worth, ably seconded by such commentators as Ilyinski writing in *Izvestiya*. These activities, fortunately, have not met with much success and have been condemned by the rest of the country as undemocratic and reminiscent of the days of the Lappua Movement.

The President of the Republic has authorised the ratification of the Peace Treaty, and the instruments of ratification have apparently already reached Moscow, though they have as yet not been deposited.

THE LOW COUNTRIES

The Netherlands

The Dutch Prime Minister, Dr. Beel, and the Minister of Overseas Territories. M. Jonkman, began their journey to the N.E.I. on the 3rd May [see *Summary* No. 389, 23rd April]. Their visit is expected to last about three weeks. They were accompanied by Dr. H. M. Hirschfeld, Economic Adviser to the Dutch Foreign Office, and M. H. Albarda, Managing Director of the Netherlands Trading Company. Two other members of the party—Lieut.-Col. P. T. Six, of the Prime Minister's "Cabinet," and Dr. H. J. Fredericy, Head of the Constitutional Reform Department in M. Jonkman's Ministry—left the previous day. At a press conference on the eve of his departure, M. Jonkman explained the reasons for the visit. "In the first place," he said, "we want to acquaint ourselves with conditions in the N.E.I. Secondly, we intend to advise the Lieut.-Governor-General [Dr. van Mook] and the Commission-General about the political situation in the Netherlands. Thirdly, we want to discuss the methods of implementing the wishes and measures expressed and decided upon at the Malino Conference, and also the implementing of the Linggadjati Agreement. Fourthly, there will also be discussions to decide what persons are, in the present circumstances, the most suitable to occupy the highest posts." No changes among the senior administrative officials in the N.E.I. Government could be expected until the Prime Minister and he returned home. One of the first points which would come up for discussion was the problem of Dutch nationals still interned by the Republicans in the interior of Java. M. Jonkman added that Dr. Hirschfeld and M. Albarda had been asked to accompany the party in order to deal with economic and financial problems which required immediate attention.

Belgium

Severe economies in labour were announced by M. van Acker, Minister of Communications in the new Belgian Cabinet, when he presented his Department's estimates to the Chamber on the 30th April. He began by stating that the deficit on Belgian railways, telegraphs, telephones, radio and tramways were due to low tariffs. Since these could not be increased without adversely affecting the country's economy, the solution was "a cut in expenses." Accordingly, he proposed to abolish railway subsidies as soon as possible, to reduce the number of railwaymen, by 7,000, and drastically to curtail work on the system, with the exception of electrification schemes. He went on to attribute the increase of Post Office workers to "abuse of sick-leave facilities"; and he therefore proposed a reduction of their number by 5 per cent. by the end of this year. In the field of air transport, it was essential that the country keep abreast of developments: this implied "considerable, but necessary expenditure." Money would likewise have to be found for the reconstruction of the Belgian Mercantile Marine, which he promised would be accelerated; and it would also be necessary to ask for credits for a Belgian Navy. The standard of Belgian broadcasting, said M. van Acker, had suffered through "cuts in expenditure"; and he proposed to restore that standard by reducing "administrative expenses." Staff would be cut by 20 per cent. He would ask for a grant of 125 million francs for the radio system: he estimated that receipts would be about 117 million francs—a figure which took into account his proposal to raise the cost of a radio licence to 144 francs.

M. van Acker added that heavier penalties would be imposed on those who failed to take out licences.

FRANCE

Before the new session of Parliament opened on the 29th April it was generally expected that a Government crisis would occur as a result of the disagreement between the Communists and their colleagues in the Cabinet over policy in Madagascar. The debate on this question was postponed, however, and the expected crisis developed over a new problem caused by the strike of workers at the Renault factory in Paris. The strike, which began on the 25th April, was unauthorised, and in spite of C.G.T. appeals that the men should return to work it continued and spread. They were encouraged by various elements, Socialists, Catholics and Trotskyists, who all wished to make difficulties for the Communist trade union leaders. As a result the Communists decided that they could not afford to oppose the strike and on the eve of the May Day demonstrations the C.G.T., reversing its attitude, tried to regain control of the Renault men by supporting the substance of their demands for higher wages. At the Cabinet meeting on the 1st May the Communist Ministers withdrew their support of the Government policy of wage-stabilisation, and M. Ramadier, in consultation with M. Vincent Auriol, who arrived home from Africa the same day, decided to put the matter to the Assembly as a question of confidence.

The issue between the Prime Minister and the Communists was more clear-cut than it had been over Indo-China in March, since the policy of price- and wage-stabilisation, inherited from the Blum Government, had been made a major plank in the programme of the Ramadier Government when it was formed in January. All parties had agreed that wages should remain fixed until July in order to give the policy of price reductions a chance to prove itself successful. Prices did in fact show an encouraging fall in March and retail prices in Paris were 836 against 858 in February and 856 in January, while wholesale prices dropped even more. The general wholesale food index stood at 945 in March, as against 1,007 in February, 978 in January and 946 in December. Unfortunately this encouraging picture has been marred recently by the bread shortage (see last week's *Summary*) and the Government's inability to control the meat market, while the official wages policy is naturally unpopular. The Communists have hitherto supported this policy, but it is now clear that they will not allow themselves to be outbid on their left and risk losing control of the workers. Meanwhile, the Renault strike continues and is spreading to other works.

The vote of confidence was put on the 4th May after M. Ramadier had reaffirmed the necessity of his economic policy and pointed out that the country could not afford a repetition of last year's experience when the general 25 per cent. increase in wages was followed by an even greater rise in prices. M. Duclos, speaking for the Communists, said that while his party could not vote for M. Ramadier's policy, it did not wish to leave the Government and would continue to regard itself as a party ready for governmental responsibility. When the vote was taken 360 deputies voted for M. Ramadier, the 186 Communist deputies and Ministers voted against him, and about 62 deputies, including all those of the *Parti Républicain de la Liberté*, abstained.

The Communist Ministers did not then resign, and M. Ramadier was faced with the choice of resigning himself or of decreeing their resignation, since it was clearly impossible for him to accept a compromise. The M.R.P., whose national council, meeting on the 27th–28th April, had shown marked appreciation of M. Ramadier's personal qualities, now urged that the Constitution did not allow him to resign while he still enjoyed the confidence of the majority of the Assembly. In fact, the new system whereby the Prime Minister is personally invested by a vote of the Assembly before he chooses his Ministers, gives him a strength not enjoyed by the Prime Ministers of the Third Republic. M. Ramadier's position is also strengthened by the support given him by the President of the Republic, and it was possibly this support which enabled him to persuade the Socialist party executive that he should not resign. He therefore revoked the decrees appointing the Communist Ministers who are Deputies, and the remaining Communist, M. Marrane (who is a member of the Council of the Upper House) himself resigned. The decision that the Socialist-led Government should remain in power without the Communists had still, however, to be confirmed by the National Council of the Socialist Party which decided last December that the Party could only be represented in a Government if the Communists were also members of it. After long discussion and

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by only a small majority the National Council approved the continuance in the office of M. Ramadier's Government. This decision represents a momentous change in Socialist policy and a personal triumph for M. Blum. For the first time there will be in existence a moderate Left coalition. The exclusion of the Communists will not, however, remove all causes of friction within the Government since the Socialists and M.R.P. are divided on questions of foreign policy while the *Rassemblement des Gauches* is highly critical of the Socialist policy of economic controls. Moreover, it remains to be seen how the Communists will use their power over the C.G.T., now that they are outside the Government.

General de Gaulle's movement now claims 811,000 members. On the 29th April the General presided over the first meeting of regional delegates of the R.P.F. He said that members of all parties would be welcomed in the movement. The M.R.P. have, however, decided that their members may belong neither to the R.P.F. nor to the Communist-sponsored "Republican Vigilance Committees" which oppose it. The *Rassemblement des Gauches* in a statement issued on the 26th April condemned all attempts to divide the country into two *blocs*; one of its departmental federations has, however, authorised its members to join the R.P.F. in an individual capacity.

Following a report that industries in the British Zone of Germany, including the Ruhr coal mines, were to be transferred to German management on the 1st May, a protest was made to H.M. Government by M. Massigli. He was informed that no such decision had been taken and that the French Government have been kept fully informed of the progress of discussions on giving increased executive power to Germans in the British zone.

SWITZERLAND

If one is to judge by recent official pronouncements and articles in the press, the Swiss authorities are beginning to grow restive over the deadlock reached between Switzerland and the United States on the rate of exchange for the franc and the Reichsmark; for until agreement is reached on that point, the liquidation of German assets, as set out in the Washington Agreement of the 21st May, 1946, cannot be carried out. On the 20th March, M. Petitpierre, head of the Political Department, told the National Council that the delay could not be charged against Switzerland. It has further been emphasised in official circles that, contrary to the general impression abroad, the delay has been by no means advantageous to Switzerland—for the German assets in question, which have been blocked for two years, include, besides jewellery, specie and money, a considerable amount of property which is subject to depreciation of value. The Federal Council has therefore decided to realize the value of all such articles at once by public sale, the proceeds being paid into fixed accounts in the owners' names.

Yet another statement has been issued by the Federal Council concerning the dangers of inflation, coupled with an appeal to the Swiss people to assist in maintaining the purchasing power of the franc by means of the stabilization of prices. The danger of expecting the present commercial and industrial "boom" to last was again emphasised, and manufacturers and heads of business organisations were urged not to expand their productive capacity unduly on the strength of present conditions, which the Authorities have always regarded as temporary and abnormal. A special point was made with regard to the building industry in which the rise in the cost of labour and materials is especially marked, already requiring the assistance of subsidies. All unnecessary building was therefore strongly deprecated. The dangers of the rise in prices continuing, with a possible devaluation of the franc, were such that no section of the community could afford to ignore them.

The Swiss-Norwegian Payments Agreement of the 1st March, 1946, originally for one year, has been extended until the 30th June, 1947.

SOUTH-EASTERN EUROPE

Hungary

Because of the heavy costs of occupation, the Hungarian Government regard the speedy ratification of the Peace Treaty as an urgent matter. Although the U.K. and Soviet Russia agree that the ex-enemy states should be required to deposit their ratifications first, His Majesty's Government would have been willing to ratify by the 1st May, and the Soviet Government by the 15th May. The U.S. Constitution, however, demands a two-thirds majority vote of approval from the Senate, and until this has been obtained the Four Powers will be unable to announce a date for joint ratification. Unlike the U.K. and the U.S.S.R., the U.S.A. do not hold the view that prior ratification by the satellite countries is necessary.

The announcement of an Hungarian-Roumanian Air Agreement has been followed by reports that Hungary is negotiating along similar lines with Czechoslovakia and Switzerland, and that France and Sweden come next on the list. As a result of General Sviridov's statement that the matter did not concern the Allied Control Commission the U.S. Government have decided to begin active negotiations with Hungary. They argue that if such agreements are to be concluded before the Peace Treaty comes into force they must be placed on a non-discriminatory basis.

The sentences passed on the first group of conspirators are awaiting confirmation by the N.O.T. (the Supreme Council of Appeal of the People's Courts), which includes a representative of the Bourgeois Democrats in addition to one from each of the four Coalition Parties. The trial of those accused of sheltering the conspirators is now in progress.

M. Szakasits has once more proclaimed that the Smallholders are failing to honour the inter-Party agreement and threatened them with the prospect of an early election, but there are no substantial reasons to suggest that the Left wish to force the issue at present. What will happen if M. Nagy takes a firm stand is another question. The Premier is determined to retain his position until after the departure of the Red Army, and to resist all further demands when the purge which he himself believes necessary has been effected. Such a purge would not mean a numerical weakening of his Party since the places of the ejected deputies would be filled by other Smallholders. M. Gyöngyösi appears to have changed his attitude to M. Nagy, to whom, on the latter's own showing, he is now giving unreserved support.

According to the newspaper *Kossuth Népe*, a split has occurred in the Freedom Party, the new group, which is alleged to have no ideological differences with the Government, being led by M. Parragi. Other sources assert that though not all the members of the Party regard the present constitution as legal, the matter plays a relatively unimportant part in their programme. The same reports state that in the event of an election the Freedom Party would have sufficient candidates to cover every constituency and that they would be able to count on a fair measure of Smallholder support. The Party, however, is financially weak and still imperfectly organized in the country districts.

The left-wing press has devoted much attention to the unified Three Years' Plan agreed on by the Workers' Parties. The Plan provides alternative programmes according to whether the work of reconstruction is undertaken with or without foreign aid. It is estimated that production will reach 78 per cent., 95 per cent. and 113 per cent. of the 1938 level by the end of the first, second and third year respectively, and that the workers' pre-war standard of living will be raised by 15 per cent. The national income for the three years is reckoned at 60 milliard forints, 4,300 million of which would be earmarked for reparations. The Smallholders criticise the Plan as devoting insufficient attention to agricultural investments, and maintain that private enterprise should have wider scope.

The Orthodox Church in Hungary, which has acknowledged the supremacy of the Moscow Patriarchate, is shortly to send a delegation to Moscow, when Fr. Varju will be ordained as Bishop. Fr. Varju, who is reported to be able if unprincipled, was formerly a Catholic priest. He appears to have changed his religion in the hope of becoming the head of the Hungarian branch on the establishment of the Orthodox Church in Hungary.

Only 20,000 of the 250,000 Hungarian prisoners-of-war in the Soviet Union, it is alleged, have been allowed to return home.

Yugoslavia

The Yugoslav Government's dislike of the British and American treatment of the refugee problem was expressed in public by the Vice-Minister for Foreign Affairs, M. Bebler, at a Press Conference on the 26th April. He declared that, if there were no change of policy soon, "decisive diplomatic steps" would be necessary, and hinted at an approach to the United Nations. He spoke of the high hopes raised by the news of the formation of the Maclean Mission, and of the subsequent disillusionment in Yugoslavia, and he made it clear that the much-discussed visit of Brigadier Maclean to Belgrade was now overdue. He announced that the Yugoslav Government held the names of the *četniks* responsible for the death of Viktor Glumčić (the ill-fated consul at Naples—see *Summaries* Nos. 378, 379 380), and that they were about to approach the British authorities with regard to reopening investigations.

M. Bebler claimed that the *četniks* had known in advance of the plan for transfer to Germany and that they regarded it as a guarantee of the future safety of their persons and of their organisations. There

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is some truth in this last allegation. But, in effect, the *četniks* are not being sent to existing Yugoslav camps in Germany. The officers are being segregated from the men, and if necessary placed under guard. Brigadier Maclean is of the opinion that many *četniks*, if they find themselves in less comfortable conditions than at Eboli and with plenty of work, may volunteer for repatriation. A number of them have certainly remained abroad in the hopes of being able to emigrate to some pleasant clime, rather from any particular aversion for conditions in their home country. It seems fairly clear that the rank-and-file of repatriates returning at present meet with no untoward fate, provided that they are content to belong to the "people's masses" and do as they are told.

For their leaders the position is different. Many of them are liable to be, or have already been, cited as traitors by the Yugoslav Government. There is now a divergence in the views of His Majesty's Government and the U.S. Government on the question of these "war criminals." The State Department have claimed that five Yugoslavs were recently handed over without its consent, although it was understood by the Foreign Office that the men in question belonged to the category of those automatically to be handed over. The U.S. Government, however, are subject to considerable pressure from the influential Catholic and Yugoslav emigrant groups in America and feel no longer in a position to agree to the wholesale surrender of even proved members of the Ustaši.

Marshal Tito's speech to the National Assembly on the Five-Year Plan contained a vigorous denunciation of the "foreign capitalists" who before the war had exploited the natural wealth of Yugoslavia. The Yugoslav Government, however, have agreed to open negotiations for the settlement of the question of British property on the 1st June.

In an interview with an American broadcaster, Mr. Steele, the Marshal expressed his doubts about any "favourable" solution of the Carinthian question, if it were referred to the United Nations. He said that he hoped to establish a customs' union and close economic co-operation with Bulgaria on the pattern of existing relations with Albania (which is politically little more independent than one of the Yugoslav Republics).

A Cultural Convention has been signed with Czechoslovakia and the possibility of repatriating the Czech and Slovak minorities in Yugoslavia is being discussed in Belgrade.

The Yugoslav Government have complained of the passage through Yugoslav territorial waters on recent occasions of British and American ships. They seem to regard territorial waters as extending six miles or more from the coast, and refer to innocent passage as "an incursion."

Greece

This year, for the first time, May Day in Greece was not observed as a public holiday. During the last week of April there were numerous discussions about plans for the occasion, and the Communists proposed that there should be joint labour celebrations as in previous years. M. Pazantzis, the General Secretary of the Greek Workers' Confederation, however, refused to collaborate and declared that he would call for doubled production instead of the customary stoppage of work. On the 29th, in a broadcast speech, he called on the men to "work on May Day to show their determination to reconstruct the country and annihilate Communists bands." In view of this conflict of opinion the Government announced that the workers were free to decide whether they would work (in which case they would receive overtime pay) or whether they would celebrate May Day by abstaining from work. Meanwhile the police forbade all public meetings in the Athens area on the 30th April and the 1st May on the grounds that labour circles were not in agreement on the manner in which May Day should be celebrated and that, since the slogans issued by the one side were purely political, disputes might arise and disturbances take place. In fact no disturbances occurred on May Day, and between 90 per cent. and 95 per cent. of the workers worked throughout the day, in defiance of the Communists' call to strike.

The Greek Army's drive against the bandits has continued. The operation in the South Pindus is now completed except for the mopping-up of isolated groups. Casualties among the bandits are reported as 385 killed, 35 wounded, 224 captured and 81 surrendered. Greek Army casualties in the same area are said to number about fifty. The gendarmerie are reoccupying the posts they were previously forced to abandon.

It is suspected that a number of bandits who have escaped from the Pindus are joining those near Lamia where a concentration of some 1,600 bandits now constitute a potential threat to communications between Athens and the army fighting in the North. To deal with this menace, the Greek Army have launched an offensive

in the Othrys Mountains but bandit casualties are said to have been slight.

There has been a serious recrudescence of lawlessness, especially in the Florina area where a band "700 strong" attacked Nymphaion, and in Central Macedonia. Chalcidice, Serres and other districts are affected but the most serious trouble is reported from Evros (Alexandroupolis). A deputy from there telegraphs that the "countryside is being abandoned, villages burnt, inhabitants murdered and survivors flocking into the towns."

The United Nations Enquiry Commission continue to draft their report and to make plans for the despatch to Greece of the rearguard section. The Yugoslav and Albanian liaison officers have contested the competence of the Commission to institute any subsidiary enquiry and have announced that they will take no part in it and that their respective countries will give it no facilities. The Commission have decided to refer the whole matter to the Security Council.

Albania

Fresh from the discussions before the Security Council, M. Hysni Kapo made a bitter attack on Great Britain as soon as he arrived back at Tirana last week. Speaking to some Communist newspapermen he went so far as to say that the British charges were "based on false documents," that the oppression of small nations was "the traditional policy of British imperialism," and that our object was not to strike at Albania only, but at all her friends and supporters too. When asked by an eager press correspondent if he would amplify the first point about the "false documents," M. Kapo became somewhat incoherent.

An Albanian Institute of Studies—quite a new development—was opened at Tirana on the 28th April by the Minister of Justice, Dr. Manol Konomi, who made a speech about the education policy to be pursued by the Hoxha Government. The schools, he said, were to be entirely secularised, elementary education would henceforth be compulsory for all, and a campaign was to be launched against the prevalent illiteracy. A training-centre for school-teachers was to be started at Tirana, and night schools would gradually be opened for peasants and workmen.

(See also under "Greece.")

Bulgaria

On the 2nd May the British Political Representative called to see the Bulgarian Foreign Minister on the subject of treaty ratification procedure. He found that—influenced, no doubt, from the usual quarter—the Bulgarian Government are strongly disinclined to ratify in advance of the Great Powers. M. Georgiev said that once the latter had ratified he undertook that there would be no delay on Bulgaria's part; but further than that he would not at present care to go. (This is interesting because only on the 21st April M. Molotov was contending that the treaties will not properly come into force until the ex-enemy satellites have ratified, as well as the Great Powers, and that "this naturally may result in a delay in the withdrawal of the Allied troops.") Mr. Sterndale Bennett took advantage of this opportunity to remind M. Georgiev of the terms of His Majesty's Government's note of the 11th February, with its specific reference to Article 2 of the peace treaty (guaranteeing to all Bulgarian citizens the "fundamental freedoms"), and to tell him that he was very much disturbed at the suppression, for a month, of both the surviving Opposition newspapers for the second time since his arrival in Bulgaria on the 16th March. M. Georgiev tried feebly to make out that, at any rate in the case of one of the papers, the reason for its suppression was its (allegedly) unhelpful attitude over food distribution at a critical time. It is believed, however, that the real reason is much more likely to be the ruling Communists' determination to prevent the ungarbled text of Mr. Marshall's candid speech on the results of the Moscow Conference from being published.

A few days earlier our Mission, along with others, was informed by M. Stefanov, the Finance Minister, that the Bulgarian Cabinet had "decided"—unilaterally—to fix for its use the following (very low and unfair) diplomatic exchange rates: for dollars 450 leva, for pounds sterling 1,810 leva, for Swiss francs 105 and for Swedish crowns 128. Feeling that, all considerations of correct procedure apart, such arbitrary proposals would make Sofia almost more expensive for them to live in than Washington, other heads of Missions besides our own hastened to record their surprise and dissatisfaction, whereupon M. Georgiev remarked to Mr. Sterndale Bennett that, even if only to avoid prejudicing the parallel question of commercial exchange rates, he personally thought it was not likely that any "decision" of the kind would at present be published. It was put to him that this was obviously a matter which required full discussion first.

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The Bulgarian Prime Minister on the 28th April thought it worth while in a broadcast statement to deny completely an Associated Press report from Athens which had declared that there was in existence a *soi-disant* "Supreme Balkan Administrative Council" presided over by himself. According to the Sofia wireless, M. Dimitrov said that this was "a base slander" emanating from "the present rulers of Greece." No meetings, so he averred, had taken place between himself and "other persons [*sic*], either at Prague or elsewhere." (A rumour, never confirmed, was in circulation a little under a year ago to the effect that Dimitrov, Tito and Zachariades had met for an important all-night discussion somewhere on the Yugoslav-Bulgarian frontier at about that time, shortly after a mysterious visit paid by Zachariades to Prague. (See also under "Yugoslavia.")

Answering a Parliamentary Question on the 5th May about the continued imprisonment of General Stanchev, former Commander of the 2nd Bulgarian Army, Mr. McNeil stated that according to the Bulgarian authorities the General is in preventive custody in connexion with the discovery last year of an army conspiracy, and he has not hitherto appeared before any court because investigation of the case has not been completed. But, believing that this distinguished officer has now been in prison for many months and being not at all satisfied that he is being well treated, His Majesty's Government will continue to watch the situation carefully, and should there appear at the appropriate time to be any breach of the terms of the peace treaty they will take consequent action. (See *Summaries* Nos. 357 and 381.)

Turkey

As part of a Mediterranean cruise which the United States Navy announced last month, the cruiser Dayton, the aircraft-carrier Leyte and two destroyers anchored at Istanbul for a few days' visit on the 2nd May. To mark their appreciation of benefits expected from Congress shortly, the Turkish authorities provided the most generous hospitality. They have also been concerned to dispose of the accusation made by American journalists that Turkey is one of twenty-four countries where the press is muzzled. The Deputy Prime Minister insisted, in a published statement, that foreign correspondents were completely free, and he explained that the recent suspension of two Opposition papers was due to their having questioned the legality of the Grand National Assembly. In theory, at any rate, all this is true, but M. Mumtaz Okmen was surely being disingenuous when he proceeded to imply that the counting at parliamentary polls—of which the Opposition complain bitterly—was fair.

The Turkish Government are giving 300 tons of wheat to the Lord Mayor's Relief Fund.

It seems possible that the revival by *Tass* of the idea of a Great Kurdistan, though presented under the guise of an American scheme (see under "Persia"), may be the prelude to further Soviet agitation for the Eastern vilayets.

THE MIDDLE EAST

Egypt

An article in the *Ahram* of the 30th April speaks of the despatch to Washington of the documents necessary for the presentation of the Egyptian case before the Security Council, and of agreement about the delegation which will present it, although the same article quotes Nokrashy Pasha as saying that no public announcement of their names can be made until the examination of the Palestine problem is completed. Rumours of American intervention to settle the "dispute" continue to circulate. These are without foundation.

In spite of the anti-British campaign which has taken the form of hostile articles in the press and of the acts of violence which have been reported, there is evidence that large numbers of people remain well-disposed and that many, who have lost their employment, sincerely regret the departure of British troops. Unfortunately this cannot be expected to influence the official attitude towards the matter, nor can it be taken as a sign that the mob would refuse to follow the lead of the politicians in anti-British demonstrations or other excesses if they were incited to take part in them. Murmurs against the King and the Government are unlikely to be more than murmurs unless they are backed by a strong political organisation such as the Wafd or the Ikhwan al Muslimin, and there is no indication that either party is moving in this direction from the less dangerous "national" platform.

The Egyptian Red Crescent Society is sending missions to Tunis and to Libya to supervise the distribution of sums collected in Egypt for the relief of hardship caused

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by the recent partial failure of crops in this area. It is probable that the motive is at least as much a political as a humanitarian one, but permission has been given by the French and the British authorities, although the military authorities are satisfied that there is no immediate danger of severe privation.

Palestine

A determined and well-organised attack by a large party of armed Jews was made on Acre prison on the afternoon of the 4th May. The prison wall was breached with explosives, and over two hundred prisoners escaped, the majority of whom were Arabs. There were eight British wounded in the fight which followed the attack, and fifteen Jews and one Arab, a prisoner, were killed.

The Jewish Agency has condemned the attack both because it has resulted in setting criminals at liberty amongst the community, and because some of the Arabs who escaped had been convicted ten years ago of shedding Jewish blood.

There are signs that the Haganah is to become more active in measures against the terrorists. They have visited several young members of the Irgun in their homes during the last few days and given them a severe beating.

Unobtrusive moves for the restoration of Dr. Weizmann to office have recently been made, and it was reported in the press that Mr. Ben Gurion was to discuss the question in New York with other members of the Jewish Agency Executive. He was to have left Jerusalem on the 5th May, but his journey was postponed pending a decision on the participation of the Agency in the discussions of the General Assembly. Now that the question has been settled in their favour (see under "United Nations") it is possible that Dr. Weizmann will also go to New York at an early date.

Persia

The Tehran left-wing newspaper *Shahbaz*, emerging from suppression for a single day, the 15th April, published an article, presumably at Soviet instigation, accusing the United States of fostering a scheme for a Great Kurdistan under cover of which the oilfields of the Caucasus, 'Iraq and Persia would be secured by America. It also alleged that the execution of Qazi Muhammad and his satellites (see *Summary* No. 388) was due to their refusal to co-operate with the Americans. Some significance may lie in the fact that the article was quoted next day by *Tass*, which had presumably arranged for its original publication.

More details are now available of the Prime Minister's compulsory education scheme (see *Summary* No. 384). The provision of free elementary education was envisaged in Article 19 of the Persian Constitution of 1906, but the Primary Education Act was not passed until 1943, and even then no effective measures were taken to implement it, mainly owing to political instability. This February, however, the Government decided to take further action, appointing a committee to study the problem of providing sufficient school accommodation to enable education to be made compulsory. But, as Government funds were not forthcoming, an experiment has been made in the Province of Tehran which has been divided into one hundred districts, in each of which a committee of six trustworthy residents has been appointed to supervise the raising of funds for building the necessary schools. The problem of training the additional teachers required does not appear to have been decided. At present free education is provided for about one-twelfth of all Persian children of elementary-school age, though in Tehran the figure may be as high as three-fifths. Educational reforms figured prominently in the Prime Minister's Seven-Year Plan (see *Summaries* Nos. 387 and 388).

Ethiopia

Various rumours of a crisis have been circulating in Addis Ababa during the last few weeks, one of them being that the Emperor was going to abdicate and enter a monastery. There has been a good deal of smouldering discontent with Ministerial incompetence, and it seems probable that the Emperor is planning some compromise with the Opposition parties which will involve important Ministerial changes.

The question of minor frontier rectification with Kenya and the Sudan has been discussed at intervals during the past four months with the Vice-Minister for Foreign Affairs. Representatives of the two Governments have arrived in Addis Ababa, and preliminary examination of the question should now have started.

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THE FAR EAST

China

On the 23rd April General Chang Chun assumed office as President of the Executive Yuan and at the same ceremony the new Government appointments were confirmed by the recently created State Council. Of the 18 portfolios in what may be termed General Chang Chun's Cabinet no fewer than 13 are filled by members of the Kuomintang of tried political experience. The remaining five portfolios have been distributed as follows:—

Chairman, Mongolian and Tibetan Affairs Commission: Hsü Shih-ying (Independent).
Minister of Communications: Yu Ta-wei (Independent).
Minister of Health: Y. T. Tsur (Independent).
Minister of Economic Affairs: Li Huang (Young China Party).
Minister of Agriculture and Forestry: Tso Shun-sheng (Young China Party).

Of these the first three are all veteran statesmen who have held office under the Kuomintang. Only the two members of the Young China Party, Li Huang and Tso Shun-sheng, who have been appointed to the two important Ministries of Economic Affairs and Agriculture and Forestry, respectively, are newcomers to Cabinet rank. *Li Huang* is a native of Szechuan. He was one of the founders of the Young China Party, of which he is now the recognised leader. As one of the Chinese delegates, he attended the San Francisco Conference in 1945, but does not appear to have held any former office with the Central Government. Nor is it at all certain that he will accept his present appointment. In fact, press reports assert that he is now on his way from Chungking to Nanking for the express purpose of declining the post in person.

Tso Shun-sheng is a native of Hunan. He resigned his position of Secretary-General of the Democratic League in order to become one of the original sponsors of the Young China Party. He is a professor of history and the author of a number of historical works.

Thus, the distribution of the important posts in the Executive Yuan of the reorganised Government indicates that the Kuomintang is determined to remain at the helm. It remains to be seen how far public opinion will allow itself to be convinced that the new appointments properly fulfil the promise of representative Government and individual freedoms.

Whatever their make-up, the reorganised Government scarcely seem to be getting away to a fair start. The financial and economic situation is giving cause for renewed anxiety. On the 29th April, the Government found it necessary to convene a meeting to consider the whole question of price control, but failed to arrive at any immediate decisions, and in the meantime essential commodities are either disappearing altogether from the market, or are displaying an alarming fresh rise in cost of from 20 to 50 *per cent.*; while black market quotations for sterling and U.S. dollars are already in the neighbourhood of double the official rate.

Nor is the situation *vis-à-vis* the Communists encouraging. Although in his inaugural speech on the 23rd April, General Chang Chun expressed his determination to bring about a settlement of the internal state of strife through political means, General Chiang Kai-shek continues to voice confidence in the ability of his forces to crush the Communists before the autumn. Certainly the civil war appears to have flared up again with renewed intensity and, although in Shensi the Communist stronghold of Suiteh is reported to have fallen, Government forces on the whole are making little headway —in fact, if anything, the fighting appears to be going in favour of the Communists. In Shantung Communist forces have recaptured the important railway town of Taian and have succeeded in establishing a corridor westwards to the Yellow River. In north Honan the Government's economic position is further threatened by the possibility that the Communists may gain possession of the mining areas, on which they are concentrating in constant and heavy attacks. Observers report that the morale of the Government troops is beginning to show signs of deterioration, while Communist detachments, on the other hand, still retain their spirits and discipline, even in defeat.

On the 26th April, in response to a request from the Chinese Government, the President of the United States issued an executive order directing the transfer of a number of surplus naval vessels and floating drydocks to China. Details of these vessels are not yet available, but it is understood that the transfer, without charge, of up to 271 surplus naval craft

of less than destroyer class in size, together with material necessary for their operation and maintenance, was authorised by Congress last July. It would appear that General Chiang Kai-shek has never wavered in his faith that, once China had supplied evidence of having broadened her Government, United States financial and material assistance to an even greater extent could be counted on. And it is to the United States that his eyes are turned —to avert the threatened economic crash —in anticipation of the granting of long-term cotton and wheat credits, of a loan in hard cash, and, possibly also, the much-needed replenishment of equipment and ammunition for his American-trained military divisions.

Negotiations between the Chinese Government and the U.S. State Department are expected to take place in Washington shortly with a view to arriving at a settlement concerning lend-lease and unadjusted surplus war property, as well as other war-time financial obligations of the two Governments. The terms of the lend-lease settlement are expected to be liberal and to follow the general principles governing the settlement concluded between the United States and His Majesty's Government in December, 1945.

A year ago China concluded two agreements with the United States Government. One dealt with post-war "pipeline" deliveries of non-military character (see *Summary* No. 360); while the other provided for some payment of military lend-lease aid for a limited period after the 30th June, 1946. But neither of these agreements covered a general settlement of war accounts.

Japan

The new constitution came to life in an atmosphere of sober realism on the 3rd May, 1947. There was a brief ceremony in front of the Imperial Palace, but rain was sufficient to keep away any great concourse of enthusiasts. Those that were present gave a great ovation to the Emperor when he appeared for three minutes and the *Times* correspondent comments that the most striking feature of the celebrations was the evidence of the reverence in which the Emperor is still held. Comment was restrained. The Premier stated that if the constitution permeated the life of the nation, Japan would soon be a happy nation. The press emphasizes the difficulty of creating the new society that the constitution envisages. Grave doubt is expressed whether the Japanese people is strong enough to stand up to its enemies whether of the right or the left. The problem of the new Government to be formed as a result of the elections has yet to be solved.

Central News reports that North-West Airlines and Pan-American Airways have been given permission by S.C.A.P. to make preliminary arrangements to operate Trans-Pacific services and also that Japanese ground crews and flight radio operators, mostly former Japanese air-force personnel, are being trained at American-controlled bases in Japan which are to serve as terminals and emergency landing-grounds for inter-island services. It is stated that Haneda airfield near Tokyo is designated as the sole port of entry for Trans-Pacific flights and that the two companies are prohibited from employing Japanese in flight operations or in aircraft maintenance.

In the statement to newspaper correspondents on the 17th March, in which he stressed the urgency of a peace treaty with Japan, General MacArthur mentioned the need that trade should be taken out of the hands of Government and placed in those of private traders. There are persistent rumours that machinery for the resumption of private trading is now being studied. S.C.A.P. has presumably realised that the prospects of an early peace treaty are remote and is anxious to hasten the opening of private trading as the best means of averting an economic crisis. His Majesty's Government welcome the move provided that arrangements can be made to ensure a greater volume of trade with sterling countries and that banking, shipping and insurance companies are allowed to resume business. At the same time it has to be understood that many obstacles have to be overcome before the present semi-barter system is replaced by free trading.

Siam

During the past three weeks the political situation in Siam has inclined toward greater stability. There has been a marked stiffening of the opposition to the "comeback" which Luang Pibul and his followers had been so energetically engaged in staging, and it would seem that the ex-Dictator has now realised that his return to power would meet with comparatively little internal support and much stiff external opposition. But there are those who feel that the experiment has been merely deferred and that, given the opportunity, it is not impossible that the present Government might be succeeded by a Cabinet headed by Adul, the present Commander-

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in-Chief of the Siamese Army, or Nai Kuang, the leader of the Democrats, and that in either case Pibul—never likely to remain long in a subordinate position—might start by accepting one of the Ministries. In present circumstances, however, it is not at all certain that earlier expectations of the fall of the present Government will be realised when the Legislature reassembles this week. It is understood that the Prime Minister has wearied of the constant flow of criticisms levelled at him from all quarters and is, himself, anxious to withdraw from politics. Nevertheless, the Constitutionalists and Independents are urging that he should remain at the helm—a plea that has been greatly strengthened by the advice of the Senior Statesman and the encouragement derived from President Truman's recent expression of hope to the newly-appointed Siamese Ambassador to Washington that there might be a continuation of stable and democratic Government in Siam. In these circumstances Luang Dhamrong elected to withhold his final decision until after a meeting that had been arranged by his friends with Luang Pradit in the Chair. What was the result of this consultation has not yet been made known. Expressions of Siamese opinion, however, are becoming increasingly confident that Luang Dhamrong will continue in office at the head of a re-shuffled Cabinet. The Senior Statesman, it may be noted, has left for Washington in connexion with the Franco-Siamese Conciliation Commission.

THE UNITED STATES OF AMERICA

Mr. Marshall's broadcast of the 28th April (see last week's *Summary*) has provided the framework for continued press and radio discussion in the United States on the lessons of the Moscow Conference. The unruffled manner in which the Secretary of State presented his report on the negotiations has been widely praised, and even critics of the current foreign policy like Mr. Max Lerner, of the Left-wing newspaper *P.M.*, have been constrained to admit that there is no political figure to-day more completely deserving of national respect. It is widely conceded that relations between the United States and the Soviet Union are "now down to bedrock." There is also general agreement that it is the Russians who have the most to gain by procrastinating with the peace settlement while Europe drifts into chaos.

In this connexion Mr. John Foster Dulles, who served as Mr. Marshall's special adviser at the Conference, has attracted much attention with his assertion, in a broadcast of the 29th April, that Soviet foreign policy depends "little on getting results by diplomatic negotiation" and much on penetration and infiltration into the political organizations and the labour movements of other countries. This being the case, Mr. Dulles contends that one aim of the new foreign policy should be to "pump vitality into Western Europe" and to make it clear that, whatever happens, the United States will never again disinterest itself in that part of the world. That other thoughtful Republican leaders are beginning to share this conviction is evident from the statement which Senator Vandenberg issued on the 29th endorsing Mr. Marshall's broadcast. It would be worth a supreme effort, Senator Vandenberg suggested, to seek agreement with the Soviet Union during the coming months. Nevertheless, if this were "beyond reasonable reach," the United States could not "wait too long for a peace programme which at least unites those who can agree." Even among Republicans there is still a hope—as Mr. Harold Stassen indicated at his press conference on the 5th May—that some degree of accommodation will yet be possible with the Soviet Union. On the other hand, the American public as a whole has clearly been less bemused this time by the promises which Generalissimo Stalin held out in the conversations with Mr. Stassen published on the 3rd May.

It may be to some extent unfortunate that Mr. Stassen, as the spokesman of the liberal wing of the Republican party, should have chosen the occasion of his press conference on the 5th to criticize the President's policy. (He did, however, make it clear that he supported the Greco-Turkish Aid Bill in its present amended form.) Such criticism will probably not affect the final vote of the House of Representatives on Mr. Truman's programme, but it does serve to emphasize the dissensions with which Mr. Stassen's own party is torn at the moment. As it is, some "Old Guard" Republicans who have no love for the ex-Governor of Minnesota, have joined forces with the Russophil Democrats to oppose the Greco-Turkish Aid Bill in the House Committee on Rules. The same elements, apparently disliking

the prestige which is accruing to Mr. Truman from the present bi-partisan approach to foreign policy more than they like the idea of national unity, are also reported to be urging Senator Vandenberg to withdraw his support from the President to the extent of resigning from the U.S. delegation to the United Nations General Assembly. Their pretext is that the U.N. Participation Act of 1945 compels delegates to vote "under the instruction of the President" and that it is unseemly for a Republican leader to take orders from a Chief Executive chosen by the Democrats. In another short-sighted act of partisanship they have caused an appropriations sub-committee of the House to delete the entire 1948 estimates for the State Department information services, fearing, it is said, that the latter might be used to the advantage of the rival Democratic party.

Other Republicans, and a few Democrats, have been giving vent to their Russophobia in attempts to prune the President's general foreign relief programme of benefits which this might otherwise extend to nations within the Soviet orbit. On the 30th April, the House of Representatives, in the teeth of strong opposition from the Chairman of its Foreign Affairs Committee, Mr. Charles A. Eaton (Republican, New Jersey), reduced the amount to be made available for relief purposes from 350 to 200 million dollars and excluded countries dominated by the Soviet Union from the programme unless their Governments agreed to the latter being controlled exclusively by American missions set up by the State Department and "screened" by the Federal Bureau of Investigation. The House also sought to deny relief to countries paying reparations.

The reparations issue is one upon which anti-Soviet feeling easily crystallizes at the moment, and it is being fully exploited by the Italian-American organizations at the hearings of the Senate Foreign Relations Committee on the Italian peace treaty. Among those who have so far appeared before the Committee to oppose ratification of the treaty have been Mr. Adolph A. Berle, the former Assistant Secretary of State; Mr. Charles Poletti, Lieutenant-Governor of New York State from 1939 to 1942; and Dr. Paul Shipman Andrews, Dean of the Law School at Syracuse University. On the 1st May Dr. Andrews denounced the treaty as "pushing Italy towards Communism" and as inconsistent with the President's attempts to rescue other countries like Greece and Turkey from Communist domination.

Partly perhaps because it is meeting in that part of the United States where the Zionists can ensure that the press pays most attention, the special session of the United Nations General Assembly on Palestine is now arousing considerable interest. To judge, however, from the references in the advertisements of the American League for a Free Palestine to the "game of tragic futility" which is allegedly being played at Flushing Meadows, the Zionists themselves are not happy about the proceedings. In fact, the extremist Political Action Committee for Palestine is endeavouring to create a diversion with a new "Exodus by Air" programme which involves the raising of funds to drop thousands of young Jews by parachute into Holy Land. Some non-Zionist internationalists have sharply criticized the "incoherent, uncertain and largely irresponsible" attitude which the U.S. delegation is believed to be adopting in the Assembly. The greatest discomfiture, however, has been suffered by the American Communists who have been faced with the necessity of explaining away M. Gromyko's attempts to ingratiate himself with the Arabs to their many Jewish supporters in New York City.

Inside the United States the labour situation is now tending to become more confused than ever. While a number of the larger concerns have continued to negotiate new wage contracts with their employees along the lines of the steel agreement of the 20th April (see *Summary* No. 389), some 25,000 members of the C.I.O. Steel Workers Union are at present on strike against smaller companies which claim that they cannot afford the proposed wage increase of 15 cents an hour. Local units of the A.F. of L. builders' unions are also striking for higher wages. Meanwhile, the nation-wide telephone strike has been in process of settlement, but only on a piecemeal basis. In Washington the Republicans are still a long way from an agreed and workable labour policy, although 16 of the 48 State legislatures have been able to enact new labour laws since January. The Republican leaders in the Senate have now rejected the idea of finding out from the President how much of their proposed legislation he would be likely to veto, and they have also voted down a scheme to divide this legislation into four separate bills so that Mr. Truman could accept some and reject others. Their "all or nothing" attitude is said to be dictated by a belief that they may be able in the end to run with the hare of labour

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and hunt with the hounds of public opinion—the idea being to placate union leaders by passing no bill at all and at the same time to inflame the rest of the electorate against the President by pointing out that it was his veto which kept the promises of anti-strike legislation from being honoured.

LATIN AMERICA

Argentina

According to press reports the Argentine Senate has ordered the removal from office of all the members of the Supreme Court of Justice (see *Summary* No. 369). The accusations against the judges include abuse of authority, violation of duty, interference in politics by recognition of the revolutions of 1930 and 1943, and refusal to acknowledge the labour courts. The Supreme Court is thus condemned for recognizing the revolution from which the present régime emerged; in fact the jumble of accusations seems to have been designed to confuse public opinion, since the Opposition could hardly defend the Court for recognizing the revolution of 1943, while the masses of Peronistas might be supposed to back the Government on the question of the acknowledgement of the labour courts. Whatever the charges, it is clear that the Government are determined to eliminate the present Supreme Court, which represents the last outpost of opposition to Peronism and could in fact inconvenience the Government by impeding legislation. The loss of independence and impartiality by the Supreme Court reflects a further decline in Argentine public morality, and suggests the possibility of constitutional amendments to permit the present Government to remain in power.

Honduras

General Tiburcio Carías is one of the two or three dictators in Latin America who have survived the war and its repercussions to date. He came to power at the beginning of 1933, and his term of office, twice prolonged by National Assemblies, expires on the first day of 1949. Although President Carías has promised that elections will be held on October 1948 and that he will then hand over his authority to his successor, members of the opposition naturally fear that he may either change his mind or elect his own successor. The Opposition Party, the Reds, or Liberals, have had a thin time since the President and his Blues (the Nationalists) have been in power. Although a political amnesty, granted at the beginning of 1946, was followed by a lively anti-Carías campaign, opponents have continued to be subjected to acts of petty persecution, and nothing resembling an organised movement with an Opposition leader emerged until this year, when the Reds approached General Solis. As a result General Solis was watched, then arrested and bidden to accept either the post of Consul-General at New Orleans, or "the consequences." It was duly announced that he had chosen the Consulate.

President Carías' action suggests that the Opposition may not be allowed to find a candidate of their own. In this case the choice appears to lie between Dr. Gálvez and General Abraham Williams, both Blues. General Williams, who is Vice-President, resigned from the post of Minister of the Interior and Justice and Health in December after apparently quarreling with the President, and also, it is believed, in order to be free to prepare for his nomination as a presidential candidate. Anyone who quarrels with General Carías may be expected to make an appeal to the Opposition, but it seems likely that the President will give his support to Dr. Gálvez, a true Blue who has the additional recommendation of being lawyer to the United Fruit Company. Such a candidature would not be popular; it would suggest confirmation of General Carías' dictatorship, which, however necessary in the chaotic conditions existing in 1932, has given order without political advancement and financial stability without material progress. Honduras has no labour laws, only a few miles of paved roads, one of the highest illiteracy rates in America, and a rich variety of endemic diseases: the principal solace is drunkenness, which affords the Government a comfortable revenue from its liquor monopoly.

Mexico

Returning President Truman's trip to Mexico, President Alemán has recently visited Washington and New York. Among many other activities, he addressed the United Nations General Assembly as well as the U.S. Congress, was decorated with the Legion of Merit and had a civic reception in New York. While Mexican opinion seems likely to favour this inter-American fraternisation, the extreme right and left of the Mexican press has made the visit

of President Truman the pretext for a certain amount of sniping. From the right the elderly Señor Luis Cabrera warned Mexicans that the United States wanted unified hemispheric defence and the lowering of tariffs, and urged President Alemán not to be tempted. This was followed by some recommendations from Señor Bussols, the former Mexican Ambassador in Moscow—and a Communist—who enlarged on the danger to Mexican independence of fully accepting the hemisphere defence scheme: if war were to break out between the U.S.A. and U.S.S.R. was Mexico not to be able to decide for herself which was the aggressor? Mr. Truman would be mistaken if he thought he could deal with the Mexicans like the "tame oxen" of Central America. There was no need to follow the example of Argentina in blatantly opposing the United States' designs: the idea of continental defence was unobjectionable, but it must not be a cloak for United States military and economic hegemony. Señor Bussols' line of talk, though a little more cunning than that of some of his fellow-travellers, drew a broadside from *Excelsior*, which ridiculed the attempts of spiritual Georgians and Byelo-Russians to set up as champions of Mexican nationality, and declared that Mexicans intended to live within the healthy freedom of the good-neighbour policy.

THE UNITED NATIONS

General Assembly

Palestine

On the 1st May the Special Assembly called to consider the Palestine problem adopted its agenda. It included the United Kingdom item without the need for a vote, and rejected the Arab item on the termination of the mandate by 24 votes to 15 with 10 abstentions. The Slav States supported the Arab case. On the 2nd May, in the General Committee of the Assembly, the Slav States proposed that the Jewish Agency should be heard at a plenary session of the Assembly. Their proposal was defeated by 8 votes to 3, with Latin American States abstaining. A U.S. motion to refer Jewish requests to the First Committee for a decision was amended by the U.K. representative in order to enable the Committee to consider further applications that might be made: In this way the Palestine Arabs would be given equal treatment with the Jews. Thus amended, the resolution was passed by 11 votes, with three abstentions. The problem of Arab and Jewish participation came before the Assembly on the 3rd and 5th May, and what had been said in the Committee was repeated and elaborated in the Assembly. The final result was an instruction to the Political Committee to hear the Jewish Agency, and to decide for itself what other Palestinian organisations it heard. Three Latin American and two Slav States sponsored the resolution, which was carried by 44 votes to 7, with 3 abstentions. A resolution to give the Jewish Agency a non-voting seat in the Assembly was defeated by 39 votes to 8, with 7 abstentions. S. Africa's representative voted for the resolution. The Political Committee of the Assembly is now in a position to plan the "Committee of Enquiry," for which purpose the Special Assembly was called together.

Military Staff Committee

What may loosely be called the "disarmament" work of the United Nations finds itself held up in part by the absence of any armed forces which, according to Article 43, of the Charter should be at the disposal of the Security Council. The preparation of plans for these forces is the task of the Military Staff Committee, composed of the Chiefs of Staff (or their representatives) of the Permanent Members of the Security Council, whose work was for so long frustrated by the attitude of the Russian Government. On the 3rd May the Committee published an 80-page report on "the general principles governing the organisation of the armed forces made available to the Security Council by member nations of the United Nations." The report contains 41 articles. Twenty-five of these were agreed unanimously. Sixteen show disagreement, with Russia tending to stand against the united views of the other four Powers. The disagreements include the vital issues. Russia insists that each of the five Powers must contribute equal forces, equal in all respects; so that, for example, Great Britain's naval contingent must be in no way superior to Russia's, nor America's air contingent in any way superior to China's. In between periods of action Russia would have the contingents kept in the Home territory of the contributing Power, who would thus be debarred from stationing the force in any colony, overseas territory, allied country, etc., the United States presumably being unable to

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keep her U.N. contingent in Alaska. The other four Powers maintain that the forces could be kept in any place to which a contributing Power had legal access. Russia does not consider that bases are among the "facilities" which the Charter expects members to put at the disposal of U.N. forces. Russia wishes the U.N. forces to return home within 30 to 90 days of completing any allotted task. The other Powers are content with "as soon as possible." The contingents cannot be used against any of the Permanent members, nor would it be easy to employ them against the friends of Permanent members. Such are the underlying assumptions of the Charter. For all that, the report records a notable achievement, since this preliminary work of the Military Staff Committee has brought a step nearer the formation of the first international police force in modern history.

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Weekly Political Intelligence Summary
No. 392

FOREIGN OFFICE,
(RESEARCH DEPARTMENT),
14TH MAY, 1947

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EUROPE

GERMANY

No decisions of importance have been reached in the latest Four-Power Council meetings in Berlin, and indeed the present phase of differing policies makes it inevitable that less and less can be threshed out at this level. Fruitless discussions have again taken place over the French aversion to anything resembling the union of parties all over Germany. On the 10th May the Control Council studied once again without success the question of printing a uniform currency for Germany. In this atmosphere interest is diverted more and more to the serious economic conditions of Western Germany.

Food rations for the normal consumer in the British zone are now being honoured to the extent of only some 800 calories daily out of the official ration of 1,550 calories. In some Ruhr towns they are reported to have sunk even lower, but agricultural areas are naturally less hardly hit. Even in the predominantly agricultural U.S. zone latest investigations show that the official ration (which is the same as in the British zone) is falling short by about 300 calories. A general strike of all workers except those in essential services took place in Hamburg on the 9th May, and mass protests led by trade union leaders were made against the food situation. A trade union leader said: "The moment has come to tell the British and German authorities and the world that we cannot go on without help and that when we perish you also perish." The whole demonstration was remarkably orderly. Spokesmen of the Communist Party denied to British officials that they had provoked the strike but they are evidently cashing in on events. Demonstrations were also held in Hanover, and a strike was called for Flensburg on the 13th May, thus spreading unrest to agricultural areas. In the key Ruhr town of Düsseldorf delegates from all works' councils met on the 12th May in criticism of both German and Allied authorities. Attempts were made by some delegates to provoke a general strike—and they obviously received considerable emotional support, but trade

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union leaders prevailed on the meeting to adopt a common-sense attitude. The strike was shelved—but not indefinitely as the meeting resolved to follow a policy of political non-cooperation if rations did not quickly improve. In Wuppertal council employees have already said that they cannot guarantee essential services because 30 per cent. of their number are away sick from lack of food. If there were any general move towards passive resistance the Occupation Powers would be seriously embarrassed, now that so much responsibility has been delegated to the Germans. Last autumn the two leading parties in the West, the Social Democrats and Christian Democrats threatened that they would not cooperate if conditions did not improve. Food rations are now lower than last autumn but so far the Parties have held their hand, and it seems unlikely that they will take such a grave step unless forced by public opinion.

Urgent consultations are being held by British and American officials to combat food difficulties. The Germans will appreciate the statement made by Lord Pakenham on his latest visit to Germany that he considered the Ruhr food problem one of the worst in the world and that he would work "flat out" to solve it. Part of the trouble is of course outside the direct control of the authorities in Germany: the world food shortages (insufficiently appreciated by Germans); the inevitable uphill struggle after the capitulation; and the lack of grain deliveries from Eastern Germany. These difficulties were, however, known when the modest rations for this year were fixed. The exceptionally hard winter has undoubtedly delayed the unloading of ships, thus accounting for some temporary hold-ups, and has also contributed towards the failure of some of the food collections in Germany. But a considerable share of the blame must rest with the German farmers and the German administration. There have been heavy deficiencies in the collection from the farmers, particularly of meat and grain, both in the North and South. Much is kept back and more sent on to the black market—with serious practical and psychological effects. Even the food that is collected is not distributed by the Germans as fairly or carefuly as it should be. The shortage of meat and fats means that more of the ration has to be met in bread. General Clay frankly told the Germans on the 6th May that all efforts to buy fat abroad had failed. Agreement has been reached to ship an extra 40,000 long tons of flour, but the U.S. authorities are now convinced that increased imports are essential. They wish to raise the figure to 130,000 tons during May and June though this suggestion is hardly thought to be practical. His Majesty's Government feel that while the German ration must be kept up as much as possible they cannot commit themselves to agreeing that food shortages caused by German inefficiency should automatically be replaced by imports, particularly in view of the financial strain and the acute world shortage—which would mean diverting supplies from other countries.

This raises the general question of the working of the Anglo-American fusion agreement which began in January and which is now suffering from the conflict of authority between the new bi-zonal economic agencies and the States (see particularly *Summaries* Nos. 388 and 389). In the first quarter of 1947 only about one-third of the export target for the period was met and it is most unlikely that the deficit can be made up by the end of the year. Daily coal output in the British zone was only 219,500 tons on the 3rd May and was tending to fall, although the target set by the Germans for May was nearly 255,000 tons (1938: 448,000 tons). The miners have decided not to make up the time lost by strikes before Easter. Economic shortages and their offsprings, barter and the black market, mean that the currency is losing its value. Actually there have been one or two recent instances of workers asking for a share in the products of their factories, presumably because the goods can be exchanged for food or clothing and are more use than cash. At present although coal is allocated to industries by the bi-zonal authorities there does not appear to be sufficient supervision over its distribution to individual firms to ensure that it is used to the best advantage. An alternative policy of control by the bi-zonal agencies would avoid waste but would mean overriding the rights of the States and would cause temporary unemployment. The Bi-zonal Economic Executive Committee's decisions cannot at present be carried out if the States wish to obstruct and the U.S. zone States in particular are obstructive to the point of sabotage. The Chairman, Dr. Agartz, wants the Committee to have overriding power to regulate economic activity throughout the area. The difficulty is to decide how this can be made law without infringing the rights of the States, and the U.S. Military Government view is that each Parliament in its zone would have to pass a separate bill

surrendering this power. A second difficulty is that even then it is not clear whether all the 8 State Ministers on the Committee have to be consulted over every order—a system which Dr. Agartz believes renders prompt action impossible. A further complication is that the U.S. authorities seem solely concerned with extracting from Germany the maximum amount of exports to pay for imports and are not convinced, as are His Majesty's Government, that the export target can only be achieved on the basis of an expanding internal economy. The issue is really how far long-term Allied Policy—particularly that of the Americans—aimed at political decentralisation can be reconciled with the need for planning in the present emergency and whether, if central powers are granted, they can ever become unnecessary or be revoked. Despite differences of opinion between British and American authorities, Mr. Marshall has expressed his conviction that agreement can be reached. Meanwhile General Clay, although opposed to H.M. Government plans for a controlled economy, has repeatedly censured the farmers in the U.S. zone. He stated in Berlin on the 8th May that, if necessary, troops would be employed to force the peasants to deliver food and that he might be prepared to give the bi-zonal authorities greater power to deal with the present food crisis.

Constitutions for the three States of the French zone (but not for the Saar) have passed their readings in the German advisory assemblies and will be submitted to referendum on the 18th May when new Assemblies will also be elected. The Drafts are largely the work of the Christian Democrats who have an absolute majority in each case. The Constitutions have not been supported by more than two of the four parties in any of the States, so that their chances of being respected and supported in the future are considerably reduced. In the U.S. zone the two largest parties, the Social Democrats and Christian Democrats, generally collaborated in working for the constitutions, but in the French zone the Social Democrats voted for the Draft only in South Wuerttemberg. Previously all the Opposition parties had withdrawn from the Constitutional Committee, and the first Draft for this State, which entirely failed to make the Government responsible to Parliament, was rejected by French Military Government as "undemocratic." Substantial amendments also had to be made by the Germans themselves to the Rhineland–Palatinate Draft which was highly authoritarian in character and whose extreme particularist tendencies were more than even the Christian Democrats could tolerate. The Constitutions in their final form appear fairly moderate in tone. There are no independent State Presidents and no second chambers. The questions of socialisation and land reform (which the French themselves are now studying) are largely shelved. Some of the most heated debates were held over the question of confessional schools. Except in South Baden, which has not had confessional schools since 1876, these will be permitted alongside undenominational schools.

The action of the French authorities in rejecting the South Wuerttemberg Draft Constitution showed justifiable distrust of German constitutional theories, but the fact that they were compelled to take such action is probably a result of the negative attitude adopted all along towards German administrations. Although the French have made long-term plans to change the training of civil servants and have been active in the field of education they have not, unlike the British authorities, made real attempts to train the present generation of officials and ministers along democratic lines. Authoritarian tendencies therefore crop up rather more frequently than elsewhere in Western Germany, particularly in the District and Communal codes which are now being drafted. At the same time the zone's population is apathetic about political conditions and is cut off from political contact with the rest of Germany. Exports from the zone are still far higher per head of the population than those from the bi-zonal area, and the food situation is extremely grave; up to date, however, few strikes or protests are recorded.

AUSTRIA

The Special Commission on the Austrian Treaty and the Expert Committee for the study of German assets were due to meet in Vienna on the 12th May. Both the U.K. and U.S. Governments have appointed new personalities to the Commission and Committee in the hope that fresh minds may improve the chances of progress. The Russian delegate is the Head of the Western section of the Soviet Foreign Office and was the Secretary-General of the Moscow Conference. The Commission has been described by the three-party paper *Neues Oesterreich* as

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the "thin thread of hope which links our grey and fettered present with a brighter future."

The Austrian Federal Chancellor and and the Foreign Minister have made statements on the Moscow Conference in the Austrian Parliament. Dr. Figl appealed to the conscience of the world for justice for Austria and called upon the Allies to honour their signature to the Moscow Declaration. Dr. Gruber complained that Allied treatment of Austria was "much worse than that applied to Germany." He singled out the United States Government as having been the most co-operative in the Treaty discussions. While stressing Austria's natural link with the West in constitutional matters, Dr. Gruber emphasised his country's desire for friendship with all on the basis of complete political independence. Another appeal to the world was made by the Socialist Party, together with demands for the withdrawal of the bulk of the occupying forces and the cessation of the requisitioning of foodstuffs and other burdensome restrictions. The Communists have demanded *inter alia* an "Austria policy" and direct negotiations with the Soviet Union about the German assets.

About 5,000 factory workers took part in the "hunger demonstration" in Vienna on the 5th May. At one moment it seemed that the situation might get out of hand, and the Austrian authorities requested the help of the Allied military police. This, however, proved unnecessary. In his report to the Cabinet Dr. Figl attributed the serious turn taken by the demonstration to the participation of "numerous foreigners" and to "irresponsible elements." These elements (*i.e.*, Communists) have been condemned by the Austrian T.U. League and by the People's Party and the Socialists. The Communist press has described the demonstration as a spontaneous expression of the workers' discontent. According to the American zone radio, nearly all the unofficial strikes occurred in enterprises under Russian management.

The Austrian Minister of Food has attributed the Vienna potato shortage—the main cause of the demonstration—chiefly to transport difficulties and to the delay in obtaining Russian permission for the import of potatoes from Lower Austria. Cabinet Ministers have discussed the situation with trade union officials and have promised that rations will be met in the future. Chancellor Figl is to head a trade union deputation to the Allied authorities.

As a result of the demonstration, the Austrian Cabinet has decided to approach the Allied Council once more to consent to the adequate arming of the Austrian police. In November 1946 an urgent appeal on these lines was addressed to the Council by the Chancellor, but no quadripartite agreement was reached, owing to demands made by the Soviet element for severe restrictions on the use of such arms as might be permitted. In February 1947 Under-Secretary of State Graf, described the Austrian police as being "equipped for playing at Red Indians" and stated that police losses in 1946 were as heavy as during the whole lifetime of the First Republic.

The decision taken by the Catholic Church in March to make a free grant of some Church lands for the re-settlement of Austrians whose means of livelihood disappeared as a result of the war, was the subject of a special Communist committee meeting in April. The meeting decided to ignore the Church's gift in the Communist press and otherwise to minimise its importance by suggesting that the measure was being taken as a result of Communist pressure and possibly as a gesture to hinder land reform. The meeting further decided that the K.P.O. should continue to maintain an apparently tolerant view of the Church, while in fact regarding it as the most important support of reaction. The People's Party press has stressed the generous extent of the Church's gift by giving figures to disprove "fantastic accounts" of the extent of Church property in Austria.

Eleven ships belonging to the Hungarian River and Ocean Shipping Company escaped from Linz on the 4th May and are reported to have reached the Russian zone, if not Bratislava. The ships have been impounded by the Linz Court of Appeal as a security for a claim by a British banking syndicate. The Austrian police appear to have made no attempt to prevent their passage, and the United States authorities disclaim responsibility.

The students of both Vienna and Innsbruck Universities have appealed respectively to the Allied Council and to the Austrian Government for leniency in the application of the Denazification Law to students, with particular regard to the "less incriminated" persons who are thus being excluded from studies. The Vienna appeal points to the more favourable situation of young persons in Germany, and the Innsbruck resolution makes a direct appeal for an amnesty for certain age-groups. On the whole the penalties in

Austria are considerably heavier than those imposed on equally incriminated persons in Germany—on paper, at any rate.

CZECHOSLOVAKIA

The closing-down on the 4th May of the National and People's Courts, which had been set up to try collaborators and war criminals, serves to mark the end of a period of transition in Czechoslovak life towards more normal conditions. One of the last judgments was that delivered upon Jan Bata, head of the international shoe organisation. His Czechoslovak property has been confiscated and nationalised, and he himself sentenced *in absentia*—he is sheltering in Brazil—to 15 years' imprisonment. During the war, Bata failed to give assurances to His Majesty's Government concerning trading with the enemy.

On the whole, the courts appear to have resisted the attempts of the opportunists, whether political or otherwise, to turn the past two years into a large-scale witch hunt. The judicature has preserved much of its pre-war dignity and independence, although this has not been easy when its judgments have been too lenient for the Communists or too severe for the Democrats. With the approaching decision of the Constitution—which, of course, will vitally affect the foundations of Czechoslovak justice—and the completion of the nationalisation programme, the formative period in matters political and economic is giving way to a period of consolidation, and it is a healthy sign that the trials are now finished and done with.

This gradual change to more stable conditions is marked, too, by the holding of a census of population in Bohemia and Moravia arranged for the 22nd May. The census will provide an interesting picture of the great population changes which have taken place during the last two years as a result of expulsion and re-settlement, now virtually completed. The latest news of repatriation, by which means a small percentage of the Sudetenland depletion has been made good, is a report that 140,000 Czechs are to be brought back from Bosnia where they settled after the withdrawal of the Turks.

Whatever plans the extreme Left may cherish for an extension of political power—and they already have the lion's share—the Czechoslovak Government show themselves at the moment to be concerned with the more tangible problems of production and supply. Urgent all-party appeals are being broadcast for volunteer farm workers. M. Duriš, the Minister of Agriculture (Slovak Communist), has promised to bring the farming community within the benefits of pensions and health insurance, and to grant medium and small farmers some tax relief. M. Majer, the Minister of Food (Social Democrat), has forecast the indefinite continuance of rationing, and has recently reminded the public that shortages in neighbouring countries inevitably affected their own standard of living.

Dr. Ripka (National Socialist), the Minister of Foreign Trade, pointed in a recent press conference to the same need for consolidation in the general trade position of Czechoslovakia. Exports have declined gradually since January, and were less than imports for the first time in March. A trade agreement with Bulgaria, and amicable discussions with Mr. Krishna Menon, the representative of India, offer posibilities of further development. Dr. Ripka, however, forecast the re-entry of Germany into world markets in 1948, and increasing competition from the United States. With the disappearance of a "sellers' market," quality and economy of production must be the aim of Czechoslovak industry. This emphasis upon conservation rather than expansion is a fitting background for the International Timber Conference which has been meeting amid the delightfully wooded surroundings of Marianské Lázně, a district which bears witness to the fine pre-war afforestation policy of the Czechoslovak Government.

SOVIET UNION

The second anniversary of Victory Day—a public holiday for the Soviet peoples—was marked by an Order of the Day issued by the U.S.S.R. Minister of the Armed Forces, General Bulganin, decreeing a salute of 30 artillery salvoes to be fired in the Union capital, Moscow, the capitals of the Union Republics and in the cities of Leningrad, Stalingrad, Sebastopol and Odessa as well as in the recently incorporated Kaliningrad and Lvov. In this Order of the Day tribute was paid to the Armed Forces of the Soviet Union, the Communist Party, "the heroic Soviet people"—"the victor people"—and Generalissimo Stalin. The day was also marked by the publication of a number of articles, highly polemical in content and temper, by leading Soviet publicists, including Academician Tarle and Ilya Ehrenburg. As last year the claim was maintained that "the Soviet people made the greatest contribution to the common cause of victory of

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the freedom-loving peoples'' (*New Times*). The incorrigible Ehrenburg admitted that the British showed great stamina during the German bombing attacks, but added "the British saved themselves, but sitting on their island they were unable to save Europe. Europe's salvation began on 22nd June, 1941 . . .'' Academician Tarle deplored the rising tide of world reaction in the year ushered in by Mr. Churchill's Fulton speech of March 1946 and completed by Mr. Truman's programme for assistance to Greece and Turkey. But the "new pretenders to world dominion will encounter a calm and resolute rebuff from the Soviet Union,'' he warned. The main object of concern and vilification was the U.S.A. with its "Wall Street Lords,'' profiteering armaments manufacturers and imperialism actuated by "the desire to secure the oil of Iran, 'Iraq and Syria—seizable only on condition that all local Tsaldarises are firmly planted in the saddle.'' Against this picture of American greed and expansionism was conjured up the shining example of the Soviet Union to whom "Iran, 'Iraq, Korea and other countries do not mean petroleum, do not mean fisheries but nations with their historic record, their future development and capacity for progress.''

Abrogating a previous decree of the 2nd September, 1945, which ordained that 3rd September, fêted as anniversary of the victory over Japan, should be celebrated as a public holiday, the Præsidium of the Supreme Soviet has determined that in future it shall be regarded as an ordinary working day.

The Soviet press has recently shown revived interest in Turkey. After brief reports of the support for Armenian territorial claims from Armenian societies in the United States of America and in Latin America and of the supply of British aircraft to the Turkish Government, *Izvestiya* (6th May) attacks Turkish reaction on familiar lines but also adds the following complaints against the British and Americans in Turkey: (*a*) "British and American instructors and agents are operating on a large scale either in military uniform or in the guise of civilians, commercial travellers, etc.; (*b*) construction of more than 100 airports, strategic highways, ports and the naval base at Ismid under British leadership during the war; (*c*) servicing of the 'civilian' airlines established by Great Britain and the United States of America by Anglo-American military personnel—who also control special closed airports and radio stations (this is a typical piece of Soviet misrepresentation. The B.O.A.C. operate an air service to Turkey and some of the pilots and other officers may be former military officers but are not now serving soldiers. There are no "closed'' Anglo-American airports); (*d*) British control over radio-location installations which 'cover the shores of the Straits.' (In this instance technical advice is tendentiously confounded with "control''); (*e*) New powerful broadcasting stations at Angora, Istanbul and Ismid.'' The article, which suggests no little Soviet resentment at Anglo-American support of Turkey, concludes by warning the Turkish public against the dangers to Turkish peace and independence contained in President Truman's offer of assistance.

There has been a revival of Soviet propaganda (*Trud* 4th May) on the oppression of workers by the Anglo-Iranian Oil Company. The Company is said (on the authority of the Persian paper *Mardom*) to have bribed Major Fatehi for 200,000 rials to break the Abadan strike and to be "making use of the old and tried method of colonisers, that of inciting one nationality against the other,'' to have hired Arab agents to attack workers. *Mardom* is also quoted as saying "the policy of the British Government in Iran and the activities of the Anglo-Iranian Oil Company played an important rôle in the provocation of 14th July. *Trud* concludes that there is documentary evidence of direct bribery of Iranian civil servants by the Oil Company, of the Company's arming of Arabs and incitement of the latter against workers. The indictment officially accuses the Company of provoking the "sanguinary events in Abadan.''

During recent months there have been numerous rumours of negotiations being carried on between the U.S.S.R. and emissaries of General Franco through Swiss intermediaries. Tass has now seen fit to issue a formal denial, refuting, in particular, a statement from *Svenska Morgenbladet* that such negotiations were being carried on in Buenos Aires and Tangier.

It was announced in a joint Polish-Ukrainian communiqué of the 8th May that the reciprocal repatriation of Poles and Ukrainians from the two Republics had been completed in accordance with the Treaty of the 9th September, 1944. No firm figure of the numbers involved is available. M. Mikolajczyk estimated in January 1946 that 543,876 Ukrainians were due to leave Poland for the Ukrainian S.S.R.

According to Polish estimates of April 1947, a total of 1,373,000 Poles had come to Poland from east of the Curzon line by July 1946 and a further 574,000 were expected, which makes a total of 1,947,000. Those from the Ukraine would be rather over half of that number.

Among the work in progress announced by the Academy of Sciences is a lavishly annotated edition, with Russian verse translation, of the "Ramayana.'' This may perhaps be connected with the drive to intensify cultural relations with India. It is interesting to note that this mythological poem is presented by Academician Barannikov, in his pre-view of the work, as an allegory of political conditions in northern India in the XVIth Century, and in particular of the oppression of the Hindu population by the Moslem conquerors. Barannikov, who was born in the Ukraine in 1890, was elected to the Academy in 1939, and specialises primarily in the philology of modern Indian languages.

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the freedom-loving peoples'' (*New Times*). The incorrigible Ehrenburg admitted that the British showed great stamina during the German bombing attacks, but added "the British saved themselves, but sitting on their island they were unable to save Europe. Europe's salvation began on 22nd June, 1941 . . . .'' Academician Tarle deplored the rising tide of world reaction in the year ushered in by Mr. Churchill's Fulton speech of March 1946 and completed by Mr. Truman's programme for assistance to Greece and Turkey. But the "new pretenders to world dominion will encounter a calm and resolute rebuff from the Soviet Union,'' he warned. The main object of concern and vilification was the U.S.A. with its "Wall Street Lords,'' profiteering armaments manufacturers and imperialism actuated by "the desire to secure the oil of Iran, 'Iraq and Syria—seizable only on condition that all local Tsaldarises are firmly planted in the saddle.'' Against this picture of American greed and expansionism was conjured up the shining example of the Soviet Union to whom "Iran, 'Iraq, Korea and other countries do not mean petroleum, do not mean fisheries but nations with their historic record, their future development and capacity for progress.''

Abrogating a previous decree of the 2nd September, 1945, which ordained that 3rd September, fêted as anniversary of the victory over Japan, should be celebrated as a public holiday, the Præsidium of the Supreme Soviet has determined that in future it shall be regarded as an ordinary working day.

The Soviet press has recently shown revived interest in Turkey. After brief reports of the support for Armenian territorial claims from Armenian societies in the United States of America and in Latin America and of the supply of British aircraft to the Turkish Government, *Izvestiya* (6th May) attacks Turkish reaction on familiar lines but also adds the following complaints against the British and Americans in Turkey: (*a*) "British and American instructors and agents are operating on a large scale either in military uniform or in the guise of civilians, commercial travellers, etc.; (*b*) construction of more than 100 airports, strategic highways, ports and the naval base at Ismid under British leadership during the war; (*c*) servicing of the 'civilian' airlines established by Great Britain and the United States of America by Anglo-American military personnel—who also control special closed airports and radio stations (this is a typical piece of Soviet misrepresentation. The B.O.A.C. operate an air service to Turkey and some of the pilots and other officers may be former military officers but are not now serving soldiers. There are no "closed'' Anglo-American airports); (*d*) British control over radio-location installations which 'cover the shores of the Straits.' (In this instance technical advice is tendentiously confounded with "control''); (*e*) New powerful broadcasting stations at Angora, Istanbul and Ismid.'' The article, which suggests no little Soviet resentment at Anglo-American support of Turkey, concludes by warning the Turkish public against the dangers to Turkish peace and independence contained in President Truman's offer of assistance.

There has been a revival of Soviet propaganda (*Trud* 4th May) on the oppression of workers by the Anglo-Iranian Oil Company. The Company is said (on the authority of the Persian paper *Mardom*) to have bribed Major Fatehi for 200,000 rials to break the Abadan strike and to be "making use of the old and tried method of colonisers, that of inciting one nationality against the other,'' to have hired Arab agents to attack workers. *Mardom* is also quoted as saying "the policy of the British Government in Iran and the activities of the Anglo-Iranian Oil Company played an important rôle in the provocation of 14th July. *Trud* concludes that there is documentary evidence of direct bribery of Iranian civil servants by the Oil Company, of the Company's arming of Arabs and incitement of the latter against workers. The indictment officially accuses the Company of provoking the "sanguinary events in Abadan.''

During recent months there have been numerous rumours of negotiations being carried on between the U.S.S.R. and emissaries of General Franco through Swiss intermediaries. Tass has now seen fit to issue a formal denial, refuting, in particular, a statement from *Svenska Morgenbladet* that such negotiations were being carried on in Buenos Aires and Tangier.

It was announced in a joint Polish-Ukrainian communiqué of the 8th May that the reciprocal repatriation of Poles and Ukrainians from the two Republics had been completed in accordance with the Treaty of the 9th September, 1944. No firm figure of the numbers involved is available. M. Mikolajczyk estimated in January 1946 that 543,876 Ukrainians were due to leave Poland for the Ukrainian S.S.R.

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read: "... various schemes of international control under the United Nations —in the first place, atomic energy—all involving some relinquishment of sovereignty.

SCANDINAVIA

Norway

During his recent tour Mr. Henry Wallace visited Oslo. He was given an exceedingly friendly welcome and all the meetings were filled to capacity. Despite this, the impression remains that the Norwegian public, drawn by clever advance propaganda, came to see the ex-Vice-President of the United States whose subsequent activities had caused such a stir in the world press rather than to hear Mr. Wallace expound his views. In one of his speeches Mr. Wallace referred to an alleged statement by Mr. Churchill in which he labelled Mr. Wallace as a crypto-Communist, and stated that the British ex-Premier professed to regard another war as inevitable. Mr. Churchill's reply to these allegations (published in *Manchester Guardian*, 21st April, 1947), was promptly printed and appeared in some papers side by side with the report of Mr. Wallace's speech.

Conservative members voiced their fears and apprehensions in the *Storting* on the 26th of April, when the Government's bill exempting the 1945 class of conscripts from military training and, instead, directing them to work in the forests, was debated. The belated call-up of these conscripts was due to the occupation. M. Sven Nielsen said that he was unable to give his consent to a measure which violated the principle that every male should be given military training fitting him to defend his country. Not even during the inter-war years had such training been replaced by labour service, and the speaker regarded it as fantastic that a Government which made pretences to rebuilding the defence forces should at the same time be prepared to exempt a complete year-class from basic military instruction. Replying for the Government, M. Hauge, Minister of Defence, said that he could well understand the doubts voiced by the Opposition but wished to point out that the drafting of the 1945 year's class to forest work did not preclude them from receiving military training later, should this prove necessary.

The fact that the bill was carried need not be taken as evidence that the Norwegians are again going to allow themselves the luxury of neglecting their armed forces, and among the Ministers M. Hauge at least may be relied upon to do everything in his power to bring the services of this peace-loving and un-militaristic nation to a reasonable level of efficiency and preparedness. The present extraordinary measure was in fact, as far as can be seen, dictated by economic necessity only.

Denmark

The bill providing for the despatch of the Danish Brigade to Germany was given it first reading on the 6th of May. As was to be expected, several speakers immediately coupled the question with that of the German refugees interned in Denmark. The newly appointed leader of the Conservative parliamentary group, M. Ole Bjørn Kraft, pointed out that the continued presence of the refugees constituted a heavy burden and hoped that the despatch of the troops would make the Great Powers more willing to assist in the solution of the refugee problem. Communists advanced criticism on the ground that Great Britain had been anxious to provide the arms with which the Brigade was to be equipped without consulting Denmark as regards either the quality or the price. M. Starcke for the Justice Union even disputed the necessity for the despatch of the contingent and suggested that Britain's promise concerning the removal of the refugees was so worded as to give Denmark no legal assurance. He also criticised the arrangement under which the troops were going to be under British command, as Denmark thus became co-responsible for actions over which she had no control. His party could not see their way to support the bill. M. Rasmussen, the Foreign Minister, gave particulars concerning the notes exchanged between the British and Danish Governments on the refugee question. When the present evacuation to the Russian and American zones was concluded another approximately 100,000 refugees remained in Denmark. While he could not supply information about any new agreement on the matter he had reason to believe that in the near future the evacuation of these last 100,000 refugees would begin. The bill was sent to Committee.

Almost the first action of M. Ole Bjørn Kraft, was to launch an attack upon the Foreign Minister for his handling of the South Slesvig question, accusing him of not having used sufficient energy in obtaining a hearing for the wishes of the South Slesvigers at the Foreign Ministers' meeting in London. On the following day M. Kristensen resumed his pro-Slesvig campaign with renewed vigour, insisting

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that it was impossible to safeguard "Danishness" in South Slesvig as long as that country was under German sovereignty. He reiterated the demand for a plebiscite, while at the same time stressing his desire for good relations with Germany, but concluded that "we do not intend to pay for Germany's prospective good will by sacrificing our compatriots in South Slesvig." Thereupon M. Christmas Moeller, now free from his obligations as Chairman of the Conservatives, expressed his regret that M. Kristensen had insinuated that some of his fellow-countrymen had treacherously forsaken the South Slesvig people. While the Premier was now maintaining a secession demand of this kind which would liberate the Danes in South Slesvig, he contended, he had himself abandoned them by his note to the Great Powers which stipulated that South Slesvig should remain under German sovereignty. M. Moeller also pointed out that the Germans were equally entitled to refuse to buy Danish good will by sacrificing *their* nationals in South Slesvig and also reiterated his well-known argument that if German sovereignty in South Slesvig were ended this would represent a big political gamble for Denmark. At the same time he referred to the general complaint that the Note had not been properly considered at the Moscow Conference. What did this matter if the Danish Premier so completely disavowed the note itself?

It thus seems that the South Slesvig question is once again going to be one of the main subjects of argument inside and outside the Danish Parliament, and it remains to be seen how far the Conservative and Venstre parties, now having more or less the same aim, will succeed in making their wishes felt with the Great Powers. Much may depend on how far they will be able to persuade the Social-Democrats and the Communists of the soundness of their views. So far the leading Social-Democratic paper, *Social-Demokraten*, remains sceptical, remarking that the two leaders need not be taken too seriously as the idea is "merely to win in the party competition without risking an election which would seal the fate of the anti-Socialist Government."

FRANCE

M. Ramadier's Government is, for the time being, firmly reinstated and in place of the five Communist Ministers three Socialist Ministers and one M.R.P. Minister have been appointed. There has been some re-allotment of ministerial tasks and M. Teitgen, Deputy Prime Minister, has taken over the functions of M. Thorez as regards the Civil Service, while M. Letourneau, Minister of Commerce, has assumed responsibility for Reconstruction. M. Daniel Mayer (Socialist) is the new Minister of Labour, M. Prigent (M.R.P.) is Minister of Health, M. Thomas (Socialist) is Minister of Posts and Telegraphs and M. Béchard (Socialist) is Under-Secretary for National Defence under the Prime Minister. The *Rassemblement des Gauches* was offered the Ministry of Reconstruction but refused, being unable to agree on the choice of a representative and unwilling to tie itself too closely to an economic policy of which it disapproves. Its uneasiness has, however, been partly allayed by M. Ramadier's description of himself as "un socialiste non-dirigiste" and by the compromise wording of the resolution adopted by the Socialist National Council. The M.R.P. have clung to their interpretation of the constitutional situation and welcome the strengthening of the Prime Minister's position.

The Socialists are fully conscious of the danger of their position and of the narrow majority won by M. Ramadier and the parliamentary leaders over the Socialist rank-and-file and the trade unionists who do not relish the prospect of taking sole responsibility for an unpopular wages policy. The resolution of the Socialist National Council stated that the party would not remain in power if it was supported by a reactionary majority (*i.e.* with the Communists in opposition) and invited the Socialist Ministers to remain in close contact with the trade unions. The Communists are not for the time being exploiting their position and content themselves with insisting on Socialist responsibility for the Government's shift towards the Right. They reiterate their claim to be "*un grand parti de gouvernement*" and say that they will give the Government their support in its efforts to help the workers. In the matter of wage-claims the Communists are giving their support only to claims for increased bonuses for higher production; even the Government appears to regard these as justified since it has now conceded a 3 fr. increase in the production bonus for the Renault workers. As a result of this and of the restored authority of the C.G.T., the Renault workers have agreed to return to work; but they will forfeit their pay for

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the days when they were on strike, and one or two workshops are consequently still holding out. Labour unrest is spreading in various parts of the country, and production bonuses may have to be raised in in many works. Negotiations began on the 12th May between M. Ramadier and the C.G.T. for a general settlement of the wages question.

The much-heralded debate in the Assembly on Madagascar which took place on the 7th–9th May was overshadowed by the Government crisis. The debate was on general policy and not on the particular question of lifting the parliamentary immunity of the Malagasy deputies, which will be dealt with later. The only Malagasy nationalist deputy still at liberty, M. Raseta, was one of the speakers, but he did not touch on the revolt in which he is accused of being concerned, and asked only for the autonomy of Madagascar within the French Union. Most speakers were critical of the Governor-General of Madagascar, M. de Coppet, and although the Minister of Colonies defended him vigorously the Government, it appears, are willing to sacrifice him. The Minister gave proof of the complicity of all the Malagasy nationalist deputies in the revolt but threw no light on the Government's general policy. It is significant that during the debate the African native deputies of all parties showed their sympathy with the demands of the Malagasies and their dislike of the policy of assimilation. At the end of the debate a Communist demand for a parliamentary commission of inquiry was defeated, and a vote of confidence in the Government's policy was passed by 375 votes to 47, the P.R.L. voting against and the Communists abstaining. Meanwhile H.M. Consul-General in Madagascar sees little hope of a return to peaceful conditions in the island and says that the French are faced with the difficulty of reducing the influence of the Hovas, the ruling caste which sponsored the revolt, and who at present hold many posts in the administration.

Victory celebrations were held in Paris on the 11th May, and on the previous day Mr. Churchill was decorated by M. Ramadier with the *Médaille Militaire*.

The International Bank of Reconstruction has granted France a loan of 250 million dollars. This is only half the amount requested, but it is believed that a further loan may be made later on. The loan is to help France to import the goods needed for her programme of reconstruction, and full information on the way in which it is employed will be furnished to the Bank. France will pay interest at 3¼ per cent. plus a further 1 per cent. commission on all sums outstanding. In addition she will pay a "commitment" fee on the undispersed portion of the Loan. Amortisation will be over 30 years and will start in 5 years' time.

Meanwhile France has been permitted to draw 25 million dollars from the International Monetary Fund as an advance on her quota as fixed by the Bretton Woods conference.

SWITZERLAND

Renewed demands for higher wages threaten to produce an outbreak of strikes, especially among workers in the building trade. Last month about 600 painters and plasterers ceased work in Berne over a demand for an increase of 50 centimes an hour, and forced the Authorities to cancel local regulations about half-yearly removal dates. The existing wage agreement for the building trade ends on the 14th May, on which date 90,000 workers threaten to strike unless working hours are reduced, paid holidays are approved, and wages are increased by about 70 centimes an hour. It is stated that these concessions would raise building costs by approximately 20 per cent., with a consequent increase in rents and the cost of living generally. Already the high cost of construction is seriously hampering the industry, and Federal Departments are asking cantonal authorities to co-operate with them in postponing all contracts which are not absolutely essential. The Federal Council has also refused to confirm a collective wage agreement proposed by the furniture-making trade, on the ground that the suggested schedule of wages is unreasonably high. Two other points of interest on the industrial question are: first, that 90 per cent. of applications received by the Price Controller for increased prices are based on higher wages; second, that the number of days lost through strikes in 1946 was the highest since 1930.

With a view to arresting the flight from the land, and to maintaining the maximum acreage under cultivation, the Federal Council has submitted a draft Bill providing for public grants to agricultural workers.

Dissatisfaction is being expressed because of the failure of the Argentine to ship the grain quota specified in the Swiss-Argentine Commercial Agreement, and also at the Argentine demand for substantially higher prices. If these are

maintained, the Swiss Authorities will have to provide further subsidies to keep down the price of bread. The import of butter from the Argentine, however, allowed stocks of locally-produced butter to be increased to 2,600 tons by the end of April. This is ten times the figure of a year ago.

Greater allocations of meat to restaurants have reduced the meatless days to Friday only. Stocks of cheese are lower, but supplies of nut fats and oils are plentiful, and the product has been decontrolled since the beginning of April. A special ration of 6 kilog. of sugar for jam-making has been issued for this year.

Fuel allocations for 1947–48 are much better than those of last winter. For domestic purposes the quota of certain classes of coal is to be raised from 15 per cent. to 35 per cent. of basic requirements; for industry, up to 75 per cent.; for railways, 100 per cent. There is, however, a shortage of good quality coal which is affecting the gasworks and certain specialised industries. Wood fuel is no longer controlled.

Subject to the conclusion of the Anglo-Swiss air agreement now being negotiated, British European Airways propose to inaugurate on the 19th May a new two-way daily service from London to Geneva.

SPAIN AND PORTUGAL

The stir provoked by General Franco's Bill of Succession and Don Juan's answering manifesto (see *Summary* No. 389) is dying away, and the fact that the Caudillo is still very much in command of the situation is evidenced by his ability to prevail upon Dr. Salazar to order the removal from the Prince's immediate proximity of two of his chief advisers, Señores Gil Robles and Saénz Rodriguez and another adjutant, Señor Vejarano. The three men have been ordered to depart from the Lisbon area, ostensibly for having indulged in activities likely to prejudice Portugal's good relations with her neighbour, Spain. They have now moved to Oporto. General Franco's own assessment of the position is provided aptly enough in the *Arriba* headlines of the 29th April, reproducing an interview granted to the Madrid correspondent of the *Sunday Times:* "En la Ley Sucesoria—afirma Franco—no se trata de una restauración sino de una instauración."

Moving ceremonies in connection with the removal to a new throne of the Virgin of Montserrat, the patroness of Catalonia, took place on the 27th and 28th April. Elaborate preparations had been made by the *Abat Oliva Commission*, backed by wealthy members of the former *Lliga Regionalista* (Conservative) and the *Union Democrática de Cataluña*, the nearest equivalent to the Christian Democrats of France and Italy. No expense was spared to advertise the event. Special trains and motor coaches were being run from nearby towns, and loudspeakers had been set up in the town and public square adjoining the monastery. It was hoped, indeed, through a vast concourse of Catalans on the spot, to turn the religious festival into a reverberating demonstration of Catalan nationalism. (Under pretence of promoting local folk-lore and culture the Commission has been working assiduously to revive Catalan aspirations and the ideals of christian democracy throughout the Province. The authorities in the main had tolerated these activities, only clamping down on them from time to time, as they did recently by closing the office of the organization at Badalona.) On this occasion, however, the Spanish Government were alive to the danger and effectively spiked the guns of the Catalanists by taking over and making the celebrations their own. General Franco was represented by Señor Artajo, the Minister for Foreign Affairs, who was accompanied by other high-ranking Government officials. The crowds attending the ceremonies were estimated at 70,000.

The Spanish Government were not so successful in handling the labour unrest in the Basque Provinces, another hotbed of autonomist aspiration. Whether or not the strikes in Bilbao were entirely engineered by the Basque "Resistance Government" in Paris, as claimed by President Aguirre, there is no doubt that the émigré Government have been pleased with the results achieved by what is actually the first political strike in Spain since the end of the Civil War. According to *Radio Euzkadi* (the Voice of Basque Resistance) orders to cease work on May Day in accordance with the request of the Basque Committee of Resistance were issued to the workers by the U.G.T., the C.N.T. and the "Solidarity of Basque Workers." Some 14,000 persons including workers from factories, dockyards and miners from the Vizcayan area complied with the order and took the day off. All might have gone well —the workers had made their gesture. But the Falangist Civil Governor, Señor Riestra, issued orders that the strikers were to be

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dismissed for breach of contract, and on returning to work the next day some of the workers found themselves discharged. They were apparently entitled to apply for reinstatement, but such reinstatement would not carry with it seniority or pension rights prior to the 1st May. In the face of these punitive measures the strikers refused to return to work, and the organizers of the strike called upon workers in other industries to strike in sympathy against the "victimization of the Basque workers, food shortages, Falangist taxes and low wages." Messages of encouragement and calls for aid have been sent out by many of the Republican groups outside Spain, and M. Louis Saillant, Secretary-General of the W.F.T.U., has urged all trade unions affiliated to the World Federation to support the strikers. Resistance groups outside the country obviously hope to incite a general strike against the Franco régime, but it is doubtful whether they will succeed. The number of men on strike at one point was estimated to have been 25,000. A spokesman of the Ministry of Foreign Affairs, admitted on the 9th May that 40 per cent. of Bilbao's 50,000 workers were on strike on the 5th, but claimed that all had returned to work by the end of the week. There is no doubt that the events at Bilbao have made a deep impression in Spain.

The recent appointment of Father Angel Herrera, on General Franco's nomination, to be Bishop of Málaga recalls that worthy's journeyings at the end of 1945 to Rome, Lausanne and Lisbon on the Caudillo's behalf (see *Summary* No. 326). It will be remembered that the new Bishop was the brains behind the Catholic opposition in the days of the Republic, as more recently he was concerned in the efforts of the opportunist Catholic group at the time of the Cabinet re-shuffle in July 1945 to take over the power and influence of the Falangist party. Father Herrera is an astute Churchman of the type which crops up so often in the pages of Spanish history. Another new appointment is that of Señor de Lequerica as Inspector-General of Diplomatic Missions and Consulates. Señor Lequerica was Spanish Ambassador to Vichy until 1944 when he became Minister of Foreign Affairs. He was replaced in 1945 by the present Minister, Señor Martin Artajo, a representative of Father Herrera's Catholic group.

Diplomatic relations between Spain and Bolivia were renewed by means of an interchange of Notes on the 27th and 28th April between the Spanish Ambassador to the Argentine and the Bolivian Minister of Foreign Affairs. The Bolivian Government originally broke off relations with Spain in September 1945 and, more recently, the Bolivian Delegation to the United Nations voted in favour of the Resolution of the General Assembly last December which called for the withdrawal of Ambassadors and Ministers Plenipotentiary from Madrid.

Sir Owen O'Malley, H.M. Ambassador to Portugal since August 1945, left Lisbon on the 29th April. He is retiring from the Diplomatic Service. His successor is Sir Nigel Bruce Ronald, K.C.M.G., C.V.O., an Assistant Under-Secretary of State.

Portugal's "Colonial Week" organized by the Geographical Society was brought to an end on the 3rd May by a ceremonial meeting of the Society, presided over by the Under-Secretary for the Colonies. During the week, dedicated to India, which is an object of special concern to the Portuguese Government these days, public bodies and schools throughout the country had organized demonstrations with the object of arousing patriotism and pride in Portugal's long record as a colonial Power. In this connection it may be worth recording that the Governor General of Mozambique, Commander Gabriel Teixeira (who replaced General de Bettencourt in September 1946), has expressed his pleasure at the gracious manner in which their Majesties received him, Madame Teixeira and his Staff during the Royal visit to South Africa, a gesture which has given great satisfaction and pleasure in official circles and amongst the local Portuguese population. The Governor General also had a friendly talk with Field Marshal Smuts.

ITALY

On the 7th May the Italian Government sent an official request to M. Trygve Lie that Italy should be admitted to the United Nations. Italy's application is, of course, premature, and she will not be eligible for membership until the Peace Treaty has been ratified by the four Great Powers and by Italy herself.

On the 12th May the Constituent Assembly approved the Italo-Egyptian Agreement concluded in Paris in September 1946. Under this agreement Italy will pay £E. 4,500,000 as reparations to Egypt, and Italian citizens there will have their sequestrated property returned to them. Count Sforza took advantage of the occasion to declare "A new fact has arisen in the Mediterranean—the re-awakening

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to the Arab world. Italy must take this reality into account in formulating her new migratory and commercial policy in Africa." This reality, Count Sforza added, necessitated an active collaboration with the Arab world and, above all, with Egypt, the seat of the centre of Arab nationalism.

The problem of illegal Jewish immigration to Palestine from Italian ports is still causing anxiety to H.M. Government. The Italian Government while declaring their willingness to put a stop to these activities are unwilling to lay themselves open to the charge of illegal detention of foreign ships. They are also, not unnaturally, anxious to get rid of as many refugees as possible. The most helpful step in the prevention of Jewish immigration would probably be to tighten up frontier control, especially on the Italo-Austrian frontier, but the Italian Government state that they do not possess sufficient frontier guards or police to ensure the carrying out of governmental instructions.

On the 13th May Sig. de Gasperi handed in the resignation of the Government to President de Nicola. There have been indications for some time past that the Prime Minister had been considering the broadening of the Government. Signor Morandi, the Socialist Minister for Industry and Commerce, accused Sig. de Gasperi of attempting to shift the political axis of the Government which, the Socialist Party feels, would only increase Governmental inefficiency. Consequently the Prime Minister no longer felt that he would enjoy the support of the Socialist Party in the statement on the country's political, economic and financial situation which he had intended to deliver on the 13th.

SOUTH EASTERN EUROPE

Hungary

The Foreign Relations Committee of the U.S. Senate have now unanimously approved the Peace Treaties with the satellite countries, and the Senate has been asked by Senator Vandenberg to ratify them in order to avoid "danger and confusion" (see under "United States"). In Hungary's case the question is closely bound up with the fate of the prisoners-of-war who are still in Russia. Writing in the Red Army newspaper, *Uj Szó* Professor Szekfü, the Hungarian Minister in Moscow, states categorically, on the strength of assurances obtained from official Soviet circles, that when the Treaty becomes valid "the Russians will not keep our prisoners-of-war, labour servicemen or civil internees, but will send them home as soon as possible."

The natural anxiety to which the matter has given rise is regarded by M. Rákosi as the result of a sinister attempt on the part of the forces of reaction to drive a wedge between the Soviet Union and the democratic elements in his own country. In a survey of the international situation he contrasts the "clear and simple foreign political line" followed by the U.S.S.R. with the support which, the U.S.A., according to him, reserve for the enemies of democracy. And despite the growing opposition of the left-wing of the British Labour Party, its leaders, he asserts, have allowed their aims to be subordinated to U.S. interests, as was manifested by the regrettable incident of the Notes delivered after the arrest of M. Kovács. The campaign of vituperation is carried further by a certain M. Kassai in his radio talk on *Topical Questions:* on the one hand, there is Soviet Russia who won the war virtually single-handed and who has now turned her attention to the establishment of a just and lasting peace; on the other hand, the Western Powers who opened the second front only after it had become obvious that the Red Armies were on the point of achieving victory. Foreign imperialists, M. Kassai continues, are again scheming to plunge the world into war, and it is they who, having failed with all the neighbouring countries except Austria, fostered the plot against the Hungarian Republic.

The sentences passed on those convicted of concealing the conspirators range from one year's imprisonment to three months. The Presiding Judge declared that though he himself would have preferred to impose heavier penalties the Law did not allow him to do so—rightly enough, it might be thought, since the offences of the accused consisted merely of sheltering their friends and had no political foundation.

In spite of the newsprint shortage the Left have contrived to publish yet another newspaper entitled *Tovabb*. Its responsible editor is M. Paloczi-Horvath, the author of *Darkest Hungary*, who has been working for the B.B.C.

The Communists favour the introduction of a capital levy on all fortunes of more than 50,000 forints. A capital tax, considerably higher for private persons than for commercial undertakings, is already applied to property in excess of 20,000 forints.

M. Nagy has sought to defend himself against the criticism of the right-wing members of his own Party by arguing that

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the concessions which he has made are to the advantage of the Hungarian nation. It would be a long time, he said, before the Smallholders could afford to sever their connection with their partners in the Coalition Government. Peace was needed for creative work and to raise the standard of living.

The maximum grant of land to be allotted to Hungarian repatriates from Slovakia has been fixed at 15 *hold;* though the rule may be subsequently relaxed, it is explained, in carefully selected cases. By a still somewhat obscure method of classification former landed and landless peasants will be definitely assured of property, but "professional farmers" will receive holdings only if any remain available after the other claims have been met. The reason for this discrimination is not clear unless the "professional farmers" are the equivalent of the "gentlemen" landowners of feudal Hungary whom the Land Reform restricted to a maximum 100 *hold*, while permitting a maximum 200 *hold* to all who could prove peasant origin. Among non-agricultural workers preferential treatment will be given to those, such as doctors and craftsmen, whose occupations are estimated as being of most value to the community.

The Hungarian Government have asked the Italian authorities for the extradition of the war criminals, Oliver Rupprecht, formerly editor of *Magyarság*, and M. Vajtha, formerly Hungarian Consul in Vienna. Since making the request they have heard that Vajtha has left Italy.

The Secretary of the International Department of the Labour Party, Denis Healey, is to attend the forthcoming Danubian Conference of Social Democrats in Budapest as an observer.

The Hungarian Government have agreed to the establishment of Soviet consulates in Szeged, Debreczen, Pécs, Györ and Miskolc. (See also under "United Nations.")

Roumania

The question of ratification of the Peace Treaty is the subject of much discussion and exchange of views. The usual practice is that such a treaty should be approved by the Legislatures of the victors and thereafter submitted to the vanquished country for due ratification. But in the present case it has been decided that the order shall be reversed. The reaction of the Roumanian Minister of Foreign Affairs is that this plan might "embarrass" the Roumanian Government if, after Roumania has ratified the Treaty, the Great Powers should withhold ratification. It has been proposed that the necessary action should be taken by the Powers on or about the 15th May. The Russian Government points out that a decision by the Great Powers to withhold ratification might result in delay in the withdrawal of Allied troops. Other considerations are involved, and it is difficult to avoid the conclusion not only that the withdrawal of troops is in the minds of some of those concerned, but also that trouble may arise over the observance of Article 3 of the treaty, which provides for "human rights" and fundamental freedom. This article is already being infringed by the Roumanian Government, and, as things are at present, the only action which can be taken is under what are known as the January assurances. These have never been observed, and no pressure has been brought to bear for their observance. The fact is that the Roumanian Government feel so secure in their Russian backing that they just behave as they please. During the last month over 2,000 arrests of known supporters of the Opposition have taken place and many have been kept in prison, although no charge has been made against them. It is now fairly evident that the Russian policy is to present the United Nations with the *fait accompli* of a virtual Communist dictatorship.

A point which appears to have escaped general notice in this connexion is that, however much the Russians safeguard their position and, however complete is the control of the Communists over the country, it will never really be safe for the Russians to withdraw. The only question is whether they will be so impressed with the preparations that they have made, and with the outward appearance of things in Roumania, that they will deceive themselves and be persuaded that their position is more secure than it actually is.

Assuming that they decide to go, what is there that they leave behind to make their withdrawal safe?

(1) The Communist Party, consisting of a number of genuine Communists which can be counted on the fingers of one hand, and an indefinite number who cannot be relied upon at all. Many of these have recently begun to show their hand, and active "purging" of the the party is taking place.

(2) A Secret Police force on N.K.V.D. lines, consisting of a developed and enlarged *Siguranta*. The new elements are

(*a*), recruits of more or less Russian nationality from Bessarabia, (*b*), soldiers of the Russian occupying army, (*c*), men of the type who formerly constituted the Iron Guard. These were a number of young professional men and schoolmasters and a number of disappointed and rebellious bright boys from the country elementary schools, who came from the villages to the towns before the war intent upon improving their positions, only to find that all the jobs worth having were held by Jews. There was some reason for this, for until the late twenties there was no one except the Jews qualified to take these posts.

(3) Russian troops who have been "withdrawn," that is, who have changed into plain clothes. (It should be said, perhaps, that during the last 3 months, according to reliable evidence, seven Russian divisions, *i.e.*, at least 100,000 have left the country.)

Of these three elements none is reliable, once the Russian military Government and the fully armed and organised Russian armies have left the country.

On the other hand there are certain elements which a Russian withdrawal would set free. These consist of the King, the Government, nominally Communist, but containing perhaps three real Communists, the underground forces, and the vast majority of the Roumanian people whose hatred of Russia and everything connected with it, is beyond the power of language to express. The obvious—and in fact the only—leader is King Michael, who would have the whole nation solidly behind him in any attempt to smash the carefully constructed régime left behind by the Russians. The opportunity might come for effective action when Russia feeling secure in consequence of the measures she has taken to protect her interests, allowed herself to become occupied in other directions with a view to new conquests.

Meanwhile, the Roumanian Parliament is aiming at dealing in the shortest possible time with a large number of legislative matters. The King's speech deals with Bills concerning fees for certification of weights and measures, for the control of objects made of precious metals, for the reorganisation of the Judicial Body, for punishment for crimes committed against members of the Allied Forces, for the settlement of certain questions of citizenship, for the increase to 500,000,000 lei of the credit to the Ministry of Communications, and for the provision of a cost-of-living bonus in addition to pensions for members of the Composers', Painters' and Sculptors' Union. Bills have been discussed and passed authorising a loan to the Ministry of War of 29,100,000,000 lei, a modification of the law relating to the completion of buildings attached to the Royal Palace, a loan of 7,000,000,000 lei for road building in the judet of Dâmboviţa, &c.

Yugoslavia

The 9th May was celebrated as Victory Day in Yugoslavia with pan-Slav fervour. Almost all the merit for winning the war was given to the "glorious Red Army," but the efforts of the Yugoslav people were not unhonoured or unsung. The most brotherly sentiments were expressed for other Slav nations, including the honorary Slav, Albania. Marshal Tito, who exhorted the Army to be vigilant towards internal and external enemies, did, however, mention Great Britain and the U.S.A.—as the capitalist homes of the war-profiteers who sought war for the sake of the profit. *Borba* admitted that the "reactionaries" had fought, but in a "demoniac war" in order to substitute their domination for the German and Italian yoke. *Narodna Armija* promised that the Army would perfect the art of war, and that the Five-Year Plan would provide the modern technical resources required.

Details of the Plan, especially with regard to the development of industry, have been published in the Press. But it is also promised that the Plan will eventually remove the need for rationing food-stuffs and textiles. There are no immediate prospects of this. Owing to the failure of last year's grain collecting scheme a new and more drastic measure has been introduced. Instead of retaining a certain quantity of cereals for their own use and for sale in the free market, before delivering to the State, the farmers must, this year, first surrender a fixed quantity based on the productive capacity of the area, and then keep or sell the rest. Whereas last year many farmers produced only enough for themselves, this year they must all work hard or starve. If they produce any surplus for free sale they can only dispose of this through a State purchasing enterprise presumably at a fixed price. A new order fixing grain prices on the same level as last year, does, however, offer a 40 per cent. advance for such sales.

The Deputy Foreign Minister has discussed with Mr. Peake some of the points raised in his Press Conference (see last week's *Summary*). Much of the conversation covered old ground, such as the

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Yugoslav Government's dissatisfaction with the British attitude to the Glumčić affair. But M. Bebler indicated that a visit from Brigadier Maclean would still be welcome and might still be of value. His unfavourable comments on the transfer of *četniks* to Germany confirmed the impression gained from other conversations that the Yugoslav Government had been confident of reaching agreement with Italy on the subject of refugees.

Some members of what is described as an "adventist sect" have been sentenced in Zagreb to long terms of forced labour. From Sarajevo it is reported that some "opposition" Croats have made it their business to penetrate the ranks of the Croat Republican Peasant Party (the Communist-controlled version of Dr. Maček's Party), while the Peasant Party leaders in Zagreb prefer to "wait and see." In Austria a Social and Welfare Club has been formed among D.P.s as a cloak for political activities by Maček's supporters.

Greece

Greek enthusiasm for the U.S.A. which might have been expected to increase with the final approval of the Aid to Greece Bill by the House of Representatives, was suddenly checked this week by the publication in Athens of a report from Geneva. According to this, Mr. Ethridge, the U.S. delegate on the Frontier Commission, has proposed that the Commission should recommend that a "broader amnesty" should be granted by the Greek Government (under supervision of an international body) to bandits and political internees. The Government are dismayed at the suggestion that, while the rebellion is still in progress, they should be urged to release common criminals and individuals who would at once take steps to reinforce the rebel bands. They remain convinced that the fighting force of the bandits must first be destroyed and that then a general amnesty can usefully be discussed. They argue, moreover, that any such recommendation by the Commission would violate the provisions of the United Nations charter, which preclude any intervention in the domestic affairs of a member state, and that the Commission was empowered only to investigate whether or not Albania, Bulgaria and Yugoslavia are helping bandits in Greece and to recommend means of preventing such assistance, if proved. It is reported that, in their anger and dismay at Mr. Ethridge's proposal, the Greeks are deriving comfort from the news that it was opposed by the U.K. Delegate. This, they feel, shows that "British experience in Greece during the last few years has given them a greater understanding of the situation."

The Greek Government have been officially informed that, as an American economic mission is expected in Athens in the near future, the British Economic Mission, the life of which, under the Financial Agreement of January 1946 which set it up, was in any event only to be eighteen months unless extended by mutual agreement for a further six months, is to be withdrawn before the 30th June.

Despite the Communists' attempts, by making raids at widely scattered points, to divert the Greek Government's forces from their counter-measures, the Greek Army continue to report progress. Brigadier Manitakis, at a press conference in Athens, reviewed operations in the Thessalian mountains during the five weeks from the 1st April to the 5th May and gave the figures of losses on both sides as: bandits—killed 1,023, captured 1,166 (including 297 voluntary surrenders); Army —killed 39, wounded 93. Gendarmie casualties were not given. Manitakis declared that no Greek soldiers had been captured by the rebels, who were in full retreat and refused battle.

According to the latest information available from British sources, Greek estimates of bandit casualties appear to be grossly exaggerated. It is not thought that more than 800 bandits have so far been killed or captured and, although the Greek Army have forced the bandits to withdraw from the Lower Pindus, there is no evidence to support the suggestion that they are "in full retreat." During the last week there have been reports of several incidents spread over a wide area in which the bandits have shown that they retain some initiative and are by no means a beaten force.

Manitakis also produced a written statement by Kapetan Nikitas, a member of NOF (Macedonian autonomists) who was recently captured. In it he stated that on the 21st August, 1946, an agreement was signed between the KKE and the Yugoslav Communist party for the supply of arms to the Communist bands operating in Greece. A subsequent agreement, signed on the 6th January, 1947, provided for the complete fusion of the two parties. Nikitas stated that he had met Niko Zachariades, the leader of KKE, on the 4th April, 1947, in the Hassia Mountains at a conference with the local guerilla leaders. Zachariades, since his disappearance from

Athens, is reported, from a French source, to have visited both Yugoslavia and Bulgaria where he is said to have had conferences with both Marshal Tito and Dimitrov. (See last week's *Summary* under "Bulgaria.")

Albania

As indicated already in earlier *Summaries*, direct information of a reliable character about conditions in Albania is not at all easy to obtain—in the absence of any British or American representatives in the country. It is learnt, however, from a reliable unofficial source that food conditions, in particular, are bad—and worsening. Albania has been through a very hard winter, and the rainstorms have gravely dislocated her communications. By next year it may be expected that she will be completely integrated in the Yugoslav economy, and the intention is that while she herself is to concentrate on growing industrial crops like flax, she is to rely for her grain crops upon her dominant neighbour. Albania will thus depend on Yugoslav harvests, and, even if these are adequate, their distribution will call for improved communications. Regarding roads, the main work being carried on by the authorities is probably the construction of one connecting Peshkopi with Kukës, in the north-east. But it is the railway scheme which is of overriding importance. Albania has hitherto remained wholly without railways. It is proposed to carry through the Italian plan for a line running inland from Durazzo, as soon as possible, as a beginning, and to start by putting into good condition the embankments already laid, by rebuilding the bridges destroyed during the war,—and by laying tracks on the whole stretch from Durazzo through Elbasan to Labinot (a village a few miles farther on to the north-east). No public statement has been made on the question whether the railway will then go east into Yugoslavia or south-east to Korça. It is far from clear, in any case, where Albania will find the materials, machines and technical skill to carry out what would be a somewhat ambitious project.

From the same source it is gathered that there was very little public reaction at all to the Corfu Channel mining. Great Britain everywhere comes in for much criticism as a defender of Greece and as a supposed champion of the Greek claim to "Northern Epirus" (*i.e.*, Southern Albania), so that it is not unusual now to find Albanians who are strongly opposed to the Hoxha régime but equally hostile to the British.

Turkey

The adoption by Congress of President Truman's proposal to give financial help to Turkey is dealt with under "United States." Renewed attacks by the Soviet press on Turkey are described under "Soviet Union."

THE MIDDLE EAST

Egypt

On the evening of the 4th May Nokrashy Pasha broadcast an appeal to the Egyptian people to put an end to acts giving cause for complaint by foreign residents in Egypt, in the interests of Egypt itself. He referred to protests that he had received and to articles in American and other papers giving exaggerated accounts of incidents and acts of discourtesy on the part of Egyptians who had failed, in their dealings with "foreign guests," to observe Egyptian traditions of dignity and hospitality. He blamed those selfish elements who were trying to disturb the harmonious relations between Egypt and foreigners for forgetting that it was their duty to behave in a way which would raise the prestige of their country. He said that he realized that complete calm was difficult at this critical moment in Egypt's history and that emotions too long pent up might, at times, be violently expressed, but he thought that the restraint which, on the whole, had been exercised should be noted in Egypt's favour.

The *Ahram*, commenting on this broadcast the following day, referred to it as designed to persuade the Egyptians to be courteous to foreigners "during the discussion of Egypt's case by the United Nations." What may happen afterwards in the event of a decision unfavourable to Egypt is indicated by the *Akhbar el Yom*, a weekly paper which came out the day before Nokrashy Pasha's broadcast with the claim that failure to give satisfaction to Egypt would cause an outburst that would destroy the Security Council and the Powers behind it. "Egypt," the writer

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proclaims, "will fight intruders in the cities, in the villages, in the squares and in the street. The intruders cannot go on living amongst a people who abhor, despise and curse them." The *Rissala*, a high-class weekly review, has also been conducting a campaign of "cultural xenophobia" which cannot fail to find an echo in the hearts of many believing Muslims who fear the undermining of their religion and way of life which is founded upon it by the infiltration of Western ideas. In the issue of the 28th April the inculcation of a hatred of foreigners was urged "until this hatred becomes a religion and second nature" and the mass expulsion of foreigners was demanded. On the 7th April British, American and French schools had been attacked. The anti-British campaign has thus inevitably widened into one against all foreigners and is accompanied by a vociferous renaissance of militant Islam. Foremost amongst the agencies responsible for anti-Christian agitation are the Ikhwan al Muslimin (Muslim Brethren), although their leader has tried to reassure the Copts (see *Summary* No. 389). The Copts, however, are far from happy; a series of articles has recently appeared in the Coptic newspaper *Misr*, drawing attention to the oppression to which they are subjected and blaming the Ikhwan, amongst others, for their plight. An open letter also has been addressed to the Egyptian Government by the "General Union for Christian Affairs" of Alexandria in which allegations are made of discrimination against Christians and ending with an appeal to the Government not to allow the division of the country into two camps and the creation of hatred between them. In a Coptic weekly paper the Government are blamed for the burning of the church at Zagazig and a writer refers to "the present persecution of the Copts."

The rumours that no decision had been reached regarding the organ of the United Nations to which Egypt should appeal were dispelled on the 12th May when Nokrashy Pasha told the Chamber of Deputies that he would submit the case to the Security Council as soon as the present extraordinary session of the United Nations was over. He announced also (according to the press) that their case would be based on three main points: evacuation of the Nile Valley, evacuation of the Sudan and the unity of the Nile Valley. He is also reported to have emphasised that not a single legal expert that he had consulted had advised him that it was possible unilaterally to denounce the 1936 Treaty or the 1899 Condominium Agreement. This follows the line which Nokrashy indicated a short time ago to the correspondent of *The Times* (see *Summary* No. 390).

The eleventh anniversary of King Farouk's accession was celebrated on the 6th May.

On the night of 6th/7th May there were three bomb incidents in Cairo. Attacks on the offices of the British Ministry of Food and the British Information Services caused no casualties and little damage but an explosion in the Metro Cinema resulted in five deaths and injuries to some forty people. This is the most serious of the numerous outrages which have occurred in foreign-owned cinemas in Cairo during the last two years. The Egyptian Government has offered a reward of £10,000 for information leading to the arrest and conviction of persons concerned in the incidents of the 6th and 7th May. Some suspects who had been released for lack of evidence in previous bomb attacks have been detained for questioning.

Palestine

Mr. Ben Gurion has gone to New York to be a member of the Jewish Agency delegation which is led by Dr. Abba Hillel Silver. Dr. Weizmann was invited to join the delegation but, according to a Jewish Agency spokesman, said that he was unable to appear at such short notice. The expectation that he intends to return to politics is confirmed by the fact that he is making a tour of Palestine and has addressed a public meeting at Nahalel on the 7th May. Although it was assumed that he would make some important announcement there he did no more than deny that the hour had yet come for him to shake off the yoke of Zionism and express his continued belief in the magnificent prospects for the Zionist enterprise provided that there was no turning away from the path of constructive work.

The attack on Acre prison, reported last week, was followed by a period of quiet, broken only by three cases on the 8th May in which armed Jews entered shops in Tel Aviv, forced out the occupants and set fire to the premises with incendiary bombs. The Jerusalem correspondent of the Jewish Telegraphic Agency ascribed the lull as due either to the losses sustained by the terrorists in the Acre attack or to their compliance with a request telegraphed by "their American friends" to desist from terrorism during the United Nations' discussions. The hope that they might do

so was premature. On the evening of the 12th May two British policemen were shot dead in a Jerusalem street.

Jamal al Husaini, the Vice-Chairman of the Arab Higher Committee, who is reported to have made an inflammatory speech in Haifa on the 30th April in which he urged all Arabs to store arms and ammunition, has now left for the United States.

(See also under "United Nations.")

Transjordan

The Government have signed an agreement with the Iraq Petroleum Company for the exploitation of mineral oil in Transjordan.

Persia

The lack of progress of the New Abadan Oil Workers' Union (see *Summaries* Nos. 379 and 382) is confirmed by a British official of the Anglo-Iranian Oil Company, who reports general apathy among most of the workers. Nevertheless, a hard core of Tudeh supporters remains, beyond which is a larger group, mildly pro-Tudeh, considered likely to support them wholeheartedly if they felt it safe to do so, but preferring to wait in the wings. Lastly, there is the vast mass of apathetic workers who cannot be described as either pro- or anti-Tudeh, but are easily swayed by mob-oratory. This group realises that the strike last July brought them some benefits, and for that reason they are vaguely aware that the Tudeh has done something for them, but when some of the Tudeh leaders absconded with the Party's funds they became bitter. "They do not understand what the new union is," states the above-mentioned official. "A large number even think that it is the Tudeh in disguise and are afraid to co-operate with it. Others are swayed by the hard core who advise them to boycott it." (See also under "Soviet Union.")

Afghanistan

The disorders in India have given rise to anxiety among members of the Afghan cabinet and those in contact with persons coming from that country. In particular, the temporary interruption in the flow of goods to and from India, upon which the economic life of the country depends, has caused the Government considerable anxiety.

The Government are also apprehensive of the possibility of tribal unrest on both sides of the frontier when British rule in India comes to an end. In their view it will be difficult for them to resist the demands of their own younger Afghans for the incorporation of the Pushtu-speaking tribes on the Indian side of the frontier. They have also expressed to His Majesty's Government the view that the obligations which they have accepted in their treaties with His Majesty's Government will no longer be binding upon them when the British withdraw from India. The Government do not, however, overlook the fact that if they support claims on behalf of the frontier tribesmen for a return to the Afghan fold, this might lead to similar claims from the Governments of the Soviet Republics on their northern frontier, for the incorporation of the areas of northern Afghanistan inhabited by Tajiks, Uzbeks and Turkomans.

THE FAR EAST

China

The growing threat of a second economic and financial crisis continues to absorb attention in China. Little confidence is placed by the general public in the Government's somewhat half-hearted endeavours to deal with the rapidly deteriorating situation; and, angered by rising prices of all staple commodities and the hoarding tactics of rice merchants, crowds are reported to have begun rioting in Shanghai and a number of other large towns. Nevertheless, the Minister of Finance is of opinion that the position, although requiring immediate attention and action, is by no means as bad as it is popularly painted. He realises that some further devaluation of the national dollar is unavoidable and that it may thus become necessary to re-introduce the system for the payment of wages based on the cost-of-living index. He asserts, however, that the Government are determined to put an end to hoarding and to see to it that the towns are kept adequately supplied with rice, sales of which, together with all other food-stuffs, are to be governed by new price-control regulations.

Despite considerable opposition within their ranks to the contracting of any foreign loan, it is becoming increasingly evident that the Government are relying

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on obtaining a loan from the United States in time to save the situation. In a statement in the Executive Yuan on the country's financial situation General Chang Chun declared that China must find a way to settle her budget deficit by internal measures. At the same time, however, he warned the Yuan of the dire necessity to obtain a substantial and immediate loan from the United States, without which, he declared, the National Treasury would be totally unable to cope with the pressing need for the rehabilitation and reconstruction of a vast area. Incidentally, in answer to questions at a press conference in Washington on the 8th May, the United States Secretary of State admitted that in his judgment the steps recently taken toward the broadening of the Chinese Government constituted a move toward fulfilling the United States requirements for a possible loan, but he qualified this statement by pointing out that it still remained to be seen how effective the broadening of the Chinese Government would be. Mr. Marshall is also reported as having gone on to say that China has made several proposals for railway and harbour rehabilitation and other reconstruction projects, and he was hopeful that rehabilitation of the Canton–Hankow Railway, as well as harbour developments essential to north China, could be accomplished.

The Government are reported to be growing increasingly concerned at the attitude of the Soviet authorities toward the question of handing over the administration of the port of Dairen as required by the Sino-Soviet Treaty of 1945. The Chinese Government hold that, in order to cope with the Communists who are reported to number at least 30,000, it is essential to disembark sea-borne troops at Dairen. The Soviet Ambassador's contention, however—since confirmed in a Note from the Soviet Government—is that, while his Government are quite ready to hand over the civil administration of the port to the Chinese authorities, in no circumstances could Chinese troops be permitted to enter Dairen until after the state of war with Japan had been finally terminated in a Peace Treaty. Negotiations have been brought to a stand-still by the Chinese Government's rejection of this contention in a strongly-worded note.

In the meantime the civil war drags on, fortune swaying first to one side and then to the other with almost rhythmical regularity. In Shantung the tide has turned in favour of the Government at the moment, and the much-prized town of Taian is once again in their hands. But almost everywhere else the rounds are going to the Communists. In Shansi Communist numerical superiority is telling its tale, and Taiyuan, the capital of the Province, is reported to be invested by a large force under the personal command of General Mao Tse-tung. In Manchuria, too, the Communists have resumed their guerrilla tactics in the neighbourhood of Changchun, while a large force is expected to begin fresh operations from points south-east of Harbin as soon after the thaw sets in as ground conditions admit.

Japan

A sensational report, current in Tokyo, credited General MacArthur with assuring the Emperor, in the course of an interview on the 6th May, that "he would defend Japan in the same way as he would defend the United States." S.C.A.P. promptly issued a denial, and the Japanese interpreter, who accepted responsibility for the "leakage," has tendered his resignation. S.C.A.P. appears to have pointed out that Japan's security would be a matter for the United Nations or some other collective agency to handle. Despite the denial, Central News professes to have learnt that the Emperor expressed his concern over Japan's security now that she has renounced war and that in his reply General MacArthur told the Emperor that he would personally work for the security of Japan in the same way as he would work for the security of the United States. There is of course a world of difference between "working for" and "defending."

The Central Screening Committee has turned its attention from political to financial magnates and has "purged" 178 financial leaders including Kawai, former Minister for Public Welfare, Hiratsuka, former Minister for Transport, and the Presidents of two leading companies. The new Democratic Party has suffered most from these purges and accuses the Government of manipulating the work of the Committee to the advantage of the Liberals.

Indonesia

On the 7th May the Netherlands Prime Minister, Dr. Beel, and the Minister for Overseas Territories, Dr. Jonkman, accompanied by a staff of technical experts, arrived at Batavia. The reported objects of their visit are to obtain a first-hand picture of local developments and conditions since the signing of the Linggadjati Agreement as well as to examine important economic and financial problems. (See

Summary No. 391 under "Low Countries"). They have been met by gloom and stalemate.

Their Cabinet deliberations over, a slightly re-shuffled Indonesian Delegation returned to Batavia on the 1st May. Discussions with the Commission-General were resumed almost at once, but the promise that accompanied the meetings which followed immediately on the signing of the Linggadjati Agreement was not sustained, and optimism has given place to extreme depression. The main difficulty is the question of sovereignty during the interim period which has proved an insurmountable stumbling-block. The Indonesians demand the right of independent representation abroad and an entirely separate financial system, with their own issue of bank notes and management of foreign exchange control, requirements which are entirely unacceptable to the Commission-General, who are also strongly opposed to the arrangements that the Indonesians are in the process of concluding to supply India with rice in exchange for nine million yards of textiles.

The Commission-General are not prepared to give way on any of these major points and claim that the Republicans are employing delaying tactics in order to cover up their deliberate failure to implement the Linggadjati Agreement. The Indonesians, on the other hand, accuse the Netherlands authorities of violating Article 16 of the Agreement by increasing—instead of decreasing—the number of their troops in the N.E.I.

In these circumstances, therefore, negotiations have reached a deadlock and important questions concerning arrangements for the resumption of coastwise and direct trade, as well as the return of foreign merchants to their factories and plantations are being held in abeyance. Dutch patience is reported to be nearing exhaustion, while Indonesian suspicion and mistrust have become accentuated by loose talk, which no doubt has lost nothing in the telling, about the Commission-General's complete loss of faith in the possibility of solving the problems before them by negotiation and their consequent intention to employ force.

Nor has the general situation been improved by a proclamation by the leader of the *Partai Rakjat Pasoendan* (Soendanese People's Party), Mr. Kartalegawa, declaring Pasoendan (West Java) an independent state within the framework of the United States of Indonesia (under the Dutch crown), with Bandoeng as its capital. The movement has the moral support of the Dutch—more particularly of the older residents of the mercantile community—who contend that it is justified under Article 4 of the Agreement. The Indonesians, however, have declared in no uncertain terms their intention to suppress it, pointing as their right to do so, to Article 1 of the Agreement, under which "the Netherlands Government recognises the Government of the Republic of Indonesia as exercising the *de facto* authority over Java, Madura and Sumatra." Generally speaking the movement does not appear to be hailed with any very great enthusiasm by the rank and file of the Soendanese, and it is doubtful whether in the end it will do more than temporarily widen the unfortunate breach that already exists between the Commission-General and the Indonesian authorities.

Both the United Kingdom and the United States Governments attach the utmost importance to securing conditions under which factory owners and planters will be able at an early date to reoccupy their properties. And both countries have instructed their representatives in Batavia to stress this concern to the Commission-General and the Indonesian Delegation. In addition, the United States Ambassador at The Hague has been instructed to inform the Netherlands Government that the United States is keenly interested in the early re-opening of the Netherlands East Indies to world trade.

THE UNITED STATES OF AMERICA

After a debate lasting four days the House of Representatives on the 9th May finally passed the Greco-Turkish Aid Bill by 287 votes to 107. 127 Republicans and 160 Democrats voted for the Bill, and 93 Republicans, 13 Democrats and one independent member voted against it. In the course of the debate the Opposition introduced more than a dozen amendments, designed to emasculate the President's programme and to limit the military staffs to be sent to Greece and Turkey. All of these were defeated. As a result of other amendments added during the Committee hearings there are differences between the Bill and its Senate counterpart which will have to be ironed out by a conference of the two Houses. The supporters of the

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Bill laid characteristic emphasis upon the need to check Soviet aggression, Representative James P. Richards (Democrat, South Carolina), suggesting on the 7th May that the Soviet Union had joined the United Nations for the sole purpose of undermining the authority of that organization, and Representative Chester E. Merrow (Republican, New Hampshire) going so far as to remark two days later that, if Russia thought that the action of the House was a "declaration of war," then she could "make the most of it." Nevertheless, some of the Congressmen who voted for the Bill are said to be still only lukewarm towards the President's Greek and Turkish programme as such. Their reservations have been summed up by the *New York Herald-Tribune*, which asserts that the policy adumbrated by the present Bill will very probably "never achieve more than a partial success" and that, as it stands to-day, it "badly needs clarification, improvement and a more positive and constructive content."

A noteworthy attempt to provide such clarification was made on the 8th May by the Under-Secretary of State, Mr. Dean Acheson, who is due to leave the State Department and return to his private law practice at the end of next month. In an address to the Delta Council at Cleveland, Mississippi, which President Truman himself, originally, had been due to deliver, Mr. Acheson enunciated more explicitly than any State Department spokesman has ventured to do so far the principle that American financial and economic assistance should be concentrated where it would "be most effective in building world political and economic stability" and "in promoting human freedom and democratic institutions." He stated that "top priority" should be given to free peoples who were seeking to preserve their independence and ways of life against totalitarian pressures. The "facts of international life" indicated that the United States would have to extend credits to foreign countries "beyond existing authorizations" if those countries were to continue to buy in 1948 and 1949 the things which they need for sustaining life and for rebuilding their economies. The United States had at the same time to "push ahead with the reconstruction of those two great workshops of Europe and Asia—Germany and Japan—upon which the ultimate recovery of the two continents so largely depends." In this connexion it is interesting to note that, at his press conference on the previous day, Mr. Marshall had expressed the view that the State Department should take over from the War Department the administration of the occupied areas in Germany, Austria and Japan. A decision along these lines seems in fact to have been taken, although the details of the transfer of authority and of the new administrative machinery to be set up at the State Department have still to be worked out.

The hearings of the Senate Foreign Relations Committee on the peace treaties with Italy, Hungary, Bulgaria and Roumania have also provided the State Department with an opportunity to enlighten both Congress and the public on the subject of foreign policy. On the 6th May Mr. Marshall read to the Committee a letter from the President in which the latter attempted to refute the frequent allegation that the treaties conflicted in spirit with his Greco-Turkish programme, and in which he pointed out that it would be a heavy blow to American leadership in world affairs if the United States now repudiated the treaties unilaterally. Both Mr. Marshall and his predecessor, Mr. Byrnes, who appeared with him, urged prompt ratification on the ground that delay would merely permit the situation to go from bad to worse in the countries concerned and would—to quote Mr. Byrnes—"help only those who can exploit confusion and unrest." Senator Vandenberg, the Committee Chairman, gave his wholehearted support to this view, and on the 9th May the Committee decided to recommend ratification "without reservation." Its unanimous vote on this occasion provided a remarkable contrast to the attitude which, under the Chairmanship of the late Senator Henry Cabot Lodge, it adopted to the Versailles Treaty in 1919 and 1920.

That, despite its clear endorsement of the President's Greco-Turkish programme, the House of Representatives is still liable to display what one newspaper calls "obscurantism and irresponsibility" on matters bearing upon international relations has once more been demonstrated by the vote of the Appropriations Committee on the current State Department budget. On the 5th May the Appropriations Committee not only approved the proposal to deprive the Department's Information Services of their funds (see last week's *Summary*) but also decided to recommend a cut of 60 million dollars, or 22 per cent., in the State Department estimates as a whole. This it did in the teeth of vigorous opposition from Mr. Marshall. (It appears that, in the eyes of the Committee's unimaginative Chairman, Mr. John Taber, the State Department has committed the

unforgivable sin of broadcasting to the Russians about *The Wallaces of Iowa*, Russell Lord's popular study of the ex-Secretary of Commerce and his forebears). The liberal press has hastened to emphasize the difference between the Committee's attitude on this matter and its simultaneous action in approving to the last cent the funds requested by the Federal Bureau of Investigation for the new drive against Communism. It is suggested that some members of Congress apparently prefer to put their trust in "police instead of principles" in combating the influence of Moscow.

In the Senate the Republicans, assisted by the conservative Democrats, have at last succeeded in passing their Bill to curb the powers of organised labour. The measure was carried on the 13th May by 68 votes to 24—more than two thirds majority necessary to override a Presidential veto—but only after a week of bitter wrangling among Republican leaders. Towards the end of the debate Senator Irving M. Ives of New York and 15 other "insurgent" Republicans joined forces with the liberal Democrats to defeat a proposal by Senator Taft to prohibit industry-wide bargaining. Such a prohibition already exists in the Bill which, by an equally large majority, the House of Representatives passed on the 17th April (see *Summary* No. 389), and it is expected to cause some disagreement when members of the two Chambers meet in conference to resolve the differences between the two measures. A ban on industry-wide bargaining is anathema to a large section of the labour movement. It would threaten the very existence of the Congress of Industrial Organizations which, since its inception at the end of 1935, has been built up on the basis of individual industries, rather than along the traditional craft lines.

LATIN AMERICA

Argentina

Since last September little has been heard of the efforts of the Argentine Chief of Police, General Velasco, and a number of army leaders and others, to put pressure on President Perón to curb the activities of his wife and dismiss certain of his Ministers. Recently, however, there have been reports that the group is again attempting to remove from power the President's wife, Señor Lagomarsino and Señor Miranda, those most involved in the existing orgy of corruption. Señora Perón's virtual control of labour affairs places a powerful weapon in her irresponsible hands, and if anything is to be done it would seem that her forthcoming visit to Spain on General Franco's invitation would offer the opportunity. However, it remains to be seen whether Señora Perón will abandon her strategic position in the Secretariat of Labour for the less tangible advantages of receptions in Madrid and the Vatican, even though she should return from Rome a Papal *Marchesa*, as report has it.

Meanwhile, one of the leaders of the army group, General Oscar Silva, an extreme nationalist of totalitarian sympathies, has driven a wedge into Miranda's organisation by bringing evidence of fraud against the members of the new Telephone Company Board, nominated by Señor Miranda. The Chairman of the Board, Sr. Fretes, a close associate of Sr. Miranda, has been imprisoned and a judicial inquiry is to be held. There are rumours that the inquiry may be extended to the I.A.P.I. (*Instituto Argentino de Promoción del Intercambio*), a possibility which might indeed be used to speed Señora Perón on her way to Europe.

The President is rendered rather more vulnerable to army "persuasion" by a further split among his supporters in the Chamber. When elections were held for the various party offices, the party leaders demanded the unopposed re-election of the outgoing officers. As a result 24 delegates withdrew and formed a new party, the "Juan Perón Revolutionary Party," which declared its full support of the President in person, but maintained its right to freedom of expression. The President has had interviews with the leaders of the group, and has disclaimed any attempt at directing the choice of party officers. The implication is not that such direction was not made, but that it was the work of the busy President's lady. It is reported that Colonel Mugica, the leader of the rebellious group, is a Nationalist in touch with the Chief of Police.

The regimentation of Argentine Unions appears to have sustained no great setback since the A.F. of L. tour (see *Summary* No. 385). Indeed the A.F. of L. report has not been followed by any noticeable campaign in the United States press against Argentine trade-union methods; and, although a Peronista labour rally was held at the end of March in which the old

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slogans against Mr. Braden were revived, the impression exists that the State Department is now more interested in the activities of American big business men who are attracted by the Argentine five-year plan than in the lack of democracy of Argentine political life. Such an impression is reinforced by a recent statement of Mr. Marshall to the effect that he had good reason to hope that the whole situation with Argentina would be cleared up in about three weeks.

In fact the A.F. of L. report appears to have been suppressed as far as possible in Argentina, and the independent unions are in an unenviable state of isolation. Sr. Luis Gay, the former head of the Argentine Confederation of Labour (C.G.T.), whose removal coincided with the visit of the A.F. of L. delegation, completely disappeared for about a month, and he is now said to be detained on a remote farm in Santa Fé. Three members of the executive Board who were removed with Gay are reported to be back at their jobs, though under police supervision. Significantly enough, the disappearance of the leader of a federation of unions estimated to include a million members has been followed by no protests or strikes, and the C.G.T. is now "led" by Sr. Aureliano Hernández. Sr. Hernández will probably be appointed to "represent" Argentina at the I.L.O. Conference at Geneva in June: it remains to be seen whether the Argentine credentials are challenged. A number of articles extolling the effectiveness of Argentine organised labour which have appeared in the Government Press suggest defensive preparations.

Brazil

The Supreme Electoral Tribunal has replied to the Government's petition that the Communist Party be declared illegal. The Tribunal voted the Party illegal by three votes to two. The Party may appeal to the Supreme Court for the decision to be reversed. Meanwhile the President has suspended for six months the Brazilian Workers' Confederation, which is Communist-controlled, together with all the unions affiliated to it.

In a speech at the Brazilian Chamber of Commerce in London, Mr. Dalton, the Chancellor of the Exchequer, urged the scaling-down of the war debts of the United Kingdom. He said that British purchases of Brazilian goods would provide Brazil with more than sufficient quantities of sterling to pay for everything that Britain would supply at least over four years, and added that the recent action of the Bank of Brazil in resuming the purchase of sterling was welcome; he was particularly glad to note, he said, that a temporary misunderstanding had been surmounted.

Whether this will be enough to smooth ruffled Brazilian plumes remains to be seen, for Brazilian pride seems to require an explicit statement that Brazil has not contravened the payments agreement. Such points of pride are unfortunately much more likely to affect Brazilians than reminders of the part played by Great Britain in the war.

The Rice Agreement now comes up for renewal, and the Brazilian Minister of Finance has declared that his Government have decided not to renew the agreement, adding that half the exportable surplus could be offered at "competitive prices." When reminded that it was agreed in January that the agreement should be extended, he stated that conditions had changed since January, and it was now the Brazilian Government's policy not to conclude commodity agreements.

Panamá

According to a statement issued by the State Department, the United States Government has proposed that a new agreement be concluded about defence sites necessary to protect the Panamá Canal. Under the war-time agreement of May 1942, Panamá gave the United States permission to use 134 defence sites outside the Canal Zone for the duration of hostilities. All but 36 of these sites have been handed back to Panamanian authorities; those still occupied are described as "technical installations essential to safe aerial navigation."

There has for some time been disagreement between the United States and Panamá on the interpretation of the existing agreement, and although numbers of prominent United States officials and citizens have visited Panamá on missions of persuasion, the Panamánian Government have shown considerable reluctance to accede to the United States proposals. Two recent visitors declared that if Panamá did not prove more co-operative the Canal might have to be "moved"(!)

Paraguay

There was no definite change in the military situation in Paraguay during April. President Morínigo appears to have kept his best troops in the region of Asunción in case of a *coup d'état*, while sending lorry-loads of hastily conscripted supporters of the Colorado party to the front. These faced the rebel forces across the Paso-Né marshes, and it seemed probable that a single battle would be decisive. Meanwhile, President Morínigo was reported to have bought a number of automatic pistols and submachine guns in Argentina, while the dismantled aircraft left behind by the pilots who flew over to the rebels (see *Summary* No. 389) were reassembled and did a certain amount of exhibition flying over the capital. (The Government are reported, incidentally, to have engaged a Mexican acrobatic aviator to perform over the enemy lines.) The Paraguayan navy remained neutral, holding a section of Asunción from which the army and police were excluded. The fleet, consisting of two gunboats, which were under repair in Argentina when the war began, left Argentina and sailed up river without apparently making it very clear whether they intended to join the Government or maintain the navy's neutrality. At this stage General Morínigo seems to have decided to try to arrest naval officers, thus precipitating a naval rising on the 26th April. The Government armed numbers of civilians and after three days' fighting declared that order had been restored. Some public buildings in Asunción are reported to have been destroyed. General Morínigo's half-English Commander-in-Chief, Colonel Federico Smith, was said to have left the country, and the President himself took command.

There have been various reports of Brazilian and other moves in favour of some form of mediation.

THE UNITED NATIONS

Palestine

The Special Assembly continues the attempt, which it began on the 28th April, to establish a Committee to investigate the problem of Palestine. On the 6th May the First (Political and Security) Committee voted in favour of hearing the Jewish Agency, the Arab Higher Committee, and "any other organisation representative of a considerable element of the population of Palestine." It was intended that the views thus presented to the Committee should be confined to the "constituting and instructing of the Special Committee."

Strictly speaking the Assembly had not been impartial. It had named the Jewish Agency in its instructions to the Committee, but had left it to the Committee to decide what other organisations it chose to hear. The Arabs, who are the great majority of the inhabitants of Palestine, resented what seemed to them to be discrimination, and declared that they would not appear before the Committee, unless the Assembly dealt with them as it had dealt with the Jewish Agency. To meet this objection the Assembly, which has precisely the same membership as the Committee, met and affirmed that the "decision of the First Committee in granting a hearing to the Arab Higher Committee gives a correct interpretation of the Assembly's intention." The Arabs were satisfied.

Dr. Silver presented the views of the Jewish Agency on the 8th May. He quoted Mr. Lloyd George's evidence before the Peel Committee to prove his contention that the framers of the Balfour Declaration intended a Palestine predominantly Jewish. And he wished the Committee to regard the concept of Palestine as a Jewish National Home as the basis of the Investigating Committee's work. The other main point in his speech was his argument that the Palestine problem was inseparable from the problem of the "Displaced" Jews in Europe. These two points were emphasised again on the 12th May, when Mr. Moshe Sertok said that a Jewish State was the consummation of the policy of a Jewish National Home, the means being the right of unlimited immigration, and Mr. Ben Gurion said that the Jews must not be a dependent minority in the Land of Israel. Mr. Sertok renewed the link which Dr. Silver had forged between the Hebrew claim to Palestine and the Displaced Jews of Europe.

The Arab Higher Committee, represented by Mr. Henry Cattan, was heard on the 9th May. He suggested that the Investigating Committee should examine the British pledges to the Arabs during and before the 1914 war; but he did not rest the Arab case on pledges nor on the validity of a mandate. He based it upon the natural and inalienable right of the People of Palestine to independence and upon the right to self-determination. The claim to a Jewish National Home, he said, contradicted these fundamental rights and was contrary to the obligations which H.M. Government had assumed on joining the United Nations. The problem, he continued, was not essentially an Arab-Jewish

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problem. The inhabitants of Palestine would object to any enforced immigration from any source. He wished the Investigating Committee to note this point, and to realise that the problem of the Displaced Persons was irrelevant.

Many of the Arab arguments were reaffirmed on the 12th May, when the Political Committee was debating whether the Investigating Committee's terms of reference should include the independence of Palestine, a thorny question, because independence in the near future would mean the end of official Jewish hopes, and the omission of all reference to independence would seem to differentiate the Palestinian mandate from all other class "A" Mandates, and to ignore the rights of its inhabitants. To omit all reference to independence would be, as the Syrian delegate declared, "to acquiesce in the immoral Jewish plan" of waiting for independence until immigration had produced a Jewish majority in Palestine; and, as the Iraq delegate added, what genuine claim to Palestine had a people who had made a transitory residence there two thousand years ago? Turkey's delegate favoured independence as soon as possible. Poland continued the Slav game of sitting on a convenient hedge encouraging and repelling each side in equal measure, and trying to concentrate their mutual antagonism against the British. The Jews and the Arabs, he said, had no quarrel with one another. Their only quarrel was with the Mandatory Power. If Arabs would drop their pro-Nazi leaders and get rid of the Foreign oil interests, they should be really free. The British were maintaining a police state in Palestine. They should release all political prisoners and remove all barriers to immigration. The hedge beneath the Slavs grows daily more narrow. Finally the Political Committee decided that the programme of the Investigating Committee should make no reference to "independence." The voting was 29 (U.K. and U.S.) against 14, with 10 abstentions (the Slavs).

There were three other matters of interest in the week under review. The Political Committee rejected the claims of 13 organisations to be heard on Palestine and Sir Alexander Cadogan explained the attitude of H.M. Government to any recommendation which the Assembly may make. H.M. Government have been charged with having no intention of carrying out a recommendation which they dislike, and therefore of slighting the dignity of the Assembly. Accusations multiplied after the recent statement by Lord Hall in the House of Lords. Sir Alexander explained how anxious H.M. Government was for a solution agreeable to Arabs and Jews alike. All H.M. Government asked was that it should not be expected to carry out *alone* a recommendation which neither pleased both sides nor appealed to the conscience of the United Kingdom as being just. It would be fairer, he added, to address these hypothetical questions to all interested parties, and indeed to all members of the United Nations, instead of flinging them at the United Kingdom alone. A Polish proposal to instruct the Investigating Committee to visit displaced persons' camps in Europe, and in Cyprus was defeated.

On the 13th May the Political Committee decided the composition and the terms of reference of the Committee of Investigation. Eleven medium-sized or small Powers will form the Committee—Australia, Canada, Czechoslovakia, Guatemala, India, Persia, Netherlands, Peru, Sweden, Uruguay and Yugoslavia. Thirteen delegates voted for the motion, eleven against. Among the 29 abstentions were many S. American delegates who were waiting to vote for a U.S. resolution which they did not know had been withdrawn. Russia was anxious to include the five Permanent Members on the Committee, but to exclude other members of the British Commonwealth.

The terms of reference are wide and leave the Committee a remarkably free hand. The Report "on the question of Palestine" must reach the Assembly by the 1st September. "All questions and issues relevant to the problem of Palestine" are to be investigated, and investigations are to take place in Palestine and wherever the Committee may think useful. This enlarged area of enquiry is held by many delegates to enable the Committee to go into the question of the Jews of Europe. For this reason the Arab States opposed it. No overt reference is made in the terms to the Jews of Europe. The Committee is to give careful consideration to the religious interests in Palestine of Islam, Judaism and Christianity. A Soviet, Indian and Polish move to instruct the Committee to include in its recommendations one to establish without delay an independent and democratic State for Palestine was defeated by 26 votes to 15 with 12 abstentions.

Membership

Hungary's application for membership of the United Nations was considered by the Security Council on the 30th April and

referred to its Membership Committee for consideration "at the appropriate time." After the question of Admissions had come to a head with Russia's rejection of Eire, Portugal and Transjordan on the ground that she was not in diplomatic relations with them, the Assembly passed a resolution in November last recommending the Security Council to consult with a Committee of the Assembly with a view to drawing up rules governing the admission of new members. The Assembly also recommended the Security Council to reconsider the applications of the rejected States on the basis of article 4 of the Charter. The Security Council accepted both recommendations, but has so far given effect to neither. To consider Hungary's application at present would prejudge the issue of drawing up rules governing admissions. It would be out of place to consider Hungary's application before carrying out the recommendation to reconsider the cases of the rejected States. Moreover, until Hungary has concluded the treaty of peace she retains enemy status and is therefore ineligible for membership of the United Nations. For these reasons the U.K. and the Australian representative were opposed to consideration by the Security Council of Hungary's application.

The U.S. representative, on the other hand, saw no reason why the existing Council rules should give way before rules that had not yet been made and urged that there was a case for postponement of consideration of Hungary's application, but that it ought not to be rejected outright. The issue was resolved in this sense by the Council.

Refugees and Displaced Persons

The meeting of the Preparatory Commission for the International Refugee Organisation which had its first plenary session on the 1st May at Lausanne has been concerned with two major questions—

(*a*) whether any international body for dealing with refugees and displaced persons will be in existence with adequate staff and funds when UNRRA and the I.G.C.R. cease on the 30th June;

(*b*) what relations are to obtain between the new refugee organisation and the control authorities in occupied Germany and Austria.

The latter question may be of great importance in the future: but for the moment it is quite overshadowed by the former which is, indeed, a question of life and death for the international handling of the refugee question. As Sir Humphrey Gale explained for UNRRA, and Sir Herbert Emerson for the Inter-governmental Committee on Refugees, both these organisations will come to a definite end on the 30th June, and neither of them will have any funds left for refugee work after that date; moreover, their experienced staff will be dispersed unless decisions can be made now which will enable them to be kept on till they can be taken over by the new organisation.

If enough countries had seen their way to announce and ratify their adherence to the constitution of I.R.O., this difficulty would not have arisen, for I.R.O. could then have been brought into existence at this meeting. For this to happen fifteen countries, whose combined subscriptions would cover three-quarters of the budget, must have signed unconditionally. When the meeting began, thirteen countries had signed (three of them, U.K., New Zealand and China, unconditionally), and the contributions attaching to these signatures amounted to 73·5 per cent. of the budget. It is hoped that the remaining signatures may be obtained before the meeting of the Preparatory Commission ends, but this will not, in itself, solve the problem, if much time must elapse before most of the signatures are ratified. Legislation enabling the U.S.A. to join is well advanced, though not completed; but the appropriation of the funds necessary to pay the American subscription still has to be made. The United States delegate, Mr. Warren, is confident that all legislative steps will be finished by the 1st July; but that may well be too late, as vital decisions must be taken well before then. As at present drafted, the measure would authorise the appropriation of funds on the strict condition that I.R.O. comes into being in accordance with its constitution; but Mr. Warren was able to say that, if the Preparatory Commission had to assume financial responsibility before then, the Bill might be amended to allow a proportion of the money to be voted.

After the prolonged stormy passage which the Constitution of I.R.O. has had, with the obstinate refusal of the Russian and some other delegations to agree to any workable scheme, many countries, especially those who have not the actual charge of numerous displaced persons, may well hesitate: but the time for hesitation has already gone by. As I.R.O. itself cannot well come into being by the 1st July, some interim arrangement must be made to look after the thousands in various parts of Europe, and the Middle and Far East who

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will then no longer have UNRRA and I.G.C.R. to look to. In secret committee on the 4th May the Preparatory Commission examined the practical alternatives:

(*a*) That Governments already signatory to I.R.O. should form themselves into a shadow I.R.O., to act till all the necessary acceptances had been obtained.

(*b*) That funds should be provided (whence not specified) to enable I.G.C.R. to continue for a further three or six months, UNRRA to continue its operations in Italy, Middle East and Far East, and Control Authorities to take over UNRRA's D.P. work in Germany and Austria.

The constitutional, financial and administrative objections to these courses were seen to be overwhelming. This left the Committee with only one workable suggestion, namely that the Preparatory Commission itself should become an executive organ and take over (as necessary and desirable) the activities, staff, and assets together with the responsibilities of I.G.C.R. and the Displaced Persons Section of UNRRA, as provided for in paragraph 3 of the Interim Measures Agreement. It was not thought judicious to pass a formal resolution to this effect, but a unanimous "recommendation" was sent to Governments, expressing confidence that I.R.O. would come into full existence in the near future and urging both immediate agreement to the course proposed and the provision of the essential funds advances amounting to a quarter of their respective subscriptions to the first year's administrative and operational budget of I.R.O. On the 13th May the Preparatory Commission unanimously decided to act on this proposal and it is now hoped that, the interim period having been bridged in this manner, the I.R.O. will come into full operation by the Autumn of this year.

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Weekly Political Intelligence Summary No. 393

FOREIGN OFFICE,
(RESEARCH DEPARTMENT),
21ST MAY, 1947

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The next Number of this Summary will appear on the 4th June, 1947

EUROPE

GERMANY

Discussions between British and U.S. officials in Berlin led to preliminary agreement on the 12th May about a number of important bi-zonal matters. What are known as "category B" imports—those which are not essential to prevent disease—are to include materials which will help to stabilise German economy generally and are not to be restricted merely to those which can be used to manufacture exports. It is agreed that the bi-zonal agencies, which are to be concentrated in Frankfurt, will have sufficient authority to compel the states to carry out their directives and that Dr. Agartz, the chief German bi-zonal official, will have some executive powers enabling him to act without always consulting all the representatives of his committee. It has been decided, moreover, to set up a bi-zonal economic council consisting of delegates nominated by the German states in proportion to their population. It will have certain legislative powers but its exact composition and authority has yet to be decided. Full details of the reorganisation have not yet been made public, and it is too early to assess German reactions, but the plan, as it stands, goes a long way to meet H.M. Government's views on the need for central economic planning in the present emergency. Typical adverse comment from Russian-controlled sources has been given by Leipzig Radio which said that yet another reorganisation entailing the removal of staff to Frankfurt would surely dislocate the work of planning still further, and that these hastily-made plans were merely a screen for the political aim to create a political centre at Frankfurt and divide West and East by political boundaries.

H.M. Government feel that, whatever the causes of the food crisis, the urgency of the

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situation is now such that they must secure 450,000 tons of food imports in each of the next three months if they are to avoid serious trouble. In the circumstances they accept the U.S. proposal to ship immediately an additional 130,000 tons of flour equivalent, if this can be obtained (see last week's *Summary*), and they would like to increase this figure to 150,000 tons. General Clay stated on the 18th May that Bavarian food collections were better and that imports had improved. Nevertheless, conditions in general are certainly no better. Until there is a marked change Germans will be sceptical of reorganisations or assurances, and the temper of the people will require delicate handling. Tuberculosis has been rising sharply, although general sickness has not greatly increased. There have been more strikes and disturbances. Trade Unionists from six Ruhr towns met in Muelheim on the 18th May. They at first threatened to withdraw from co-operation with Military 'Government, but later restricted themselves to presenting a series of demands, some of them constructive. These included: the end of the dual system of control and Military Government "interference," the establishment of Commissions represented mainly by Trade Unionists to supervise the work of economic agencies; special courts empowered to withhold supplies from producers who did not co-operate; an end to dismantling except of war plants; increased means for foreign trade and for manufacturing fertilisers and synthetic fat. Other protests against dismantling of works have been made in Duesseldorf. The town councils of Solingen and Wuppertal have suspended themselves. The leader of the Christian Democrats, Adenauer, is trying to make his Party's participation in the new Government of N. Rhine/Westphalia and Lower Saxony dependent on assurances in regard to food. This is part of his attempt to throw full responsibility on Military Government.

Rumours that food is being exported from Germany are again rife in the British zone. A recent investigation has also shown that 85 per cent. of the population there are grossly ignorant about coal exports. They believe that these comprise 50 per cent. or more of total production, instead of the actual proportion of 10–20 per cent., and they have even wilder ideas about the amount sent as reparations, which is of course nil. An intensive publicity campaign in Hamburg and the country area of Hildesheim did something to correct these false impressions: similar efforts will be hampered, however, by a fresh cut of 25 per cent. in newsprint. General Clay is to launch a campaign in the U.S. zone to tell Germans how much food they are receiving from the United States.

Ever since councils and parties began to function after the capitulation spasmodic attempts have been made by Germans to gather together representatives of the whole country in order to define their attitude to subjects of national interest. Occasionally one group such as the Liberal Democratic Party or the Trade Unions has succeeded in holding inter-zonal conferences, but efforts on a larger scale have met with failure. In some cases an Occupying Power has intervened. The French authorities, fearful of any all-Germany action, have usually forbidden delegates from their zone to attend interzonal meetings. In other cases representatives from the Russian zone have stood aloof—presumably because of tacit Russian disapproval. That disapproval is less obvious to-day. Liberal Democrat leaders from the Soviet zone were recently permitted to attend an international Liberal Conference in London; the parties attend interzonal conferences and there have been fairly frequent contacts between the Premier of Thuringia and States of other zones. The Russians evidently feel that if they have Germans in prominent positions who are reasonably acquiescent in the policy of the zone it is no bad thing to allow them to spread their views in the rest of Germany—even if (or perhaps because) they are not necessarily members of the Socialist Unity Party. The differences between the Germans themselves are perhaps more formidable obstacles. The Christian Democrats' recent call for all-party discussion have so far come to nought. The invitation has been heavily criticised by the French, but failure is primarily due to the Social Democrats' understandable refusal to sit down with the Socialist Unity Party while they are not allowed to function freely in the Soviet zone. Nevertheless, negotiations are continuing. A different invitation and one which partly evades the party question has come from the Christian Democrat Premier of Bavaria. He wishes all heads of States to meet in the first week of June. Both the Social Democrat Party and Socialist Unity Party are sceptical, the latter being particularly embarrassed that the initiative should have come from a quarter which it considers a hotbed of reaction and separatism. No one has yet seen fit to decline, but acceptances are trickling in rather hesitatingly. The Bavarian Government has called the conference because it

considers that no German Government can merely stand by through the summer, waiting upon the next Four-Power Conference.

Dr. Schacht has been sentenced by a German tribunal in Stuttgart to eight years' imprisonment, of which he has already served two years. He loses most of his property and civic rights. He was not convicted as a "war criminal"—on which charge he was acquitted at Nuremberg—but as belonging to the lesser category of a "major offender" because of his support of the Nazi régime.

(See also under "France.")

AUSTRIA

The Austrian Peace Treaty Commission has begun work in Vienna. The five meetings held so far have been largely devoted to attempts to secure agreement on the terms of reference of the Committee of Experts who are to study Articles 35 and 42 of the Austrian Treaty (German assets and United Nations' property in Austria). Drafts have been submitted by the delegates of the Four Powers and, while no agreement has yet been reached, the issue seems to have been whittled down to one of resolving the differences between the proposals submitted by the United States and Soviet delegates. At the fifth meeting of the Commission, on the 17th May, the British delegate expressed his willingness to accept the United States draft in order to expedite progress.

The main point at issue has been the amount of latitude to be allowed to the Committee of Experts in their consideration of the German assets: the Western delegates have felt increasingly that the Committee should fix its own programme of work and procedure, while the Soviet delegate has claimed that the Commission should discuss and lay down the Committee's programme, particularly in regard to the "concrete facts" which it should be instructed to try and establish. In conversation with the British delegate, on the 17th May, M. Novikov stated that his real fear was that, if the Committee of Experts were given too free a hand, they would wander off into all kinds of questions which would require years to solve. After the British delegate had sought to reassure him on this point, and also on the possibility of reconciling the Soviet and United States' drafts with a view to enabling the Committee of Experts to begin work on the oil industry and other important concerns, M. Novikov promised to study Mr. Dodge's proposal. Mr. Dodge had previously proposed an amplified definition of the "concrete facts" regarding the most important aspects of the German assets: the Soviet draft provides that the Committee shall begin its work with an examination of "the most important aspects" of German assets in Austria, while the United States draft provides that the Committee shall begin with an examination of "concrete facts." It has been agreed in principle that oil shall be taken first and shall be followed by other important questions, such as the Danube Shipping Company, the insurance companies and certain branches of industry.

According to Reuter, the failure of the Commission to reach agreement on the preliminary discussions on procedure caused great pessimism among Austrian observers in Vienna. The Socialist *Arbeiter-Zeitung* commented: "From this, every Austrian will be able to calculate when the State Treaty may be achieved." The Austrian Cabinet decided at its meeting on the 13th May to appoint a committee of experts to discuss with Austrian Government Departments various questions of the Treaty. The Vienna press has expressed its disappointment that the conference is about, rather than with, Austria, but it is hopeful that the Commission will work in constant contact with the Austrian Government and Austrian experts. The Communist press organ has described the conference as "the gate which Molotov opened for Austria" and has reiterated its appeal for "understanding" with the Soviet Union.

It has been reported from Vienna that the continued low level of hard coal and coke loadings for Austria from the Ruhr, following upon the much reduced deliveries of the first few months of 1947, is rapidly precipitating a crisis in Austrian industry. Only 70 per cent. of Austria's total allocations for the first quarter of 1947 were delivered. It is feared that, unless deliveries are speeded up and maintained at a level consistent with allocations, Austria's only battery of coke ovens at Linz, and the only blast furnace at present working in Austria, at Donawitz, will have to close; consequent decline in already low morale may provoke unrest.

CZECHOSLOVAKIA

During the debate on foreign affairs in the National Assembly on the 14th May, members of all parties spoke in eulogistic terms of the Czechoslovak-Polish Treaty signed in March. The Polish Ambassador, M. Wierblowski, was given an ovation when

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he declared that Poland had abandoned the foreign policy of Colonel Beck. The question of rival territorial claims has been left in abeyance, and both Polish and Czech and Slovak minorities are being granted full citizenship rights and cultural amenities. In his speech M. Masaryk stressed the importance of the agreements on common planning in agriculture and industry; such co-operation, he claimed, would strengthen the Czechoslovak and Polish position in the international market by overcoming unnecessary mutual competition and would stimulate internal recovery. The Minister stated further that a transport agreement was also under discussion. There is news that the more important railway links between the Baltic and Adriatic ports are being resumed. Considerable publicity was given in Poland recently to the arrival of the first Czechoslovak cargo of exports at the rail-head at Szczecin (Stettin).

Apart from the article by Dr. Clementis, the Under-Secretary for Foreign Affairs, in the Communist newspaper, *Rudé Právo*, which dwelt at length with the economic fruits, the Czech press concentrated more upon the strategic advantages ensuing from the Treaty by way of completing "the system of Slav defences." The economic discussions now proceeding in Prague are a natural outcome of the earlier discussions in Warsaw two months ago.

On the 15th May, Alexander Mach, former Slovak Minister of the Interior under Tiso, was sentenced to 30 years' imprisonment by the Slovak National Court. It was reported earlier that the Communists had been endeavouring to save Mach—at one time perhaps the most detested figure in Slovakia—as a politician of some future value to their Party, and that his "illness" in prison was a means of staying judgment. The Slovak National Court has still some cases to hear, but the People's Court ended its work in Slovakia on the 15th, ten days after the Czech National and People's Courts had concluded their business.

POLAND

Two passages in the Secretary of State's speech in the House of Commons on the 15th May concerned Polish affairs. The first was on the question of territorial claims against Germany:—

> "It was hoped," Mr. Bevin said, "that the Deputies or a special commission would have been instructed to deal with this, and to report at the next meeting. Unfortunately the Soviet delegation claimed that the new German-Polish frontier had been settled at Potsdam, and should therefore be excluded from examination. We were asked to accept the provisional frontier as final, in spite of the fact that it was agreed at Yalta, and confirmed at Potsdam, that the final delimitation of the Western frontier of Poland should await the peace settlement. I am perfectly certain that if this had operated the other way, and we had made such a claim to the Peace Conference for a settlement, it would not have been tolerated by our friends for a moment.
>
> "All I ask is proper treatment. When one has entered into agreement it should be carried out as it was intended. The territory between the Eastern and Western Neisse, it seems, has been filled up, but I am not so sure about the territory between Frankfurt and the Baltic, which is a great agricultural area. Before territory of this kind is finally handed over—and I pronounce no opinion as to what the final view of His Majesty's Government would be—one is entitled to have the facts before giving a final decision. That is all I have asked. We have an open mind on the matter, but we accept the view that Poland must be compensated for what was taken away from her by Soviet Russia in the East."

As regards the general question of Great Britain's relations with Poland, the Secretary of State said;

> "I notice that in certain quarters it has been suggested that I have altered the policy of His Majesty's Government towards Poland. I have done nothing of the sort. In the Potsdam discussions I was given certain pledges which were not fulfilled, and great difficulties ensued. Now, as soon as I see that there is apparently a change of approach, I am willing to respond immediately under such circumstances. On 20th March, 1946, I stated in the House that, while we would not use force to compel the Poles to return to Poland, I nevertheless wanted them to go back. I have never disguised our firm conviction that all of them ought to go back; in that we have been perfectly consistent all the way through.
>
> "At present, co-operation between us and the Polish Government in connection with the return of the Poles is much better than it has ever been. I think there is an understanding in Poland even

> with regard to our intentions about the Polish Resettlement Corps, and the denunciations that went on about it have ceased! . . . . We have sent back from the United Kingdom to Poland over 66,000 Polish Servicemen. This does not include a considerable number of Poles who were repatriated direct from Italy and Germany . . . . About 28,000 men in the United Kingdom are still awaiting repatriation, which we are speeding up . . . . In addition, since the end of March, just over 10,000 volunteers for repatriation have come forward. I think there is a better understanding of the genuineness of our motives and of our desire, not to desert the men who fought with us, but to get them to go back to their own country.
>
> "I am convinced now that I can say to the Poles with greater confidence, that they can return to Poland with a better feeling than they have hitherto thought possible."

SOVIET UNION

The ripples set up by the publication of the *Tass* version of the Stalin–Stassen interview have not yet subsided in the stream of Soviet publicity. Leontiev in *Pravda's* "International Review" went once again over the ground of the Soviet attitude towards co-operation with the outside world since the Revolution, picking out various statements of Lenin and Stalin in support of the thesis that ideological and economic differences need be no obstacle to friendly exchange, particularly in the realm of trade. Leontiev—and also Osipov in a broadcast commentary—blamed American journalists for giving a distorted picture of Soviet policy to their readers which suggested that the U.S.S.R. was against co-operation. Leontiev insisted, however, that Generalissimo Stalin's references to co-operation with the Western powers did not mean that the Soviet Union was departing from its position over the solving of important international questions. He concluded by stating that the interview would play a big part in unmasking those who were now trying to impose reactionary régimes on the peoples while unjustly accusing the U.S.S.R. of wishing to implant its own system by force in other countries.

This reference to the imposing of "reactionary régimes on the peoples" was taken up in Soviet comment on the political crises in France and Italy, which were described as having many common features. The fact that in neither country were there serious internal conditions such as should lead to a crisis suggested, according to *Pravda*, that the threatening crisis was fomented from outside. Events in France and Italy were clearly linked in the same plan of attack by world reaction against the democratic victory which had been won in the countries of western Europe. The *Giornale d'Italia* was quoted for the suggestion that the "Truman doctrine" might be extended to include Italy.

Although in his talk with Mr. Stassen Generalissimo Stalin appeared to condemn Soviet press attacks on American aggression, these have continued at, if anything, an increased *tempo*. Moscow radio broadcast a long talk on the attempts of American monopoly capital to grab Middle Eastern oilfields; *Krasnaya Zvezda* accused the Americans of developing new weapons of mass destruction in order that the United States might engulf in its power the whole globe, while *Pravda* waxed eloquent on the subject of the "63 American families" who were alleged to be in control of the whole of the U.S.A., including the President.

Pravda's Berlin correspondent descended to the trivial in trying to make out that the American authorities in Germany were by way of blackmailing German actors so as to prevent them from appearing in the Soviet play, "The Russian Question," which is an attack on the Hearst press.

The question of displaced persons has been taken up once again on the usual lines by *Pravda* and *Krasnaya Zvezda* (see *Summary* No. 391). The familiar charges were made that anti-Soviet propaganda was conducted in the camps and that Soviet repatriation officers were not allowed free access. Previous articles had argued that the reluctance to repatriate displaced persons was due to a desire on the part of the Western Powers to secure cheap labour, and this point was hammered home more forcibly in these latest utterances. Completely ignoring the strict conditions imposed in Great Britain for the recruitment of foreign labour which preclude any possibility of undercutting wages, *Pravda* accused the British of establishing a new "reserve fund of serfs" designed to create a permanent means of pressure on the wages and conditions of the British working class.

An official denial has been issued by *Tass* of the report circulated by the Cairo paper *Al-Ahram* to the effect that in Stalin's conversation with Mr. Bevin, the Soviet Government promised not to support Egypt in the United Nations. The conversation, it was alleged by *Tass*, did not touch upon

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the question of the United Nations or of support or non-support by the U.S.S.R. of any Egyptian demand in United Nations. On the question of relations between Great Britain and Egypt, it was stated that this was the concern of Great Britain and Egypt and that the U.S.S.R., in accordance with its invariable policy of non-interference, does not intend to interfere.

British "manœuvres" to retain military power and capital investments in India after the "formal" handing over to the Indian authorities were the subject of a provocative and basically mendacious article in *Pravda* by the Far Eastern expert E. Zhukov, one of the Soviet delegates to the recent Inter-Asian Conference. After some preliminary sneers at the difficulties now encountered in India and other "colonies" by "British colonial officers of the old school," Zhukov-described the large-scale movements of British troops "out of Indian territory proper" to the principalities and especially Hyderabad, and went on: "The British make no secret that they are converting this great space into a military base" [a statement completely devoid of foundation]. Zhukov also talks wildly about "private separatist agreements by the feudal princes with the British authorities and the transfer of British mobile capital to the principalities." Finally Zhukov described the scene at the departure from Bombay of the Soviet delegation to the Inter-Asian Conference; the pouring rain, greetings to Stalin and Moscow, and "the envious feelings of those who remained behind, envy of our unity and brotherhood."

A typically misleading account has appeared in *Trud* from the Soviet representative to the W.F.T.U. delegation to Persia, Borisov, on the "persecution of independent trade-unions in Persia" and of the Government's attitude to the Delegation. Borisov's account also conflicts on many points of fact and interpretation with the reports of the British representative, Mr. Harries. He speaks of the spontaneous welcome given to the W.F.T.U. delegation but ignores the fact that, in spite of protests by Mr. Harries in Mazanderan, the delegation interviewed Tudeh supporters only. The difficulties which the Delegation encountered appear to have been deliberately exaggerated by Borisov. For example, though it is true that they were quartered 18 km. outside Tehran, the reason for this was not neglect of their comfort but because the best hotel is situated there. Finally, Borisov's account of the Anglo-Iranian Oil Company's intervention in trade union affairs is most unfair: whereas the avowed policy of the company has been non-intervention, Borisov insinuates that it has been actively intriguing in trade-union matters, including elections.

The first open sign of Soviet interest in the possible successor of the Oecumenical Patriarch Maximos, who is seriously ill, has appeared in a *Tass* report from New York quoting the *New York Times* to the effect that the U.S.A. was interested in the candidature of the Greek Archbishop in the United States, Atlenagoras, whose election would enable the State Department to counteract "the propagandist apparatus of the Soviet Union." There has so far been no suggestion of any candidate likely to be favoured by the U.S.S.R.

In spite of the urgent need for a bumper harvest this year, the farmers of Byelorussia seem to have carried out their spring tasks in a very slipshod and half-hearted fashion. The Central Committee of the Byelorussian Communist Party recently issued a decree on "The need for promptly setting about spring work in the fields." This order was widely flouted, it appears, and in some *kolkhozes* work was started as much as a week after the "ripening of the soil." Tractor drivers have been taken to task for shallow ploughing; "certain *kolkhozes* in the Mozirsk *rayon*" (Polesskaya Province), it was said, had ploughed only to a depth of 7 or 8 *cm.* Instances are reported of sowing by hand while seed drills were left idle. The harrowing of winter crops was largely neglected. In places the working day started at 10·0 or 11·0 a.m., there were long breaks, and the workers are reported to have left early. The area under flax is being restored to its pre-war size very slowly indeed, and the flax-growers' agricultural technique remains on a very low level.

In many *rayons* of the Ukraine also the promptness and diligence of the farmers has apparently left something to be desired. The latest overall figures available for the Republic show that the sowing of early crops was proceeding somewhat more slowly than in spring 1946. When the sowing period had already expired in the southern Ukraine the Nikolaevsk and Kherson *oblasts* had failed to complete their programme, while the Odessa *oblast* fell seriously short of its 1946 achievements. The farmers of the Ukraine have "given their word to Comrade Stalin," we are told, to raise the level of agricultural production this year. "The fulfilment of this promise depends largely on the tempo and quality of spring sowing," says

Pravda Ukrainy of the 16th April. Party workers are busy explaining to the *kolkhoz* workers the obligations undertaken in their name, but it is by no means certain yet that the programme can be carried through.

(See also under "The Far East.")

SCANDINAVIA

Finland

Reports from Helsinki state that the President is now trying to obtain agreement on the return of the Pekkala administration. So far only the reactions of the Agrarians and the Social Democratic Parties are known. Both are prepared to agree to the arrangement, a fact particularly significant in the case of the Agrarians who were the immediate cause for the original resignation of M. Pekkala and his colleagues. The Agrarians have, apparently, made their agreement conditional while the Social-Democrats also make certain stipulations. It should be made clear, they say, that the Cabinet is being appointed by the President himself and that the Social-Democrats are, therefore, not committed to supporting it. In view of the fact that the Social-Democrats, no less than the Agrarians, had been extremely critical of the Pekkala administration (see this *Summary* No. 388) this face-saving move is hardly surprising. As for the Folk Democrats, it may be expected that they will not only welcome the President's decision as a proof that the Pekkala Government is, after all, the best available Government, but will indulge in a certain amount of jubilation at this defeat of their opponents. In his May Day speech M. Leino, the Communist Minister of the Interior, has already, in a way, anticipated the acceptance of the *status quo ante* by his party, in that he made may complimentary references to the successful administration of the Pekkala coalition. M. Leskinen (the Social Democratic spokesman, a right-wing member of the Party and its Secretary), on the other hand, disputed M. Leino's assertion that the late Government had been so successful. What was needed, he said, was a strengthening of the administration to secure greater confidence in it on the part of the working classes.

Denmark

There is some evidence that M. Christmas Møller's resignation (see last two *Summaries*) may produce some unlooked-for results, in that it appears to be gaining him supporters in hitherto hostile quarters. Thus the Conservative Youth National Council, one of his bitterest opponents for the last year or so, has issued a resolution regretting his resignation. M. Bertil Dahlgaard, a prominent member of the Radical Liberal Party, expressed the opinion at a party meeting at Shelskör that "the Conservative Party had rendered ineffectual the man who stood for economic and social progress and was willing to stake his political career on the national frontier policy." The leading Social Democratic paper, *Social Demokraten*, which although not opposing him had always refrained from openly supporting him, referred to his Aarsus speech in a leading article and pointed out that his attack was not only directed against M. Kristensen, the Prime Minister, but also against his own successor, M. Ole Björn Kraft. Both M. Kristensen and M. Kraft's speeches, said the paper, were exceedingly harmful in that they were calculated to create confusion about the Danish attitude as set forth in the note to the Great Powers. If they were to be taken seriously, it would mean that the basis on which the country's South Slesvig policy was based, was smashed.

General.—Between the 10th and 12th of May meetings between the Ministers for Foreign Affairs, Finance and Supply of Sweden, Norway and Denmark were held in Stockholm. The principal subject on the agenda was the discussion of the proposed statutes for the International Trade Organisation. In an official communiqué subsequently issued it was stated that the general aims of the organisation appeared to correspond with those of the Scandinavian countries, but that the right of members to independent action should be preserved, lest the Organisation fail to attain universality. At the same time a number of minor suggestions were put forward for the greater effectiveness of the Organisation, among the more interesting ones being a proposal that export subsidies should not be granted in cases where their use might hamper natural processes of productive development. The statement concluded by agreeing that, subject to reservations on certain points, the Scandinavian countries would support the efforts being made towards the formation of the organisation.

THE LOW COUNTRIES

The Netherlands

Perhaps the most important "quisling" trial so far held in the Netherlands—that of Jhr. Dr. Dirk Jan de Geer, Prime

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Minister at the time of the invasion in May 1940—opened in Amsterdam on the 9th May. An imposing array of witnesses gave evidence. These included Professor Gerbrandy (who succeeded Jhr. de Geer as Prime Minister); Dr. Sillem, former Netherlands Ambassador in Lisbon; M. Steenberghe, former Minister of Economic Affairs; M. Welter, former Colonial Minister; Dr. Bolkestein, former Minister of Education; the Chairmen of the Labour and Communist Parties; MM. Koos Vorrink and Wagenaar; Baron Harinxma thoe Slooten, Netherlands Ambassador in Brussels; Otto Behne, former Plenipotentiary of the German Government at The Hague; and van Geelkerken, former Deputy Leader of the *N.S.B.* (Dutch National Socialist Party). Other high *N.S.B.* officials, together with several well-known journalists, were also heard.

Professor Gerbrandy in evidence said that while he regarded Jhr. de Geer's return to occupied Holland as a "sinister affair," he was convinced that the accused would "never have formed a Government in the Netherlands at the instigation of the Germans." Asked by the President of the Court, Professor Dr. J. H. van Hamel, if that meant that he did not "doubt the accused's patriotism," Professor Gerbrandy replied: "Not in the subjective sense."

The accused, who conducted his own defence, gave evidence next day (10th May). He began by stating that he wanted to give the Court "an honest and straightforward account" of what had happened, however distasteful that might be to him. He claimed that he had been accused, not of a positive crime, but rather of "harbouring evil thoughts." He had been charged with having been disloyal to the "free and democratic institutions" of the Netherlands, and with having had intelligence with people whom "he himself considered as traitors to their country." He went on to quote from his own speeches in an attempt to prove his consistent opposition to National Socialism and his innocence of anti-Semitism. A few "careless remarks" had, he complained, been "used against him"—remarks by which he meant no harm: nevertheless, "violent exception had been taken to them." With regard to his mission to the N.E.I., the evidence of the witnesses was "entirely contrary to the facts." He had been told by M. Welter that he had permission to visit such of his family as were in the N.E.I., but M. Welter had added that he "did not particularly insist" upon Jhr. de Geer's actually going or not. [M. Welter, in evidence, had described the mission as an economic mission, which the accused, "a capable financier," was well fitted to undertake. Without warning, however, he received a letter from Jhr. de Geer (then in Lisbon), explaining his desire to return to the Netherlands. He was at once told that he would not be allowed to do so; whereupon he broke his promise and left.] The fact was, continued Jhr. de Geer, that he wanted to see his wife and the rest of his family who were in the Netherlands, and had accordingly made up his mind to go back. He had interpreted the mission to the N.E.I. as being "not really of a very serious character." It was "not quite right" for him to return home, he admitted, but it "did not occur to him at the time that he was being disloyal." In his opinion if his return to the Netherlands had been "prejudicial" to the Resistance Movement, this was not due to the action itself, but rather to the "fuss" made by London on the radio, which had served only to "play into the hands of German propaganda." Speaking of the publication of his much discussed pamphlet [*Synthèse in de Oorlog*, published in 1942, in which he had urged consultations with Germany with a view to ending the struggle against her], the accused said that he regarded himself as a "co-religionist of Lloyd George and Chamberlain." He insisted that there was no "defeatism" in the pamphlet, any more than there was in Lloyd George's "craving for peace," or in the views of those who "seriously believed" that war was "tantamount to suicide."

The Procurator-Fiscal, Mr. W. P. Bakhoven, asked for a "conditional" sentence of a year's imprisonment, a fine of 4,000 guilders with the alternative of four months' imprisonment, and deprivation of the right to hold office and to vote for five years. Speaking of Jhr. de Geer's broadcast from London [20th May, 1940], Mr. Bakhoven said that the accused had wanted to "avoid exasperating the Germans too much," and to "leave open the possibility of a *rapprochement* with Germany." He had repeatedly discussed in London the possibility of a "compromise peace"; but a *prima facie* case could not be made out against him on his peace efforts alone, as he was "inspired entirely by his pacifist views." He should not have used his visa to return to the Netherlands. "I do not, however, believe," concluded Mr. Bakhoven, "that by failing to carry out his mission to the N.E.I. he harmed the cause of the Netherlands or that his attitude was advantageous to the Germans. He ought to have informed the Government in London that he intended to return to the Netherlands from Lisbon."

Sentence is to be pronounced on the 23rd May.

Belgium

The Walloon Congress—the third since the liberation—assembled at Namur on the 3rd May. The proceedings were opened by the Chairman, M. Schreurs, who was in no mood for compromise, and threatened the abandonment of a "conciliatory attitude" and the use of "more forceful methods" if the Belgian Government rejected the proposal for the establishment of a Walloon Federal State. He accused the Government, and M. Spaak in particular, of making "empty promises," and attacked their "anti-French policy." Of the 17 million people in the Dutch-Belgian-Luxembourg economic *bloc*, declared M. Schreurs, over 14 million were "Teutonic," and under 3 million Walloon. Although the "Walloon ideal" had suffered a "certain decline" last year, they now saw a revival of the Walloon Movement. The Congress had to submit its view on M. Marcel-Hubert Grégoire's proposal for constitutional revision. The rejection of federalism would leave Walloons with no other choice but "complete autonomy or inclusion in France." Many Walloon "fighters" could "again apply underground fighting methods," while others would "continue to voice their demands with all the democratic means at their disposal—in the first place, by appealing to the United Nations and the foreign ministries of other countries." Wallonia had to become an "organic State," with "a capital, a flag and a national anthem."

FRANCE

M. Ramadier's "placid courage," in the words of one newspaper article, is carrying the French Government through the storms of the difficult food situation and the wave of strikes which it has occasioned. He has himself assumed direct responsibility for the administration of food supplies until August when the new harvest will be coming in and the situation will be easier. This is an act of marked courage in view of his complete failure as Minister of Food in the winter of 1944–45, but public opinion is willing to believe that his failure then was due to circumstances beyond his control and to hope for better things now. A national committee for collecting wheat has been set up, with M. Vincent Auriol as Chairman, to enlist the support of local personalities in all districts in the campaign to induce farmers to disgorge their stocks of wheat. It is estimated that, if the farmers will co-operate, there is enough wheat in the country to enable the ration to be met, with the aid of the supplies promised from America, and the price of wheat has been raised as an extra inducement. At the end of the Assembly debate on wheat supplies, on the 16th May, a motion was passed unanimously expressing confidence in the Government but asking for the formulation of a coherent agricultural policy with a balanced structure of prices. M. Ramadier succeeded in obtaining the withdrawal of a motion put forward by the *Rassemblement des Gauches* which was couched in critical terms and was aimed against economic controls. The dislike of the R.G.R. for the policy of MM. André Philip and Tanguy-Prigent, Ministers of National Economy and Agriculture, has long been evident, but M. Ramadier refuses to sacrifice them and called the R.G.R. to order by reminding them of the collective responsibility of the Cabinet in which they are represented.

The wave of strikes which has occurred during the last fortnight is generally attributed to the shortage of bread, which has reached serious proportions in some places, and to the absence of meat from the market except at very high prices. A strike in the Paris flour mills was settled by the grant of increased bonuses for output and regular attendance, and the two Renault workshops which had refused to accept the Government's terms (see last week's *Summary*) have now resumed work. The Paris metalworkers' union, however, demonstrated on the 16th May in favour of higher production bonuses, and the meetings between the C.G.T. and M. Ramadier have not yet produced agreement. The Communists are preaching moderation, saying that the weapon of the general strike must be kept in reserve for a moment of critical emergency, but they are backing all demands for production bonuses. The C.G.T. Communist leaders have been alarmed by the comparative success of the Catholic unions in the social security elections (see *Summary* No. 390) and by the defeat of many leading unionists by lesser-known men. The revolt of the trade unionist rank and file against the

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discipline imposed by their leaders is but one facet of the general revolt against restrictions on individual freedom, and the Communists are usually quick to adapt themselves to any general trend of working-class opinion.

General de Gaulle spoke at Bordeaux on the 15th May on the occasion of a ceremony in memory of Félix Eboué, the negro Governor of the Tchad province of Equatorial Africa. He devoted himself to questions of imperial policy but his insistance on the need for federal institutions which should hold together the different parts of the French Union did not seem to differ from the ideas of the present Government. He did, however, maintain that the Union could not survive without a strong French state such as did not at present exist.

M. Eirik Labonne, Resident-General in French Morocco, was replaced on the 14th May by General Juín, Chief of Staff for National Defence. M. Labonne is appointed to a special post under the President of the Republic and the Prime Minister in connection with the organisation of the French Union. The need for such an appointment has long been felt, but it is not clear in this case whether M. Labonne's transfer amounts to promotion or not. His efforts to carry out a liberal policy in Morocco have earned him the dislike of the French community there; moreover, M. Labonne has been censured for allowing the Sultan of Morocco when he visited Tangier last month to make no polite reference to France but to speak in friendly terms of the Arab League and to voice Morocco's natural aspirations (see *Summary* No. 388 under "Tangier"). The Sultan's remarks caused considerable concern in Paris and it may be felt that a strong arm is needed at Rabat. General Juin's appointment has provoked a protest from the Socialist Executive Committee, which fears that it may mean a retreat from M. Labonne's liberal policy. General Juín has long experience of Morocco and served on Lyautey's staff at one time. He is one of France's most distinguished soldiers and won fame through his leadership of the French Expeditionary Force in Italy. He was appointed Chief of Staff for National Defence in 1944, and it is to be hoped that the co-ordination of the three services which was thus achieved will not now be sacrificed.

M. Coste-Floret, Minister of War, gave a press conference on the 13th May at which he outlined French military policy, no doubt in answer to the speech made by M. Billoux, the Communist ex-Minister of Defence (see *Summary* No. 390). He spoke of new methods of organising defence in depth, and of training the nation with one year's conscription and frequent short periods in the reserve. The army in France and North Africa, he said, now numbered 284,000. Troops in Indo-China numbered 116,000 with 60,000 police, and the occupation troops in Germany and Austria were being reduced from 75,000 to 50,000.

M. Bidault gave a press conference on the 16th May, dealing with the results of the Moscow Conference. He emphasised that its failure was due to disagreement on the fundamental questions of economic unity, reparations and the level of industry. He regretted that more statistical examination of the level of industry, including questions of coal and steel production, had not been made. He said, however, that the British and Americans had shown at Moscow greater understanding of France's needs.

Conversations opened in Paris on the 12th May between British and French representatives on the question of the departure from French ports of ships carrying illegal Jewish immigrants to Palestine. The atmosphere of the meeting was friendly, and the French showed a more co-operative attitude than hitherto with regard to control of visas, the enforcement of the regulations for safety of life at sea on ships suspected of carrying Jews, and the stoppage of irregular trains of Jews entering the French zones of Germany and Austria. French co-operation in this matter is, however, linked by them with our own response to their desire to recruit German labour in our zones of Germany and Austria. Conversations on this question have been going on at Lausanne, and the French have shown that they wish to recruit *Volksdeutsche* rather than other displaced persons in Austria, and that in Germany they wish to recruit civilian German labour to replace the German prisoners-of-war whom they are releasing. This is therefore a separate question from their long-term proposals for German emigration as voiced by M. Bidault at Moscow.

SWITZERLAND

Liquidation of the German assets in Switzerland continues to be held up by the failure to agree upon a rate of exchange for the Swiss franc and the Reichsmark. Some American negotiators contend that the Swiss are playing for time, and they still maintain that the Accord did not stipulate, or even imply, that a rate of exchange must be fixed before liquidation could be started, but merely that the owners would be indemnified. The Swiss, however, reiterate that they are not to blame for the obstructions. A few months ago, British, United States and French representatives in Berlin agreed on a provisional exchange rate of 129 Swiss francs for 100 marks, but the Soviet representative would not agree to any new rate, proposing, instead, the pre-war rate of 170 Swiss francs for 100 marks. This rate was rejected by the representative of the United States, and was also considered completely inadequate by the Swiss.

On the 17th May, M. Stucki, head of the Foreign Affairs division of the Political Department, discussed with the Commercial Counsellor, a question which he said had been on the *tapis* recently in Washington—that of an advance of 50 million Swiss francs under Article 5 of the Washington Agreement, which gave the Allies the right to draw in advance on the proceeds of the liquidation of the German assets. M. Stucki stated that the Swiss Government sympathised deeply with the object of Article 5, and with the difficult consequences of the tragic position in which the United Kingdom found itself at the present time. He maintained, however, that, as liquidation had not yet begun, there were therefore no proceeds; but he felt sure that, as soon as the rate of exchange was fixed, the Swiss Government would at once make 50 million Swiss francs available to the Allied Governments even though liquidation had not started. He emphasised, however, that he was speaking personally and without the authorisation of his Government. M. Stucki also complained of the slow progress made by the Joint Commission, and said that on this account the Swiss member, Dr. Speiser, was thinking of resigning. If this should happen, the Swiss Government would not again nominate a member of such high calibre. The Swiss Government, M. Stucki added, had already made three proposals during the past year—(1) that the rate of exchange should be 43·40 Swiss francs for 100 marks; (2) that they would be willing to work or a provisional rate; (3) that they would consider a provisional rate applying only to the British, French and American Zones. No reply had been received to any of these proposals, though the first had been made when the Accord was signed at Washington.

The Allied point of view is that the establishment of general conversion factors between the Reichsmark and other currencies is a very delicate matter, which is only part of the process of financial reform in Germany, and that in any case no provisional rate is likely to be agreed upon which represents a reasonable anticipation of a rate in line with a future general indemnification rate. Moreover, it is expected that uniformity in the rates of exchange will ultimately be achieved for all German owners of assets and not only for those with holdings in Switzerland.

SPAIN

By the end of the second week of May conditions were normal in all the industrial establishments in the Basque Provinces affected by the strikes. While the press, taking its cue from the official statement (see last week's *Summary*), has, of course, dismissed the whole episode as a thing of small account, the Basque Nationalists in exile are jubilant and regard it as an impressive demonstration of their continued hold on the population. The President of the "Government of Euzkadi," Jose-Antonio Aguirre, told a press conference called in Paris on the 12th May that the order to return to work had duly been transmitted through the Basque Resistance Council and the three trade union organizations concerned. He went on to commend the workers for the orderliness and discipline of their peaceful protest and the employers on the sympathy and understanding they had shown. Evidence of the strength of democratic conceptions in that part of Spain this demonstration has certainly been, but it is important to recognize that we are in the presence of a localized affair which will have caused scarcely a ripple on the surface of the life of Spain as a whole.

It is probably wishful thinking, for example, to suppose that General Franco's present journeyings to the Mediterranean seaboard are in any way designed to counterbalance the effect of the recent strikes. Barcelona was beflagged for the arrival of the head of the State on the 18th May—his third visit since the Civil War. In Valencia on the 13th May the Generalissimo delivered a "pep" speech to the officers of the local garrison on the theme that the Spanish military must never again, as in the past, shut themselves up in their ivory towers (*sic*), they must

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maintain close associations with industry and a strong national economy (as indeed very many officers individually are doing these days!) and strive to bring justice to every home—to make a more just and more human Spain. The Caudillo, who is accompanied by his wife and daughter, made a number of other speeches during his seven days' stay in the province of Valencia—to groups of the press, the magistracy and members of the legal profession and to a delegation of the Youth Front. According to the official version he was the object of unceasing loyal demonstrations: Republican propaganda, on the other hand, tells of the distribution of thousands of leaflets by the Resistance movement and speaks of the indifference shown by the people to the organized demonstrations of welcome. The truth lies probably somewhere in between.

The death of Francisco de Assisi Cambó in Buenos Aires on the 30th April removes from the scene the most distinguished, or at any rate conspicuous, Catalan figure of our generation. He was prominent at the same time as a wealthy business magnate, patron of the arts and politician. As a founder-leader of the *Lliga Regionalista* from 1902–23 he championed the cause of "Home Rule" for Catalonia and was frequently at loggerheads with the various Governments of King Alfonso XIII's time in Madrid. Protection for Catalonia's textile interests was one of the principal planks in the *Lliga* platform. But Señor Cambó acquired merit among Catalanists of all parties by his munificent gifts and foundations for the cultivation of Catalan art and literature, finely-printed editions of the classics in Catalan, &c. He derived his great wealth from the electrical consortium CHADE (*Compañía Hispano-americana de Electricidad*) formed in 1918–19—of which the partly British-owned *Riego y Fuerzas* (Barcelona Light and Traction Co.) was a dependency and which was associated with British interests—*e.g.*, the *Primitiva* Gas Company—in Buenos Aires. Señor Cambó was a bitter enemy of the Dictatorship of General Primo de Rivera because of the deadset made against all autonomist activities. In the interval between the dismissal of the Dictator and the fall of the Monarchy he was one of the group of old *politicos* who made a vain attempt to stage a come-back. During the Republic he was active behind the scenes, but by that time the glory of the Conservative *Lliga* had departed—Catalan politics were well and truly oriented to the Left. The dispute about the Law of Agrarian Contracts (*Ley de Cultivos*) in 1934 found him on the other side of the barrier, allied with the agrarian and business interests of Castile. But he maintained his position as a Maecenas of Catalan culture. A strong Catholic, he was necessarily alienated by the mob-rule in Catalonia at the beginning of the civil war; but he regarded himself as a European and liberal-democrat and found collaboration with General Franco and the Falange distasteful. Hence his departure for Argentina, where he made his home for the last ten years of his life. It was rumoured last year that he was contemplating a return to the Spanish political scene as a champion of the cause of Don Juan. But the journey to Lisbon never materialised. More recently there was talk in the Spanish press of his returning to Barcelona.

Spanish obituary comment, flattering enough to Cambó personally but denigrating the cause of Catalanism which was his life's passion, will have disgusted all Catalan patriots. People in Catalonia may well also be up in arms about the summary dismissal of the Civil Governor, Colonel Bartolomé Barba, who, though no particular friend of Catalan aspirations, had acquired considerable respect for his firm treatment of the local Falange party. It was baldly announced that the new Civil Governor, Don Eduardo Baeza Alegría, transferred from Zaragoza, would take up his duties on the 10th May. This change will be widely regarded as a score for the Falange. So, in Catalonia, General Franco will be finding a heavily-charged atmosphere. The police have apparently taken elaborate precautions for his safety.

Although the Spanish press has maintained a discreet silence, the reason for Col. Barba's sudden departure is believed to be that he had spoken disparagingly of the Caudillo's Bill of Succession and had manifested sympathy with Don Juan. Another version is that he was in disgrace for allowing a recent meeting of the Carlists at which the Traditionalist leader, Señor Fal Conde, also spoke slightingly of the Succession Bill, at the same time dissociating himself from the camp of Don Juan and once more putting forward the pure Carlist doctrine on behalf of a Regency to be vested in Francis-Xavier de Bourbon Parma.

The recent renewal of diplomatic relations between Bolivia and Spain gave rise to a curious misunderstanding on the part of the Spanish Government. Under the misapprehension that His Majesty's Government had been consulted by the Bolivian Government, and had advised in favour of resuming diplomatic relations, the Spanish Government instructed their Chargé d'Affaires in London to thank His Majesty's Government for the part that they had played. The Chargé d'Affaires was informed that His Majesty's Government had not been consulted by the Bolivian Government, and in any event would not have advised a renewal of diplomatic relations with Franco Spain. The Chargé d'Affaires was further requested to make it plain to the Spanish Minister of Foreign Affairs that belief in His Majesty's Government's intervention in this matter was but another example of the pathetic inclination of the Madrid authorities to hold that His Majesty's Government were not really opposed to General Franco.

The First Assembly of the International Civil Aviation Organisation met in Montreal on the 6th May. In accordance with the directive of the United Nations General Assembly—which made its approval of the draft relationship agreement (for specialised Agency status) conditional on action being taken to debar Franco Spain from membership of I.C.A.O.—the Assembly at its third plenary session duly voted for Spain's exclusion, and the Spanish delegation walked out. Thus, so long as General Franco rules—not only is Spain ostracised from all inter-Governmental bodies but she finds herself increasingly excluded from international technical conferences. The action of the I.C.A.O. Assembly requires ratification by two-thirds of the member States. (See also under "United Nations.")

ITALY

The resignation of Signor De Gasperi on the 13th May (see *Summary* No. 392) was precipitated by the grave economic situation. Signor De Gasperi has been under increasing criticism from both Left and Right for the last three months, the Left accusing him of being too pro-American and the Right and the Vatican accusing him of having been too conciliatory to the Communists. Since Signor De Gasperi's return from the United States in January there has been increasing evidence that he had made up his own mind. In his view the economic situation could only be saved by the grant of a loan from the United States, and the United States would be unlikely to make such a loan unless the Communists were jettisoned from the Government. There are good grounds for believing that his interpretation of the intentions of the U.S. Government is the correct one. The right wing of the Christian Democrats (encouraged by recent events in France) has complained of Signor De Gasperi's conciliatory attitude to the Communists and Nenni Socialists. He has undoubtedly been conciliatory, but it is difficult to see how he could hope to bring the economic situation under control without their active assistance.

De Gasperi has failed to convince the political world that the economic position of the country must be the first consideration of the Government and that the Tripartite government should devote its primary attention to this question. His tentative suggestions for widening the Government on a national basis and of calling in technical experts (who were likely to be of right-wing sympathies) has alarmed the left-wing parties, and thus Signor Morandi's statement on the attitude of the Socialist Party (see *Summary* 392) was the immediate cause of De Gasperi's resignation.

On the 13th May Signor De Gasperi broadcast the speech on the economic situation which he had intended to make in the Constituent Assembly. After referring to the immense deficit on the 1946–7 Budget and to various plans for increasing the revenue and decreasing expenditure in 1947–8, Signor De Gasperi came to the two serious problems confronting any Government in Italy, that of price stability and of increased production. He admitted that his Government had not succeeded in stabilising prices and the lira, reducing consumption and imposing the necessary discipline. The difficulties were political and psychological and were due to lack of organisation.

The last part of his speech explained the dependence of the country's very existence on the power to obtain a foreign loan. Signor Morandi, the Socialist Minister for Industry and Commerce, had explained to the Cabinet that most of the country's exports went to pay for essential foodstuffs, and that industrial and agricultural reconstruction was severely hampered by the shortage of raw materials, for which they would be unable to pay now that UNRRA relief was ending. Signor De Gasperi indicated that it was no use being afraid of economic planning, this had already existed in connection with UNRRA relief. Planning was essential if foreign investments were to be secured; and in addition non-essential consumption must be reduced and prices kept stable. He appealed for collaboration at a time of

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economic and financial hardship, when the Government was bent on economic revival and the defence of the lira.

All this is sound enough, but it must be owned that it contains a somewhat damning confession of failure made not to the Cabinet but in public. It seems to support the claim of Signor De Gasperi's opponents that he promises much but does nothing.

President de Nicola has asked the 78-year old Signor F. S. Nitti to form a new government. (Signor Nitti was Premier in 1919–1920 but during his term of office proved to be weak and to be incapable of dealing with a complex political situation.) Latest reports indicate that he is having difficulty in securing the co-operation of the smaller left-wing parties.

SOUTH-EASTERN EUROPE.

Roumania

The May Day celebrations took place as usual, and by way of encouraging the "workers" to demonstrate and listen to Communist speeches the bread ration, the withholding of which had caused a serious strike in Arad in the previous week, was issued in Bucarest on the 30th April. There was an unusual display of large pictures of Marx, Engels, Lenin, Stalin and lesser Russian and Roumanian Communist luminaries, but for the first time portraits of King Mihai and of the Prime Minister were absent.

Traffic has been resumed on the Danube, but so far it is mainly limited to local passenger traffic. What movement of goods there has been is limited to small cargoes of pyrites from Russia to Czechoslovakia, and to coal and wood for burning from Orsova. Dredging and maintenance work is being carried out at the mouth of the river, and it is reported that the depth at the Sulinar bar is 25 feet. The Sovromtransport Company which was formed in July 1945 has acquired rights over Roumanian ships and over riverside property of various kinds, so as to place it in a position to control the whole of the navigation over the Roumanian stretch of the river. It is thus able to prevent the operation of all privately-owned river craft, and can extend its control by the exercise of prior rights to leases of all port facilities not actually acquired. As a result the grip of the Company extends to the Black Sea ports, and the whole of the Roumanian merchant fleet, which is dependent upon the Galați and Constanța shipyards now leased to the Company.

A warning had been issued over the Roumanian Radio against listening to clandestine broadcasts. Offenders are liable to heavy fines and to the confiscation of their receiving sets. A large number of these have already been confiscated. *Libertatea* draws attention to the conditions of the roads throughout the country, which by affecting transport tends to prolong the economic crisis. *Timpul* emphasises the bad condition of the streets of Bucarest —a state of affairs which contrasts strangely with the stories of luxury and excessive spending which reach us from time to time. Neglected gardens, filthy boulevards, rubbish dumps, streets covered with litter and tram tickets, all this, says the article, confers on the city its aspect of 70 or 80 years ago. "This is due to the indifference and bad faith of those whose duty it is to look after Bucarest's appearance."

A committee has been formed in London under the presidency of the Earl of Selborne to sponsor a "Help the Roumanian Children Fund." The Secretary is Lt.-Col. de Chastelain, D.S.O., O.B.E., of 46 Palace Gardens Terrace, W. 8.

Yugoslavia

Dr. Dragoljub Jovanović, who lately criticised the Budget and the Five-Year Plan during the debates in the National Assembly, has exhausted the Government's patience. Abuse of him by Government speakers has now been followed by a proposal for his expulsion from the Praesidium of the Assembly, put forward by the Executive Committee of the puppet Agrarian Party, with which his former Party—the People's Peasant Party—has been amalgamated. He is reported, moreover, to be under arrest.

From Croatia there is an unconfirmed report of the arrest of Franjo Gaži, the Second Vice-Premier of the Croat Government. He had long been a member of the Croat Peasant Party before he joined the Partisans in 1942. But his public criticism of Dr. Maček and the part he played in forming the Croat Republican Peasant Party, with Communist support, lost him the favour of the peasants, and it was said of him in 1945 that he was so unpopular that he dared not show his face in his own village. He has never been more than a figurehead, but his alleged arrest suggests now that he may have been in contact with the Opposition.

An exhibition of British books was opened in Zagreb by H.M. Ambassador on May 14th. It has aroused considerable popular interest and a demand for English dictionaries.

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The Yugoslav press has expressed great indignation at the American refusal to permit the opening of a branch of the Yugoslav travel agency, Putnik, in New York, on the ground that the U.S. representatives in Yugoslavia would not be able to ensure sufficient protection to American citizens visiting the country. In fact, they are not able to protect themselves, it seems, since the U.S. Chargé d'Affaires and his staff were recently detained at Peć until they had surrendered their cameras. Nevertheless, a formal apology has been forthcoming.

The Greek Minister in Belgrade has been subjected to insulting treatment and the Military Attaché has been declared *persona non grata.*

Yugoslav-American talks on the question of American property in Yugoslavia began in Belgrade on May 19th. A French-Yugoslav Trade Agreement was initialled in Paris on the 14th May.

Greece

Discussions have continued about Mr. Ethridge's proposals on a "broader amnesty" to be granted by the Greek Government. No official statement has yet been made, but M. Tsaldaris, the Foreign Minister, has told the Press that he and the U.S. Ambassador in Athens have agreed that decisions about a broader amnesty shall be postponed until the Security Council has taken action on the report of the Frontier Commission. Meanwhile the Government has extended the time-limit of the amnesty, which expired on the 31st March.

The Greek press and radio have on several occasions commented impatiently on the fact that the Commission, "lacking the courage to face the truth," have not yet finished drafting their report in Geneva. Most members of the rearguard section, however, have now returned to Salonica, and it is understood that they will begin by examining the recent case of a band from Yugoslavia which attacked the frontier post at Mikrolimni in Western Macedonia. The Athens press reports that large numbers of bandits are concentrated in the Monastir region of Yugoslavia and are ready to cross the frontier into Greece.

Twenty-one Populist and National Liberal Members of Parliament tabled a motion on the 14th May to outlaw the Communist party on the ground that it had never ceased instigating criminal acts throughout the country. On the following day, however, it was announced that the signatories had tabled the motion against the instructions of their party leaders, and the Government persuaded them that a debate on the subject would be inopportune. The motion was, therefore, postponed indefinitely.

It has now been reported that on the 6th May the EAM branch in Macedonia/Thrace published an appeal to all organisations, secular and religious, in that region to summon a conference "for the exchange of views and finding of drastic remedies which will save the nation from destruction and stop the bloodshed and civil war."

To mark the passing of the Aid to Greece Bill, Mr. Marshall, Assistant Secretary Benton and Senator Vandenberg have broadcast to Greece, and King Paul has broadcast a message of gratitude to the American people.

During the week M. Stratos, Minister of War, tendered his resignation to the Premier because he was not consulted by the Inner Cabinet when they appointed Brigadier Tzigantes as Greek representative at Nuremberg. It was immediately decided that all the actions of the Inner Cabinet must receive the approval of the full Cabinet, and the question of the Nuremberg appointment was referred back to M. Stratos for discussion with the General Staff. It is believed that he will now withdraw his resignation.

Albania

A brief but momentous announcement was made by the official Albanian telegraph service on the 14th May in these words:—"On the proposal of the Head of the Government, the Præsidium of the People's Assembly has dismissed from office the Minister of National Education, Professor Sejfullah Malleshova, for incapacity and negligence in the performance of his duties. Dr. Manol Konomi, Minister of Justice, has temporarily assumed the duties of the Minister of National Education."

Whether it is mere personal jealousy or something more fundamental which has led to this unexpected development it is as yet impossible to say, but in making the change Enver Hoxha is definitely "dropping the pilot." Malleshova has been a leading light of the extreme Left in Albania ever since 1923, when Hoxha was a boy of 15 and his new lieutenant Xoxe was only 12. In that year and the next he was chief secretary to the then Prime Minister, Bishop Fan Noli who led the old Albanian Democratic Party in opposition to King Zog. (The Bishop in those days a stormy petrel but now not so young as he was—

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has for many years been living quietly at Boston, Mass., whence, as one of the very few Albanian exiles favourable to the present régime, he periodically sends telegrams of congratulation and encouragement to Hoxha). With the fall of the Fan Noli Government in 1924 Malleshova escaped to Russia; he took a degree at Moscow University and became a member of the Soviet Academy of Science. As an experienced journalist and organiser he was afterwards a leading figure in the underground Albanian revolutionary movement in France, and it was there that he seems first to have met young Enver Hoxha, who was then dividing his time between attending lectures at a minor French *lycée*, leading a Communist study-circle and helping to run a cigarette kiosk. On his return to Albania in 1943 Malleshova at once became Hoxha's chief adviser and "elder statesman," with a special responsibility for L.N.Ç. propaganda. Brigadier Hodgson reported at the end of 1945 that he was "probably the strongest and most single-minded man in the Government and the real leader of the Albanian Communist party." He added that his Ministry was "certainly the most efficient element in the Democratic Front Government," and that he was—even at that time—definitely anti-British. This last quality is one, however, which he has shared with his latest set of ministerial colleagues without exception: all Hoxha's former collaborators who felt differently were carefully eliminated when he reconstructed his Cabinet in March 1946, preparatory to tying himself hand and foot to Marshal Tito.

Bulgaria

The supreme contempt in which both the British and the American Governments are held by the Dimitrov Government could hardly be better displayed than it is by the fact that, with treaty ratification already in the air and Article 2 of the Bulgarian treaty obliging the Government in black and white to guarantee to all Bulgarian citizens the "fundamental freedoms," week after week has elapsed with no Opposition newspaper at all allowed to appear—and this in spite of repeated protests made by our own chief representatives at Sofia and their United States colleagues to the Bulgarian Prime Minister and the Foreign Minister—not to speak of the Deputy Chairman of the (still existing, but hardly now functioning) Allied (Soviet) Control Commission and the Soviet Minister to Bulgaria.

M. Petkov, as leader of the Opposition, tried to bring the matter up in the Grand National Assembly last week, but only succeeded in getting himself suspended once again. The Prime Minister, in an evasive written reply to his question, tried to maintain that in neither of the two instances quoted by M. Petkov had there been any direct Government action: for in the one case it was the printers who had refused to print, while in the other it was the distribution agency which had refused to distribute. (Being a Government monopoly, there was nothing very surprising in this!) These tactics of the Communists may do well enough for the present, but if ever the Russians do really quit Bulgaria, that is the time when they will learn their lesson.

Turkey

President Truman's bill for helping Greece and Turkey was approved by majorities heavy enough (in the Senate 67 to 23, and in the House of Representatives 287 to 107) to give supreme satisfaction in Turkish circles which had been acutely conscious of machinations in circles of the Left to defeat a policy obviously directed against Soviet expansion. In recognition of his advocacy of the Turkish cause in Washington, the U.S. Ambassador had the most unusual honour of being greeted on his return to Angora by an imposing reception committee headed by the Foreign Minister. Similarly President Inönü made a special visit to Istanbul during the stay of the American squadron.

With the approval by both Houses on the 15th May of various amendments, the Truman proposals were finally adopted, and the Turks were justified in feeling that in the Near East American intervention had brought in a new era. Nevertheless, they seem to be confident of Great Britain's economic recovery and to recognise that the new era means stronger Anglo-American cooperation, not Anglo-American rivalry. The precise way in which the 100 million dollars earmarked for Turkey are to be applied will be worked out by an American mission of twelve army officers, six naval officers and two official economists now proceeding to Turkey. There is wisdom in the general conditions laid down by Congress to ensure that Turkey (and Greece) shall not squander or misapply the windfall. The presence of American official observers and of American press and radio representatives should prevent the Turks from using the money for such follies as the £2 million Atatürk mausoleum, and indeed enable both Governments to meet the inevitable criticisms that American funds are being wasted. Other conditions are only reasonable, *viz.*, that Turkey (and Greece) shall not pass on equipment or information but shall safeguard it and shall not use the money of the United States for the service of any foreign loan.

The Turks have thrown off the Capitulations too recently (1914), and have too much of the chauvinism of a new nation, to relish anything that smacks of renewed foreign control. While pocketing the cash with profuse and genuine gratitude, they are likely to contrive in practice to evade more than a modicum of American inspection and advice, as they have done in the case of foreign inspectors and advisers in the past—British, French and German. (See also under "United States.")

In any event, the assurance that it is no longer Great Britain alone but also the United States which is now behind Turkey is doubtless responsible for the outspoken remarks of Turkish commentators on Soviet policy. They recall Russian designs to get outlets to the Persian Gulf and Mediterranean, as revealed by published archives; to obtain bases on the Straits; and to upset the present Turkish régime. They rightly insist that it is because the Soviet Government have never repudiated their claims against Turkey, that Turkey maintains the mobilisation of which Soviet propaganda complains. If Turkey were to succumb to Soviet pressure, nothing could keep Russia out of the Middle East and North Africa, and that, they frankly say, is why the United States is helping Greece and Turkey.

The Turkish parliamentary delegation which is visiting this country consists of six deputies belonging to the Republican People's Party and two belonging to the Democratic (Opposition) Party. Among them are the veteran journalist Yalçin, two former Cabinet Ministers and Professor Fuat Köprülü, a shining light of the Democratic Party.

THE MIDDLE EAST

Egypt

In the debate in the Chamber of Deputies on 12th May, reported last week, Nokrashy Pasha appears to have referred only to the 1936 Treaty as impossible to denounce, and not to the 1899 Agreement, although the specific reference to the Agreement in Article 11 of the Treaty appears to make such a differentiation between the two instruments difficult. Opposition deputies criticized the vagueness of the Prime Minister's statement and the delay in presenting the Egyptian case. There is a general feeling that Egypt will not have an easy passage in the Security Council; the recent course of events in the General Assembly dealing with Palestine and the permission given to the Jewish Agency to state its case have given rise to some apprehension.

Mr. Bevin's references to Egypt in the House of Commons on the 16th May have provoked Nokrashy Pasha into issuing an official statement which was published after a meeting of the Council of Ministers on the 18th. It opens by roundly stating that the presence of British troops is an infringement of the sovereignty of a free and independent nation as well as being against the will of the people (a fact which is well-known to the British Government) and continues by repeating the demand for their withdrawal unconditioned by any treaty. In the Sudan Great Britain is accused of pursuing a policy designed to encourage separatist ideas among the Sudanese, a policy contrary to the will of the people of the Nile valley, which is that it shall be united. The fact that there are British troops in the Sudan is ascribed (with factual accuracy rather than respect for contingent circumstances) as the result of the earlier British occupation of Egypt, and their right to be there is denied. Finally, Nokrashy announces again the firm intention of the Egyptian Government to appeal to the United Nations in the expectation that "the principle of the sovereign equality of all its members, upon which the United Nations is founded, will guarantee Egypt her rights." It was officially announced later that Nokrashy Pasha himself will lead the Egyptian delegation to the Security Council.

Mr. Bevin's speech has, not unexpectedly, had a bad press in Egypt. His reference to the interest of His Majesty's Government in improving the standard of living in the Middle East is regarded by the Wafdist papers as "impertinent" because the only real British interest in the standard of living, they say, is exploiting it to British advantage. Both Wafdist and Makramite organs attack the Egyptian

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Government. The *Kotla* says that Egypt's lack of unity has made Mr. Bevin able to speak as he did, and the Wafd blame Nokrashy for failing to denounce the 1936 Treaty. We are thus once more presented with the familiar spectacle of Egyptian politicians accusing anyone but themselves for the difficulties in which they have become involved.

Abdus Salam Fahmi Goma'a has been appointed Secretary-General of the Wafd. Although the younger elements in the party are disappointed that Sarag ad Din was not chosen, the unity of the Wafd has not been affected.

There is every evidence that the Egyptian Government and the Palace are now seriously alarmed at the intensity of recent anti-foreign propaganda and violence which, they fear, may adversely affect the presentation of their case to the United Nations. The apprehension felt by Christians continues to be voiced by the Coptic press.

His Majesty's Ambassador called on the Prime Minister on the 14th May and gave him a written communication saying that His Majesty's Government will be glad to receive "an authoritative mission" to discuss the problem of the sterling balances belonging to Egypt at the end of May or the beginning of June. In reply a *note verbale* was received accepting the invitation and announcing that Amir Pasha, the Egyptian Ambassador in London, would lead the Delegation.

Palestine

The atmosphere of gloom which the attitude of the United States delegation at Lake Success had cast over the Yishuv was dispelled by M. Gromyko's speech on the 14th May. The Hebrew press welcomed it, according to the Jewish Telegraphic Agency, as "a turning-point in the Soviet Union's attitude towards Zionist aspirations." Arab politicians in Palestine are now described by the correspondent of *The Observer* as "woeful and confused."

Minor acts of terrorism have occurred during the week but the Irgun Zvai Leumi announced on the 15th May that they are suspending their military activities and devoting themselves to "political work."

The *Trade Winds*, an illegal immigrant ship of about 800 tons, carrying over 1,400 Jewish passengers, was brought into Haifa by a naval escort on the 18th May.

In a leading article in the *Jewish Weekly* an appeal is made for unity in Jewry. The Zionist leaders are attacked for obstinately refusing to understand that the needs of the moment are to save the remnants of the shattered Jewish people and for insisting on following the "long dead" Biltmore policy. "Our religious principles are at least as inviolable as the Biltmore resolution for the Zionists." The article closes with a reference to the United Nations' discussions and says "unless unity is achieved there, unless Jewish organizations can co-operate together, the future of the Jewish people is indeed a tragic one. World orthodoxy must be prepared. It is nearly too late."

Iraq

The Prime Minister, Salih Jabr, made a statement in the Senate on treaty revision on the 27th April, in which he said that his Government would consult the nationalist elements, whose views on this subject were considered to be in disagreement, but that such consultations would not be binding nor be allowed to hamper the progress of the negotiations, for which the Government would take full responsibility. It appears that the Prime Minister has no intention of rushing matters, but he has indicated that he will not allow a repetition of the delay which characterised the Egyptian treaty negotiations.

In spite of the fact that Salih Jabr recently obtained a vote of confidence in the Senate by 95 votes to 14, his policy in general and the treaty revision proposals in particular, have come in for much criticism in the Chamber. Such criticism was only to be expected from the less moderate elements, following the commendable tone of the Foreign Minister's original announcement on the 16th April (see *Summary* No. 389).

Outside Parliament the opposition group is led by the Liberal Party (Hizb al Ahrar). The Iraqi-Transjordan Treaty (see *Summary* No. 389 under "Transjordan") has been the subject of much criticism from this group, who affect to regard it as a cunning move by British diplomacy to bind Iraq more closely to Great Britain's Middle East policy. The treaty is also criticised as offering openings to Syrian industrial and commercial enterprise at the expense of Iraq. The Senate passed the treaty on the 15th May by seventeen votes to one.

Persia

Delay on the part of the Government in sending the necessary credits for the economic reconstruction of Azerbaijan has been causing considerable anxiety to Ali Mansur, the Governor-General of that province. The large number of unemployed in Tabriz believed to be about 15,000, are already growing restive, and may give trouble unless they can be absorbed into the urgent public works schemes, the most important of which is the completion of the railway from Tehran to Tabriz *via* Marageh (see *Summary* No. 385).

THE FAR EAST

Japan

Replying to the foreign affairs debate in the House on the 16th May, Mr. Bevin denied that the Government took insufficient interest in the Far East. Speaking of Japan, he endorsed the tributes paid to the work of General MacArthur. Everything might not be as we wanted it, but it was wrong to say we did not make our views known. Many questions would fall to be dealt with in the final peace settlement, when we should have full opportunity to make our opinions known and to submit our proposals. He hoped that it might be possible to conclude an early peace treaty with Japan; the first step was to reach Allied agreement on the basis for the treaty. He had arranged to send a labour attaché to Tokyo who would report on conditions in the textile industry in Japan. An important law enforcing fair wage standards, which was applicable to the textile industry, had been enacted in Japan. This would certainly have an effect, but the Lancashire and Yorkshire textile trades could not be saved by imposing restrictions on other countries. Interposing, Mr. Eden said that what the Opposition had in mind was the very different conditions of hours and labour. Mr. Bevin replied that running through the debate there was an element of fear that Lancashire could not stand up to it, whatever the conditions were. The Government had placed facilities at the disposal of that trade, and it was up to the flexibility, energy and vigour of the workpeople and managements to respond.

Reports have been circulating in the United States that General MacArthur meant to retire. Replying to a correspondent, the Supreme Commander stated that (*a*) he did not contemplate early retirement; (*b*) he believed he should remain until peace negotiations were completed; (*c*) he did not think transfer of responsibility to a civilian agency was feasible before the Peace Conference.

The U.S. Under-Secretary of State's speech at Cleveland (see *Summary* No. 392 under "United States"), in which he stressed the urgent necessity of reconstructing the two great workshops, Germany and Japan, on which the ultimate recovery of the two continents of Europe and Asia depended, seems to indicate that American opinion is gradually coming to the view that direct aid to the war-ravaged countries of Asia alone will be inadequate and that in the long run it will pay to allow Japan to build up her export capacity to a level higher than the minimum level of industry necessary for a viable economy. Under the Potsdam Declaration Japan was to be allowed to maintain such industries as would sustain her economy and permit the exaction of just reparations in kind but not those which would enable her to rearm for war. This has generally been assumed to mean that Japan would be allowed to pay her way and no more.

Japan's future level of industry has proved a baffling question in the Far Eastern Commission for some time. Minimum levels have been fixed for various war-supporting industries, but the nearest approach to a general decision is contained in the policy statement of 21st January, 1947, in which it is laid down that the peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing during the period of 1930–34. The United States for a long time displayed hesitancy in dealing with the actual level of industry but have now come forward with a plan which, in the main, is very much in line with the proposals advocated by H.M.G. over a year ago. China has argued that, even at the sacrifice of Japan's own needs, rehabilitation of her victims should come first. Russia wishes, for security reasons, to scrape Japan down to the bone. (Moscow Radio also states that Russia will demand reparations from *current* production.)

The task of forming the new Japanese Government is proving difficult. As an opening gambit, the strongest Party—the Social-Democrats—took its stand on General MacArthur's request for integrated economic and financial controls which, it claimed, could best be met by the gradual nationalisation of essential industries, strengthening of the Economic Stabilisation Board, thoroughgoing

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measures to cope with inflation, heavy taxation of *nouveaux riches*, co-ordinated control of wages and prices, improvement of the rationing system, suppression of the blackmarket and drastic measures to obtain delivery of rice from the farmers. Neither the Liberals nor the Democrats could agree to this programme as it stands without sacrifice of their avowed principles, and it is obvious, therefore, that considerable compromise is necessary. On the other hand a repudiation by the *left-wing* of the Social-Democrat Party of any possible co-operation with the Communist Party may be taken as a tentative move rightward.

Secretaries of the Social Democrat, Liberal, Democrat and People's Co-operative Parties met on the 12th May and agreed provisionally on a 5–5–5–1 allocation of seats. They postponed, however, a discussion of either the programme or the premiership of the proposed coalition Government.

Korea

At long last the Joint U.S.-Soviet Commission is to be re-convened. It has been adjourned since the 8th May, 1946, during which time political and economic conditions in Korea have been going from bad to worse. M. Molotov's letter of the 19th April (see *Summary* No. 390 under "Soviet Union"), while consisting mainly of an attack on the United States, offered one ray of hope in that it proposed that the Commission should resume its work on the 20th May.

The basis on which the question of consultation with Korean parties and organisations has been agreed is General Hodge's letter of 24th December, 1946, to General Christyakov which in turn refers back to Communiqué No. 5 issued by the Joint Commission during its discussions in 1946. The agreement published in this Communiqué did not require support of trusteeship, but merely that parties and organisations to be consulted should "co-operate with the Commission in the working out of proposals concerning measures regarding trusteeship." In other words, parties and organisations would be free to express themselves against a possible trusteeship when the Commission undertook the working out of recommendations on the matter. This was made a matter of record by the American Delegation when the agreement was reached, and the American Commander publicly stated that, no matter what form trusteeship might or might not take, Southern Koreans were free to speak their minds on the subject. The only reservation was that they should not actively foment anti-trusteeship opinion. It remains to be seen whether the Soviet interpretation of Communiqué No. 5 will agree with the United States interpretation quoted above —which was published in a press release from General Hodge's Headquarters in Korea.

The Farmer's Weekly, an official paper published by the Department of Public Information in the U.S. Military Government reports that Dr. Philip Jaisohn (*Saw Chai Pil*), an exile in the United States since 1919 and now a U.S. citizen, has been invited by the Korean Interim Legislative Assembly, to return in order to accept a high position in the government. Jaisohn is 80 years of age and in his youth became known as an ardent advocate of democracy. Forced to leave the country, he returned to Korea in 1896 to act as advisor to Emperor Kwang Mu. Since then he has spent most of his life in the United States, where he has done much to publicize Korea's sufferings under the Japanese. He is known as one of Korea's elder statesmen and it appears to be the view of the U.S. Military Government that as an unofficial advisor he may be able to restrain the hotheads whose slogan of immediate, complete independence has been a source of embarrassment to the American authorities. It remains, however, to be seen whether the Koreans themselves will be prepared to listen to one who has been so long out of the country and has in addition adopted U.S. citizenship.

THE UNITED STATES OF AMERICA

On the 15th May the Senate and the House of Representatives in Washington gave their final approval to a compromise Greco-Turkish Aid Bill which had been agreed upon by a joint Conference Committee two days previously. This incorporates the preamble and the amendment introduced by Senator Vandenberg to bring the Truman programme into line with the broader aims and policies to which the United States stands committed under the U.N. Charter. It includes the two House amendments authorizing the President to terminate all financial assistance to Greece and Turkey if he finds that those countries are not observing the conditions imposed or

if for any other reason Congress decides by concurrent resolution that such assistance ought to be terminated. In its present form the Bill also stipulates that the heads of the Greek and Turkish missions shall be appointed "by and with the advice and consent of the Senate" and that "no civilian personnel shall be assigned to Greece or Turkey . . . until such personnel has been investigated by the Federal Bureau of Investigation." Beyond the suggestions thrown out by Mr. Will Clayton during the Committee hearings (see *Summary*, No. 387), the State Department has apparently still to devise a detailed plan for carrying out the provisions of the Bill. A mixed military, naval and economic mission to consider the most advantageous way of using the 100 million dollars to be set aside for Turkey is at present on its way to that country. (See also under "Turkey.")

Another joint Conference Committee of Congress succeeded on the 16th May in ironing out the differences between the Senate and House of Representatives texts of the general Foreign Relief Bills. It agreed, *inter alia*, to recommend the restoration of the 150 million dollar cut which the House had at the end of last month endeavoured to impose in the post-UNRRA relief funds for the war-stricken countries. When a similar reduction was proposed in the Senate on the 14th May it was rejected by 64 votes to 19. On the same day the Senate approved the full programme of 350 million dollars by 79 votes to 4. This compares very favourably with the Senate vote of 47 to 14 on the original UNRRA Participation Bill in February 1944. Nevertheless, there are supporters of the present programme who, like Senator Henry Cabot Lodge, Jr., feel that American foreign relief should not be used to reconstruct "the same old European crazy quilt," but should be applied to promoting economic unity in Western Europe. The latest German food crisis has helped to foster this feeling..

Considerable satisfaction has been expressed by newspaper and radio commentators at the acceptance by M. Molotov of the proposals recently put forward by Mr. Marshall for the U.S.–Soviet Commission to resume its activities in Korea (see also under "The Far East.") The apparent willingness of the Soviet Government to abandon their hitherto intransigent stand on this matter is seen to offer proof that the United States can always make the Moscow authorities more amenable to reason by threatening to "go to it alone" in areas of common interest. The hope is expressed that the Soviet Union will now join the United States in good faith to help a united Korea to gain "political freedom and economic health."

The agreement to appoint a special commission of 11 "neutral" nations to report on Palestine in time for the next General Assembly of the United Nations has been welcomed as another heartening change from Big Power deadlock in international dealings. Although it is widely recognized elsewhere that his motives throughout the discussions have been far from altruistic, M. Gromyko's reluctance to espouse the Arab cause has brought relief in left-wing Zionist circles. On the other hand, nothing in the New York proceedings seems to have tempered the rancour of the Zionist extremists towards this country. The latest advertisement appeal of the American League for a Free Palestine declares that, every time that bombs or guns go off against the British in Palestine, "the Jews in America make a little holiday in their hearts." The appeal appears over the signature of the playwright, Ben Hecht, and openly asks for funds for the terrorists. The tone and content of this appeal have caused His Majesty's Government once more to protest to the State Department. H.M. Government point out that it is intolerable for the press of a friendly country to print such matters and maintain that the time has now come for the United States Government to stop these exhortations to violence in Palestine once and for all. In the United States itself the press and public are at last beginning to react openly against the advertisements. The *New York Herald-Tribune*, in which it originally appeared, has been constrained to print a batch of readers' letters condemning the Hecht manifesto, while the *Christian Science Monitor* has recently published a special article and an editorial, drawing attention to the pernicious effects which the advertisements are likely to have upon the conduct of foreign relations and to the divided loyalties of the American Jews associated with them.

President Truman's somewhat surprising decision to accept the "portal-to-portal" pay Bill has left the pundits in Washington guessing about what he is likely to do with the general labour bill (see last week's *Summary*) when this is sent to the White House for his signature. In signing the "portal-to-portal" pay Bill, which invalidates trade union claims for back pay amounting to an estimated 6,000 million dollars, the President ignored the

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protests of organized labour as well as the advice of his Secretary of Labour, Mr. Schwellenbach. He endeavoured, however, to soften the blow for the unions by simultaneously calling upon Congress to raise the statutory minimum wage from 40 cents to "at least 65 cents an hour" and by promising to ask Congress for "prompt remedial action," if the new law should prove detrimental to the maintenance of fair labour standards.

LATIN AMERICA

Bolivia

As anticipated, the Bolivian Government resigned during the second week in May, and Dr. Hertzog has now formed a coalition cabinet. The Portfolios of the Interior, Finance, Economy, Education and the newly-created one of Public Health remain unchanged in the hands of the President's party (Union of Republican Socialists). Those of Public Works and Labour go to the P.I.R., (Partido Izquierdo Revolucionario) and those of Defence and Agriculture to the Liberals. The new Minister for Foreign Affairs is Dr. Guachalla, the unsuccessful candidate at the Presidential election. The fact that Dr. Guachalla has accepted this appointment bears out his promise of co-operation, when the final result of the election was still in doubt.

Chile

Yet another political organisation has arisen in Chile, under the name of *Acha* (*Acción Chilena Anti-Comunista*), with no other apparent programme than that of opposing communism. This group, which was formed shortly after President González Videla came to power, has a strong flavour of secret society. Its President is Arturo Olavarria, a lawyer and former Minister of the Interior under President Aguirre Cerda. He was on the statutory list for representing Japanese firms during the war and was active in helping listed firms to avoid sanctions. *Acha*, which includes a number of persons well-known in political and intellectual circles, is said to have a membership of some thousands. Various rumours are current about it, one of them linking it with Haya de la Torre, another with North American money; but, notwithstanding the Nazi sympathies of many of its members, it should probably be regarded as simply another symptom of anti-Communist feeling in Chile.

Peru

While adequate legal proofs of the murder of Señor Graña by Apristas (see *Summary* No. 376) are lacking, this crime and other outrages are generally attributed to them by thinking non-Apristas and have engendered a state of mind, which, if not actually the cause, has undoubtedly facilitated the formation of a *National Alliance* by the nine principal non-Aprista parties. In a manifesto issued on the 26th March, this group called upon all patriotic Peruvians to join it. Though this move is but another example of the tension occasioned by the murder of Sr. Graña, there has been no really striking development in the internal situation other than Dr. Bustamente's broadcast speech on the 12th April. The President, who spoke for nearly an hour and a half with a frankness and decision not usually associated with his character, went so far as to say that the present state of mind in Peru is such that the country is heading for civil war. He had, he said, given the country an opportunity of ruling itself in a democratic manner, but the parties which had elected him had departed from his election programme, his Government now intended to rule more firmly and would no longer permit excesses which were undermining the fabric of the State. He added significantly that the Armed Forces would continue loyal to the Government, a declaration which was confirmed four days later by high-ranking officers of all services. With regard to labour Dr. Bustamente announced that the Government had sent to the Legislature a series of measures for the regulation of strikes. These, if they became law, would hit at the Aprista power over the workers by making strike action depend on a secret vote at a general assembly of the whole body of workers, in place of the procedure by public vote which exposed the voters to intimidation.

Apra reaction to the President's speech has been so far limited to a wordy statement by Señor Haya de la Torre, of no particular interest. On the other hand, the President's expressed determination to defend the rule of law against the totalitarian aspirations of the Apristas has been well received, and it remains to be seen whether they decide to oppose him when the Legislature meets in July. By that time Aprista popularity with the less intelligent sections of the electorate may have waned, and its leaders be more inclined to listen to the voice of reason. Were such a change to take place, Dr. Bustamente's message might well turn out to be the beginning of a new era in Peruvian affairs, rather than just one more public utterance.

THE UNITED NATIONS

Palestine

The Special Meeting of the General Assembly on Palestine concluded its work on the 15th May. It adopted the recommendations of the Political Committee governing the establishment of an Investigation Committee by 45 votes to 7 with Siam abstaining, the opposition consisting of the Arab, Turkish and Afghan delegates. An ancillary Norwegian resolution was carried *nemine contradicente*, the Arabs abstaining. According to it the Assembly will "call upon all Governments and peoples and especially the inhabitants of Palestine to refrain . . . . from the threat or use of force or any other action which might create an atmosphere prejudicial to an early settlement of the question of Palestine." Dr. Victor Hoo is to be head of the Secretariat of the Investigating Committee. The Committee is to begin its meetings on the 26th at Lake Success.

During the sessions of the Assembly on the 14th and the 15th May the Iraq delegate described the Palestine problem as a simple question of "aggressive invasion" by one people of the territory of another. Aggression contravened the Charter and should be stopped. M. Gromyko dealt with various aspects of the matter. It was obvious, he said, that the mandate must go. The aspirations of an important part of the Jewish people were bound up with the question of Palestine. The Jews had a right to a State of their own. So far he had not said that such a state should be in Palestine. He left the problem with the Committee. Turning to the future of Palestine, he declared that, since both the Arabs and Jews had historical roots and present interests in the country, the ideal solution would be a single, bi-national State with equal rights for Jews and Arabs, and he suggested that Russia's method of dealing with peoples of different culture and language might be copied. Failing such a bi-National State, partition should be considered.

Syria's representative, Mr. El Khouri, replied to M. Gromyko in an impressive speech. He described the history of the Children of Israel's transitory connection with Palestine, and denied their historical right to the country. The descendants of the Hebrews were, he said, now in Arabia. The "Jewish" immigrants entering Palestine from Eastern Europe were not Hebrews, but people of Mongol stock coming originally from S.E. Russia. Sultan Abdul Hamid had refused to give the founder of Zionism any land in Palestine, on the ground that the land was not his but belonged to the people of Palestine. Were the United Nations, he asked, to be less just?

The facts, described in last week's *Summary*, which led up to the Assembly's decision to set up an Investigating Committee of eleven members, need fuller treatment. Originally it had been agreed that the U.K. representative should support a U.S. proposal for a Committee of Seven, representing the smaller States. It was a well-balanced company, capable of reaching objective conclusions. Australia's delegate then proposed that the Committee should number 11, and the Australian motion was taken before the U.S. Sir Alexander voted against it, having promised his vote for the American proposal. To his astonishment, the U.S. representative, Mr. Warren Austin, voted for the Australian text. It was carried by 13 votes to 11, with 29 abstentions. Four extra members of the Committee were therefore needed. At Chile's instance Yugoslavia and Guatemala were chosen, and it was decided to pick one member of an Asiatic and one of a Pacific country. India was elected for Asia by 34 votes to 7, and Australia for the Pacific by 21 votes to the Philippine Republic's 20.

Specialised Agencies

On the 14th May the Assembly of the International Civil Aviation Organisation resolved to carry out the recommendation of the United Nations General Assembly that the Franco Government of Spain be debarred from membership in Specialised Agencies established by or brought into relationship with the United Nations. It therefore approved a new rule, Article 93 B, to the effect that a State coming within the recommendation of the Assembly "should automatically cease to be a member of the Civil Aviation Organisation." Twenty-seven States supported the new rule, Eire, Portugal and Switzerland voted against it, and Argentine and S. Africa abstained. Previously

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the member States had given unanimous approval to the draft relationship agreement with the United Nations. Similar difficulties over the political qualifications that members must possess if they are to remain members of a Specialised Agency have arisen with regard to the Universal Postal Union, to which Spain at present belongs. Another member is Japan, who, in the view of His Majesty's Government, should not, as one of the two major ex-enemies, exercise its rights of membership, though His Majesty's Government would not object to a Japanese "observer." It was decided, on political grounds, not to invite Spain to take part in the Conference on Radio Aids to Navigation.

(See also under "Scandinavia.")

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Weekly Political Intelligence Summary
No. 394

FOREIGN OFFICE,
(RESEARCH DEPARTMENT),
4TH JUNE, 1947

Copy No. 143

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Since August, 1946, this Summary has become a more confidential document than it had previously been, and full weight must be given to the label SECRET. The side-lined passages especially must not be divulged to anyone other than the authorized recipients.

The text of the new Anglo-U.S. Economic Agreement for their two zones, briefly reported in the last issue of this *Summary*, was published on the 3rd June. An Economic Council of about 54 members, selected by the provincial parliaments in proportion to the strength of the political parties, will direct the economic reconstruction of the two zones and will issue ordinances for this purpose. There will also be a full-time Executive Committee consisting of one representative from each *Land* appointed by the respective Governments, and its job will be both to advise the Council and to supervise and co-ordinate the execution of its orders. When this Council and Committee are established, probably by July, the present Economic Executive Committee consisting of the Ministers of Economics of the *Laender* will cease to exist. The bi-zonal Food, Finance and Agricultural Departments, &c., will be headed by Executive Directors working under the supervision of the Executive Committee but generally responsible to the Economic Council. The Executive Committee will nominate the directors, but they will be appointed and dismissed by the Economic Council which will also define their functions. The Agreement lays down that the maximum use will be made of provincial governments to carry out orders in accordance with the general policy of decentralisation, but the Council, the Committee and the Directors may issue administrative regulations if necessary. Ordinances are binding on the *Laender* "and must be promptly executed."

This agreement goes far towards establishing a strong "central" economic control and, if worked as intended, gives the bi-zonal authorities power to see that their decisions are no longer obstructed by the *Laender*. The Council and Committee are both appointed by the *Laender*, so that federal rights are maintained, but whereas each *Land* has equal representation in the Executive Committee, members of the Council are appointed on the basis of one member to about 750,000 inhabitants so that large States like Bavaria and North Rhine/Westphalia have greater power. In both bodies decisions are taken by a majority so that no one State—Bavaria for example—can veto decisions. The ruling Economic Executive Committee represented only the Ministers of Economics

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EUROPE

GERMANY

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from the *Laender*, who happened all to be Social Democrats; but the new Economic Council will provide representation for the views of all major political parties. Its members will not be allowed to retain positions in provincial parliaments and so will give full attention to bi-zonal duties. The Executive directors of each Department will be directing the operation of their Departments and will be able to take quick decisions in an emergency. In the past these agencies were operated by the more clumsy device of Committees of the Provincial Ministers for the different subjects. Decisions of the Economic Council are still to be subject to Anglo–U.S. approval but within this limit the Council has wide economic powers. It may issue ordinances concerning such matters as the production, allocation and distribution of food, goods, raw material and electric power, and concerning trade, price control and public finance.

The news has been received with disquiet in French circles and with open abuse from Soviet-controlled sources. German reactions are cautious, although the Agreement is generally considered to be a step forward particularly by the Social Democrats. On the other hand, the Democrat Premier of Wuerttemberg Baden undoubtedly expressed the views of many Germans when he stressed that economic unity was inseparable from political unity and that, in his view, bi-zonal control would only become effective in the event of the failure of the London Conference in November. This is an unfortunate testimony to a growing feeling among some Germans that a failure at the Conference might be preferable to indecisive discussions since they believe that this will force the Western Allies to take definite steps to set up a West-German political State and give the Germans added economic opportunities. But for the many whose heart is still set on final unity such prospects are not welcomed. A spokesman of the Christian Democrats remarked of the Agreement that it might have unfavourable consequences for the future unity of Germany—although the Western Powers were justified in their action.

Bavaria looks on the new plan with grave misgivings and will evidently make determined efforts to cling to her rights—and her goods. The Minister for Food declared on the 30th May that "the collapse of Bavaria's food supply system" would result from a U.S. Military Government Order that Bavaria was to stop all brewing of beer and must deliver 65,000 head of cattle and large quantities of potatoes to Berlin and the British zone during June. The Wuerttemberg/Baden Minister of Agriculture has also "threatened to resign" if the bi-zonal authorities do not reverse their decision that the *Land* should hand over 6,000 tons of canned vegetables to Hesse and Bavaria. A U.S. Military Government official recently estimated that 20 per cent. of German food production in the West was going to the black market. Allied and German officials as well as tightening up controls and administrative organisation at various levels have still to deal with the problem of whether some more positive incentives can be offered to the farmers to make them deliver supplies. One district in Bavaria has already tried with success a system of distributing goods such as shoes to the best deliverers of farm produce. In the Soviet zone various bonuses of this type are offered to those who exceed their delivery quota, although this gesture is accompanied by heavy penalties for those who fail in their deliveries.

The drafts of Constitutions for each State in the French Zone (but not the Saar) were submitted duly to a referendum on the 18th May. 67·9 per cent. of votes in South Baden were cast in favour of the proposed draft, and 69·8 per cent. in South Wuerttemberg, the only *Land* where the Social Democrats supported the Constitution. In Rhineland–Palatinate only 53 per cent. of the electorate voted for the Constitution, while it was rejected entirely in the areas of Rhine–Hesse and Palatinate, where the Social Democrats are in a majority. This half-hearted endorsement is hardly a favourable omen for the future. Although the Constitutions are moderately democratic in concept they depend for their success on whether parliament and people are sufficiently determined to make them work. The Christian Democrats again emerge as the strongest party in this zone, with 50 per cent. of all valid votes, but they have lost absolute control of the largest *Land*—Rhineland–Palatinate. In all three *Laender*, as in the British zone, they have lost votes both to the Social Democrats and to the Liberals, who split the right-wing vote. This is a consequence partly of grave economic conditions and partly of the vulnerability of a party without a firm programme. The Communists have made no real headway. The election campaign apparently concentrated on constitutional and internal problems rather than on those major questions of German unity, the frontiers or the food situation which characterised the campaign in the

British zone. Added details about the Rhineland–Palatinate and South Wuerttemberg Constitutions show that, as in South Baden, the way is left open to socialisation, and in South Wuerttemberg monopolies are specifically forbidden while the workers have the right to share in the running of the respective undertakings. Despite French efforts to shut out Socialist Unity Party propagandists, the drive for this party got under way during the election campaign. A licence has already been applied for by the KPD of Rhineland–Palatinate and the Saar, but there is no sign of any genuine "fusion" supported by Social Democrats.

The combined Anglo-U.S. area of Germany and France have held a three-day conference in Paris on trade between the two countries and the three zones. It was announced on the 24th May that both delegations expressed their determination to establish the maximum trade between France and Germany by all possible means including the admission of French business men into the combined area. Lists of commodities in which trade between France and the combined zones is possible have been exchanged, but the conclusions of discussions on trade between the three zones are not yet available. In this connection there is considerable disagreement over the question of payment in dollars for goods from the combined zones. A Payments Agreement relating to mutual trade between the Anglo-U.S. area and France has been concluded.

AUSTRIA

Though the Austrian Peace Treaty Commission in Vienna has now been sitting for three weeks, it has not yet got down to its work of examining the unagreed clauses of the Austrian Treaty. Except for one fleeting moment the thirteen meetings held so far could be summarised in one sentence: "Mr. Novikov said 'No'." The Soviet Delegation, against firm opposition from the other delegations, has insisted (*a*) that the work of the Committee of Experts should be strictly limited and supervised by the Commission; (*b*) that the Commission should discuss Articles 35 and 42 (German assets and United Nations' property) before the Committee has established "concrete facts"; and (*c*) that the Committee of Experts should first discuss the oil problem and only afterwards pass on to other important subjects, such as the Danube Steam Shipping Company and financial institutions. Various attempts by the U.K. and U.S. delegations to reach a compromise on the terms of reference of the Committee have met with no success. A glimmer of hope that the Soviet delegation might be willing to relent a little emerged on the 29th May, when M. Novikov for the first time withdrew his insistence on the discussion of oil alone. This hope was, however, dissipated at the next meeting when the Soviet representative not only failed to produce the new proposals which he had promised, but once more strongly criticised the U.K. and U.S. proposals. Sir George Rendel's report of this meeting—at which he appeared for the first time as the U.K. representative—indicated that the Commission was back where it was three weeks ago. He had gained the impression that M. Novikov had received fresh instructions to stand firm against the establishment of a fact-finding body which might produce evidence likely to prove embarrassing to the Soviet authorities in connection with the assets that they had seized in their zone. In order to get the Commission to work the U.K. representative now proposes to sound the U.S. and French representatives with regard to the possibility of setting up a tripartite Anglo-U.S.-French committee of experts to study the "facts" relating to the German assets. (It would be still open to the Russians to come into the committee if they wanted to.) In Sir George Rendel's view, discussion on Articles 35 and 42 might be resumed after the "facts" had thus been established; meanwhile, the Commission should continue to examine the disputed points in the Treaty.

The Austrian authorities have set up a committee of eleven economic experts to be available for consultation by the Commission. Five of these experts have been nominated by the People's Party, five by the Socialists, and one by the Communists. The past week's deliberations of the Commission have evoked little press comment, but it is hardly to be doubted that Austrians, already pessimistic after the Commission's first two days of inactivity, are more than depressed at the interminable succession of wrangles over procedure alone. Comment relating to the future work of the Commission has naturally centred on the problem of the German assets, the suggestion being that, while compensation should be paid to claimant states, Austria should remain in full possession of her property and have the full right of disposal over all her means of production. The Socialist Party staged a large demonstration in Vienna on the 21st May to impress on the Peace Commission Austria's right to an independent existence.

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An Austrian Trade Union delegation called on the Allied Council on the 22nd May to discuss the measures indispensable for the restoration of a healthy economic life in Austria. Points included in their memorandum covered the abolition of zonal boundaries and of censorship, the return of the broadcasting stations to Austria, food and raw material supplies, the placing of all Austrian industrial and agricultural products at the disposal of the Austrian economy, currency reform, the stabilisation of wages and prices, the return of Austrian prisoners-of-war, and the removal of the displaced persons.

Public discontent at the delay in the repatriation of the Austrian prisoners has been increasing steadily in recent weeks, and during May large demonstrations were held by Viennese women. According to a statement made by the Minister of the Interior on the 21st May, 823,000 Austrians have so far been repatriated, including 112,600 from the U.S.S.R. The Austrians estimate that some 114,000 Austrians are still held by the Soviet Union, though the Soviet Ministry of Foreign Affairs maintains that, apart from members of the S.S. and police troops, only a few thousand remain in the U.S.S.R. The Minister of the Interior denied that the Soviet Government was making the repatriation of the prisoners dependent on changes in the Austrian Government. Steps were being taken to speed up the release of prisoners from Yugoslavia; no reliable information was available on the number held in that country, and the Yugoslav Government were not prepared to release prisoners generally until after the conclusion of the Treaty. So far only disabled or politically indoctrinated prisoners had been repatriated, though a start had now been made on the return of Carinthians.

Chancellor Figl has promised a general regulation of wages and prices in the near future. This problem is closely related to that of currency reform, the possible effects of any such reform have been causing great anxiety in Austria for some time. At a big public meeting on the 20th May the Chancellor stated that the methods used by the Government to save Austria from inflation were now no longer adequate, and it was for the Government now to decide whether it was going to reduce the amount of currency in circulation or to allow prices to rise.

The Minister of Food announced on the 20th May that consignments of cattle for Vienna were now arriving from the provinces in satisfactory quantities, though there was a deficit on deliveries from Styria. The Viennese Socialist press has accused the provinces—particularly Lower Austria and Styria—of conducting a "veritable hunger campaign" against the capital. The cattle-slaughtering policy of the Allies has once more been attacked, this time by the Minister of Agriculture, who has described the meat delivery quotas as indefensible and impossible.

The escape of another prominent Nazi, Otto Hartmann, from police custody has revived the stir made in the Austrian press in April over the escape of Richter. Hartmann, who has since been recaptured, was awaiting trial on charges of betraying members of the resistance movement to the Gestapo. The Vienna Police President vouchsafed a feeble excuse that the supervision of internees doing outside work was not among the tasks of the Vienna police. He did not, however, state where the responsibility lay. Hartmann was working in the Natural History Museum at the time of his escape, in spite of the fact that, after the Richter episode, it was decreed that leading Nazis would no longer be employed on outside work. The escape from Dachau of Dr. Uberreither, the former Gauleiter of Styria, has also produced a flurry in the Styrian press and has provided the Communist *Wahrheit* with the occasion for an attack on the British authorities.

CZECHOSLOVAKIA

With the already insecure political situation in Slovakia rendered even more uncertain by the difficulties encountered in the drawing-up of the new Constitution, by the dissatisfaction openly expressed in many quarters at the inconsistency of the verdict pronounced against Dr. Tiso as compared with that against Sano Mach, and by the spate of hostile propaganda now being poured out by the Slovak Action Committee from the United States, a tenser atmosphere has recently permeated Czech-Slovak relationships. With about a year to pass before the next general election is due to take place, the gloves are now off with a vengeance in the struggle for political supremacy between the Communists and the Slovak Democrats.

Unrest in Slovakia is reported to be on the increase; the numerous Catholic religious processions, though seemingly innocuous, are alleged to be nothing more than a very flimsy disguise for the spreading of subversive political propaganda. The Marxists, by way of counter-attack, overlook no opportunity for vilifying their most powerful antagonists in this

province: in Parliament, Communist deputies are intensifying their assault upon the right-wing element of the Slovak Democrats, whilst *Rude Pravo*, the official Communist organ, has lately inaugurated a new campaign accusing the Democrats and their party press of attempting to organise new anti-State movements.

Yet another factor which has made the general situation even more acute of late has been the decision of the Praesidium of the Slovak National Council to remove from office Dr. Daxner, the Communist President of the tribunal which passed judgment upon MM. Tiso, Durcansky, and Mach. While M. Gottwald, the Prime Minister, has recognised that such action is within their rights, the Government in Prague are still debating whether this decision is compatible with the constitutional independence of a judge, and have in the meantime requested the Slovak authorities not to implement their decision. Dr. Daxner's dismissal without any objection being raised would of course be tantamount to a tacit admission of the superior status of the Slovak Democrat Party—and this a Communist central Government could not easily digest. The approaching conference of the National Front of Czechs and Slovaks is likely to be stormy.

Reviewing the problems which still confront the Republic, President Benes in a speech at Karlovy Vary would appear to have glossed over the obstacles lying in the way of closer Czech and Slovak co-operation; the main emphasis of his speech was laid upon the problem of establishing peaceful relations with Germany. He did, however, express his conviction that government by National Front would continue even after the next elections: this prognostication cannot be palatable to the Slovak Democrats who would prefer to see a Government from which Marxist influence would be entirely excluded.

Whatever squabbles may be clouding the internal political scene, the statesmanlike words of welcome uttered by M. Erben, the Secretary-General of U.R.O. (the Central Council of the Communist-dominated Czechoslovak Trade Unions), to the Executive Committee of the World Federation of Trade Unions, now meeting at Prague, will be echoed by the bulk of Czechs and Slovaks. M. Erben attributed the liberation of Czechoslovakia, not to one Great Power alone, but to the joint efforts of all the Allies. This emphasis on international solidarity is becoming increasingly noticeable in Czechoslovak Government pronouncements. The Czech Communist Party is not slow to exploit opportunities of appearing before the public as the party of national unity, as also of leadership in international affairs—pointing with some justification to the agreements with Poland and Hungary as examples of the value of co-operation with other, formerly unfriendly, countries where the Left is now in power. (See also under "Hungary.") The "opposition" parties will need all their resources and determination when the time comes to convince the electorate that their part in Czechoslovak life is of like, or even greater, value to the community.

POLAND

Ever since the inclusion of the political agreement between the Socialists and Communists in November 1946, it has always been an important question whether the Socialists would succeed in preserving their independence, or would simply be absorbed by the Communists on the pretext of "working class unity." A speech made at Krakow on the 11th May by M. Osubka-Morawski, Socialist Minister of Public Administration, and Prime Minister prior to the elections, may prove of significance in this connection. He described the question of a "united front" as the most important in Polish internal affairs at the present time. *Immediate* amalgamation of the Socialist and Communist Parties, he said, would mean a new break-up of the Polish Socialist Party. But, nevertheless, this must be a long-term aim. As a first step, inter-party suspicions must be dissipated. Anyone who joined the Socialist Party with the object of opposing the Communists would have no success. Throughout his speech, M. Osubka-Morawski emphasized that the Socialist Party is stronger in Poland than in certain other countries because it is united. The party's compass, he concluded, must be a united, democratic, and disciplined Socialist Party, a united front, and an alliance of workers and peasants.

Such aspirations are sometimes contradicted by facts. According to reports from Lodz, the Socialist-Communist alliance there is breaking up, the Socialists, as usual, demanding a greater share in public administration, particularly in the militia and security police, than they have at present. Economic problems are also of relevance. The expected shortage of bread grain developed suddenly about two weeks ago, when the price of bread rose in some towns by as much as 300 per cent. The Communist Minister of Industry, M. Minc, has blamed the racketeering of the

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" bourgeois " and the kulaks (although he did not use those actual terms), and the Socialist press has replied sharply with charges of administrative mismanagement, Communist experiment, and neglect of the co-operative system of collection and distribution.

In the sphere of foreign affairs propaganda against the United States continues unabated. American " economic imperialism " is singled out for special attack, and was mentioned by M. Osubka-Morawski in his speech at Krakow. From Lodz there are reports that the public has noted with approval what it considers as an adoption by the United States of the Russian technique of political warfare.

At the Margate Conference of the Labour Party, Mr. Bevin gave certain figures about the repatriation of Poles. In just over a year 73,000 Poles had returned to Poland from the United Kingdom, leaving 114,000 behind. Of the latter, 15,000 were awaiting repatriation. There were also 35,000 Polish civilians in the United Kingdom. Of the Poles abroad under United Kingdom command, mostly in Germany, there remained 17,000 servicemen, of whom 5,000 were awaiting repatriation. In one year the total figure of about 240,000 Poles, for whom solutions had to be found, had been reduced to just over 100,000. The Poles, moreover, were showing a desire to return to Poland, and would be encouraged to do so.

SOVIET UNION

The continued press campaign against United States capitalism and aggressive expansion has overshadowed criticism of Britain and every other theme of international importance. Two important articles in *Pravda* and *Izvestiya* accused the British and United States Governments of delaying a reduction in armaments and distorting the Soviet proposal on disarmament in order to cover up the unrestrained armaments race in which they were indulging. Attacks on British foreign policy took an indirect form, but from the opening day the Labour Party Conference at Margate came under fire, special attention being given to the ban on joining the Anglo-Soviet Friendship Society, to the protests against conscription, to the Labour Party Headquarters pamphlet on foreign policy and other such " anti-Soviet " aspects of the Executive Committee's activities. Britain's economic difficulties were also stressed. *Pravda's* review of the Conference maintained that it reflected the " growing alarm " of the British working class at Britain's economic situation and the Labour Government's foreign policy. The rejection by a majority of the Conference of the more important resolutions condemning Labour foreign policy and the " formal approval " for Mr. Bevin's policy said *Pravda* did not conceal the " profound differences of opinion " between the mass of the workers and the Party Leadership. A *Krasnaya Zvezda* travelogue on India served to remind the reader of the tenaciousness of British imperialism there. The first review of the situation in Egypt for some weeks—by Dazin in *Moscow Evening News*—accused Britain of attempting to retain her exclusive position in that country and to block the Egyptian appeal to the United Nations. A second report of Jewish gratitude for Gromyko's proposals on Palestine underlined the traditional Soviet friendship for all oppressed peoples and emphasised that the Jews could claim Soviet support for their rights to their historic motherland.

In the Far East, an outstanding feature in Soviet publicity was the *Trud* interview with Tarasov, Soviet member of the recent W.F.T.U. Delegation to Japan and Korea; apart from his complaints against American obstructionism, Tarasov condemned the bad labour conditions in Japanese industry and called for a united trade union programme against American diversionary tactics through the Japanese and Korean Federations of Labour. American monopolisation of industries in Southern Korea was unfavourably contrasted with the glorious achievements of the trade unions in Soviet-occupied Northern Korea.

The twenty-ninth anniversary of the independence of Afghanistan was marked by an article from the pen of Professor Reisner of Moscow University, author of a recent history of the country, emphasising the friendly feeling for " the freedom-loving Afghan people always entertained by the Soviet people." The support given to Afghanistan in 1919 in its struggle for independence against British imperialism by the young Soviet Republic was recalled in terms uncomplimentary to this country. In fact, at this time the Bolsheviks were too preoccupied with their own Civil War and their difficulties to grant more than verbal support to Amanullah. Professor Reisner concluded with a peroration expressing the hope that " despite the machinations of certain foreign circles Soviet-Afghan friendship will develop and gain strength for the benefit of both parties."

On the invitation of the British Iron and Steel Workers' Union, a Soviet Metal Workers' Trade Union delegation has arrived in London, headed by Evstratov, Chairman of the Central Trade Union Committee of Ferrous Metallurgy of Central U.S.S.R. A group of British metal workers went to the U.S.S.R. in 1945, and this is by way of a return visit.

The Soviet press campaign on the subject of displaced persons continues to develop; it is being intensified at the moment, in connection with the measures now being taken to provide the D.P.s with work and facilities for emigration. The accusations of forcibly preventing Soviet citizens from returning home have been directed primarily against the British, but the French have also now incurred Moscow's displeasure on the same ground. The British were said to be bringing " organised influence to bear on people placed in a hopeless situation," in fact the mission in question is a Brazilian Mission. " The tender-hearted ladies of the male sex both in and out of uniform " who have protested against the passing of the death sentence on Kesselring, in particular Randolph Churchill and General Leese, are the latest butts for Soviet sarcasm. A commentary in *Trud* linked the protests over Kesselring with Mr. Churchill's speech at the " United Europe " meeting at the Albert Hall " calling on the Germans to make possible the formation of his Western *bloc*."

Rather more publicity has been given of late to Orthodox Church activities. The recent session of the Holy Synod under the Patriarch was reported, as well as the memorial service held on the third anniversary of the death of Patriarch Sergei. *Tass* also announced that a new book entitled " Patriarch Sergei and his spiritual legacy " had just been published. Further, the Council for the Affairs of the Russian Orthodox Church has, it is alleged, allowed 62 new churches to be handed over to the religious authorities, and the Annunciation Cathedral in Leningrad where Suvorov is buried is being restored. According to *Karpov*, President of the Council, there are now 22,000 parish churches in use throughout the U.S.S.R.; it is of interest that the greatest concentration of these appears to be in the Ukraine.

The Orthodox Church calendar for the year 1947 gives a total for the Russian Church of six Metropolitans and 62 bishops, though *Karpov*, in the statement quoted above, had put their number at 75. Judging by their photographs, one or two of these hierarchs must be newcomers to the sacerdotal life as they seem to have had no time to grow the necessary beards. The Calendar is of interest for the details of sacramental and liturgical instructions that it gives, but, of course, there is no means of knowing how many of the faithful are able to profit by these.

The experienced negotiator, Patriarch Alexei, accompanied by Grigori of Leningrad, has just left for Roumania. Officially, this is merely a return visit for Patriarch Nicodim's to Moscow, but it may be connected with the rumours of a crisis in the Roumanian Church.

The Soviet press of the 27th May published a decree of the Presidium of the Supreme Soviet of the U.S.S.R. abolishing the death sentence in Soviet law in peace time and replacing it by 25 years' imprisonment in corrective labour camps. The decree explains this change by reference to the increasing might of the Soviet State, to the exceptional loyalty of the whole population of the Soviet Union to the Soviet land and the Soviet Government and to the fact that the international situation since the defeat of Germany and Japan has shown that " it is possible to regard the cause of peace as being ensured for a prolonged period in spite of efforts by aggressive elements to provoke war." The decree also says that in making the change the Presidium has taken note of the wishes of trade unions and other authoritative organisations representative of public opinion. In a leading article in *Pravda* (the 27th May) M. Vyshinsky referred to this decree as " an historic act " and pointed out that capital punishment was only introduced as an exceptional penalty in the Soviet Union " outside the general penal system," whereas the overwhelming majority of other countries, including the U.S.A. and Great Britain, always regarded it as a normal penal measure."

A State Inspection Body for assessing harvest yields has been created and attached to the U.S.S.R. State Planning Commission. In an interview with a *Tass* correspondent the Chief State Inspector, B. V. Savelyev, (formerly Deputy Minister of Agriculture of the U.S.S.R.), stated that " the necessity for creating such an organisation, already noted in the decisions of the February session of the Central Party Committee, is to be explained by the great political and economic significance of data on harvest yields and sowing areas of agricultural crops. We must have correct data, free of distortions and mistakes, he emphasised. " The task of assessing

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harvest yields, the establishment of the size of sowing areas for districts, provinces, regions and Republics and for the Union as a whole, now belongs, by virtue of the decision of the U.S.S.R. Council of Ministers, exclusively to the Chief State Inspector."

SCANDINAVIA

Finland

The solution of the Finnish Government crisis whereby M. Pekkala's administration re-assumed office (see *Summary* No. 393) after prolonged negotiations illustrates more clearly than anything else the position which Finland occupies in the constellation of satellites in post-war Europe. Those who may have nursed the conception of a comparatively free and democratic republic on the north-western border of the Soviet Union must have received a rude shock. The undeniable facts are that the Government was overthrown by the majority of the Diet, only to be reinstated some weeks later as the result of external pressure. In such circumstances declarations by political parties that they consider M. Pekkala's Government to have a parliamentary basis do not amount to very much and can be ignored. What may have induced the Agrarian and Social Democratic parties, the groups primarily responsible for the resignation of the Cabinet, to concur in its continuance in office is naturally difficult to determine, but it seems likely that an alleged *attentat* against the Soviet Legation in Helsinki may have been used as a means of applying pressure. The incident itself appears to have been insignificant and only amounted to an outbreak of fire in one room of the Legation building which was quickly extinguished by the staff without the assistance of the fire brigade. What is of interest, however, is that the Russians did not inform the Finnish police until several hours later, and then the latter were refused permission to carry out an examination of the premises.

Three days after the Government crisis had been solved, if not in accordance with democratic parliamentary practice, at any rate to the satisfaction of the Russians and the Finnish Communists, it was announced in Moscow that Finland had been granted rights of transit for passenger and goods traffic through the Porkkala area. The conditions under which the Finns will be allowed to use the railway running through the area are as yet not known, and further details are awaited. The object-lesson contained in this latest Soviet concession can hardly, however, have been wasted on the Finns, as M. Enckell, the Foreign Minister, only a few days earlier had stated in confidence that since the beginning of the Government crisis, on the 11th of April, the Russians had been quite unwilling even to discuss the matter, his own opinion at that time was that the Finnish delegation which had gone to Moscow would probably have to return without concluding an agreement.

Preliminary results in the elections of delegates to the S.A.K. (T.U.C.) congress, due to commence on the 15th June, show considerable gains for the Social Democrats with corresponding losses for the Communists. The latter are in consequence already complaining of irregularities alleged to have taken place during the ballot and the counting of the votes.

On the 24th May the death of M. Väinö Voionmaa, Chairman of the Diet Foreign Affairs Committee, was announced in Helsinki. For many years a leading member of the Social Democratic Party M. Voionmaa was regarded as one of Finland's foremost experts in the field of foreign affairs, and had participated in all peace negotiations conducted by Finland during her period of independence.

Denmark

Towards the end of May Copenhagen witnessed an outbreak of spasmodic strikes and demonstrations in protest against the wretched food supply situation in the capital. Shortages of fish and potatoes are said to have been particularly acute, and Socialists and Communists severely criticised the Government for the position which had arisen. The Federation of Trade Unions also addressed a communication to the Minister of Supply in which it was claimed that the crisis could easily have been avoided, had the Government only stopped exports of potatoes at Easter when the position began to show signs of danger.

In reply to a Communist motion in the *Folketing* the Prime Minister, M. K. Kristensen, said that the Danish Government had already taken the first steps towards terminating the Danish-American Greenland Treaty of the 9th of April, 1941. The Treaty which provided for the defence of Greenland by United States forces was concluded in Washington by the Danish Minister on his own initiative but later unanimously ratified in 1945 by the Danish Government. The Danes are now, not unnaturally, anxious to rid all the territory under their sovereignty of foreign troops, and this desire is by no means confined to the Communists. It is in fact argued that if military facilities are to be accorded on Danish territory to one Great Power it will be difficult to resist demands, should they be advanced, by another. The strategically commanding position of the Danish Islands at the entrance to the Baltic is probably the main reasons for Danish sensitiveness on this point.

Errata

In *Summary* No. 393 under "Finland," line 35, for "may" read "many." Under "Denmark," line 21, for "Aarsus" read "Aarhus."

THE LOW COUNTRIES

The Netherlands

Dr. Beel, the Dutch Prime Minister, and M. Jonkman, the Minister of Overseas Territories, returned to the Netherlands from Indonesia, "chastened and tired," on the 27th May. The surviving Commissioners-General, Professor Schermerhorn and M. van Poll, arrived next day. On reflection the two Ministers can have derived small comfort from the results of their visit; for behind them was a complete deadlock, and before them the possibility of a political crisis at home, unless Indonesian intransigence collapsed. Their difficulties had doubtless been increased by the unfortunate rumour which had been put about in Java that the Dutch intended —at any rate in the last resort—to use force in an attempt to break the deadlock. This the Dutch have naturally been at great pains to deny. But they are clearly exasperated: the Republican Government are said to have been completely uncooperative—a fact which convinced Dr. Beel and M. Jonkman of the futility of further discussion. It is significant that the spirit of impatience has permeated moderate and even left-wing opinion in the Netherlands, which is now showing a tendency to support the right-wing in accusing the Indonesians of procrastination and of lacking any serious intention of reaching a settlement. Thus, a weekly paper closely identified with Professor Schermerhorn (Party of Labour), which has hitherto pleaded for a more sympathetic treatment of the Republic, now sees agreement endangered by an "unbearable" Indonesian policy of obstruction.

Meanwhile, new Dutch proposals for a solution have been issued, of which the primary object is the setting up of an Interim Government of the United States of Indonesia. These proposals are to be regarded as the last offer which the Dutch are prepared to make. The Political Director of the Dutch Foreign Office (M. van Vredenburch) told H.M. Ambassador on the 27th May that their rejection would mean the end of direct Dutch-Indonesian negotiations. Information in his possession pointed to at least a two-to-one chance against acceptance, however reasonable the proposals might be, since, in his opinion, the Indonesians did not want full agreement. The next step to be taken—as he saw it—would be for the U.K. and the U.S.A. to join in bringing the greatest possible unofficial pressure to bear upon the Indonesians to induce them to see reason. M. van Vredenburch went on to suggest that, if this policy were to be carried out, the British and American Governments would have to see to it that the necessity for using force in the last resort by the Dutch did not arise. The U.S. Ambassador to The Hague is believed to have informed the Dutch Foreign Office of his Government's willingness to help in any way possible to smooth the course of Dutch-Indonesian discussions.

On the day of his arrival Dr. Beel made the following statement:—

> "We regret that an unsatisfactory state of affairs was found to exist with regard to the attitude of the Republic on the implementation of Linggadjati. On the occasion of our visit to Maccassar and in answer to criticisms expressed by President Soekawati on the words and actions of the Republic, I felt obliged to express serious doubt about the Republic's willingness to co-operate with other parts of Indonesia and the Netherlands. This doubt must be brought to an end as soon as possible. For this purpose a Note was recently handed to the Republican Delegation by the Commission-General—a Note not only of an economic and financial, but also of a political, character [*i.e.*, the new proposals referred to above, published on the 29th May]. In this Note further form is given to the Federative structure outlined in the Linggadjati Agreement. The Note proposes and demands compliance all along the line with the conditions stipulated in the Linggadjati Agreement. The contents of this Note will be made known as soon as possible. One subject of discussion was who, in the present circumstances, are the most suitable persons to co-operate in the highest positions in a solution of these problems. At the present stage we can make no statements on this."

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(See also under "Far East".)

FRANCE

During the last fortnight the French scene has been dominated by a wave of strikes on the one hand, and of middle-class demonstrations against economic controls, on the other. M. Ramadier has tried, with some success, to steer a middle course, but he is hampered both by opposition within his own party and by the attitude of the Communists who press for what amounts to a general increase in wages. The Communist position has now been made clear in a statement isued by the C.G.T. research bureau, which claims that the share of wages in the national income has fallen by 5 per cent. during the last year and should be restored to its former level by the grant of "production bonuses." The Government have declared their opposition to any bonuses which do not represent payment for real increases in productive efficiency, but they are being forced to make concessions. Following the conversations between M. Ramadier and the C.G.T., the Minister of Labour conceded the trade unions' demands for a net minimum wage of 7,000 fr. a month (the income-tax exemption limit being raised to that level) for 200 hours' work, instead of 208 hours as previously; he also announced that a collective production bonus would be fixed for each industry, but that the general revision of wage-rates due to be considered in July must be postponed until December. The C.G.T. received this decision with reserve, stating that its attitude would depend on the extent to which the workers' purchasing power could be raised in the near future by falling prices and the grant of bonuses on production.

Meanwhile the C.G.T. is supporting strike movements in various industries. It provoked a show-down with the Government when the gas and electricity workers threatened to strike for 24 hours on the 28th May if their demands for higher bonuses were not accepted. The Government promptly decreed the requisition of the gas and electricity undertakings under the mobilisation law of July 1938, which makes employees who refuse to work liable to up to 5 years' imprisonment. Fortunately, the requisition order did not have to be enforced since a last-minute compromise was reached and an arbitrator appointed to find a solution "within the framework of the Government's policy." M. Ramadier, in an appeal to the workers concerned, reminded them of their reponsibilities as public servants belonging to a nationalised industry and having an obligation to maintain public services. The incident has inevitably led to discussion as to how far strikes can be tolerated in nationalised industries. Another awkward incident has been a 2-day strike of bakers' men in Paris, which has involved a temporary reduction in the bread ration.

The demonstrations by middle-class organisations and shopkeepers have somewhat outrun the intentions of their originators. It was the newspaper *Le Figaro* which first started the campaign for a middle-class organisation which could enter the lists against the C.G.T., while the Radicals have taken the lead in protesting against excessive economic controls. The section of opinion which is most hostile to controls is represented by the *Confédération Nationale des Petites et Moyennes Entreprises*, which held a monster meeting in Paris on the 20th May. At this meeting the machinery of State intervention was strongly criticised, and it was decided to hold a token strike of all shops which are members of the C.N.P.M.E. on the 4th June; but M. Ramadier was able to persuade the C.N.P.M.E. to call off this strike. Its leaders do not approve of the many riots which have occurred in different parts of the country where food and other public offices have been attacked. The

movement is in fact being exploited by undesirable elements and the Communists are also making capital out of the public distaste for "*dirigisme*." The Radicals are therefore moderating their attitude, since they have no wish to bring about M. Ramadier's downfall, realising that such an event might mean the return to power of the Communists. The political atmosphere is highly charged, and M. Ramadier referred in the Assembly to the war of nerves caused by strikes, on the one hand, and by riots organised in the name of economic liberty on the other. He declared that the effect of the former might well be the fall of the Republic and of the latter the collapse of the franc.

The final results of the election of members of the boards which are to administer the social security scheme show that the C.G.T. won 59 per cent. of the votes and the C.F.T.C. (Catholic unions) 26 per cent. The C.F.T.C. vote is far larger than its actual membership would warrant and the sudden rise to importance of this organisation is a measure of the opposition to Communist control of the C.G.T. The C.F.T.C. has therefore decided to erase from its constitution all references to Catholicism and to refer only to general Christian principles. It already has many members who are not Catholics, and this step will allow it to cast its net still wider.

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SWITZERLAND

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hope that the headquarters of the Union might continue to be in Switzerland, either in Berne or Geneva.

Discussion also turned on the question of Swiss-owned works in the British Zone in Germany which had been earmarked for delivery as reparations.

SPAIN AND PORTUGAL

Apart from the one "dud" bomb found in a suitcase in a Barcelona station, no untoward incident, apparently, has marred General Franco's visit to Catalonia. During a fortnight's sojourn he made a number of perfunctory speeches and sought to do honour to the Region by holding a meeting of the Council of Ministers in Barcelona.

The Special Committee working on the Draft Bill of Succession made its report in time for the Cabinet meeting in Barcelona. Quite a number of emendments were submitted by the *procuradores* (members of the Cortes), but as the Commission of the Cortes which will have the final word is composed exclusively of dyed-in-the-wool Falangists, it is a foregone conclusion that the substance of the Bill will remain unaltered. Señor Goyoaga, representing the *Diputación Provincial* of Vizcaya, has been summarily dismissed from his post (thereby losing his seat in the Cortes) for proffering an "inopportune" amendment which sought to make specific mention of Don Juan de Borbon y Battenberg as the rightful Head of the State to whom the Caudillo should, within a prescribed period, hand over his powers; his version also held that "fundamental laws of the nation should be those which, in a Cortes elected for the purpose, with full sovereignty, express the will of the Spanish people." What else was to be expected when General Franco, apparently before going off on his tour of the Mediterranean provinces, left behind a directive that the name of the Count of Barcelona was no longer even to be mentioned, nor that of any member of his family!

The situation as between General Franco and the claimant to the Throne is manifestly one of complete deadlock. A spokesman of Don Juan was quick to repudiate a suggestion by the Labour M.P., Mr. M. Follick, when breaking a lance on Don Juan's behalf in the recent House of Commons debate on foreign policy (22nd May), that Don Juan was prepared to swallow his principles and accept the succession from General Franco if there were no other obstacle. The Duchess of Valencia, well known as a very rich owner of racehorses and an ardent Monarchist, has been placed under house arrest. The Duke of Alba has had his diplomatic passport withdrawn from him, and the same treatment has been meted out to the owner of *ABC*, the Marques de Luca de Tena (formerly Ambassador to Chile), who has gone on a visit to the United States.

The Official Gazette of the 3rd May published the text of a new law for the repression of banditry, terrorism, &c., which has important implications. The object is to differentiate sharply in future between such offences, frequently involving the use of arms and explosives, and ordinary political opposition. Hereby the Law for the Security of the State of 1943—which was in fact an extension of the military law of the Civil War period—is presumably abrogated, and civil courts will henceforth take the place of the military jurisdiction which has so far obtained in regard to illegal association for political purposes, the forming of political parties or groups and the making and distribution of clandestine propaganda. This change is a milestone marking the end of "Burgos Justice"—as it was called (by opponents in the Republican camp) during the Civil War, and a return to normality. It remains to be seen whether it will be implemented with fairness. (Under the Monarchy and the Republic there was ample provision for various stages of martial law to be proclaimed in case of emergency, while crimes of a terrorist character were covered by an old law, the Law of Abduction of 1877).

The Spanish press of the 11th May announced, with a flourish of trumpets, that Spain had established diplomatic relations with Transjordania. Juan Manuel de Aristegui, at present Consul-General in Jerusalem has been appointed Spanish Minister Plenipotentiary at Amman. Another new appointment is that of the Falangist leader, José-Maria Alfaro, as Minister to Columbia.

Portugal

On the 28th May the twenty-first anniversary of the Revolution from which the present régime stems was celebrated throughout Portugal with markedly little pomp and ceremony. The only signal event was the conferring on President Carmona, at the instance of the Supreme Army Council, the rank and dignity of Marshal. The veteran Chief of State, with Dr. Salazar at his side, took the salute at a march-past in the Terreiro do Paço. Speakers at

the principal demonstration meeting in Lisbon were Professor Marcelo Caetano, the new President of the Executive Committee of the "National Union," the Minister of Economy, Eng. Vieira Barbosa, and Col. Ricardo Durão, as spokesman of the Army. In Oporto a mass-gathering was addressed by the Minister of the Interior, Senhor Cancela de Abreu, and the Under-Secretary of State for Corporations. It may or may not be significant that Dr. Salazar took no active part in the proceedings: one is inclined to think that this self-effacement was deliberate, for Dr. Salazar dates his own substantial part in the formation of the New State from 1928 when he was called back a second time to deal with the country's sick finances. It is worth noting, too, that the chosen speakers for this occasion were all newly appointed to their posts in the Cabinet re-shuffle at the beginning of February. The official papers, the *Diário da Manhã*, as usual, produced a monster-number for the day, with special attention to local proceedings.

On the 22nd May the Under-Secretary of State for Commerce and Industry, Dr. Correia de Barros, presiding at a meeting of the Technical Corporative Council, declared that the Corporative Organization would shortly be revised and adjusted to fulfil the functions of co-ordination in the economic sphere which War conditions had caused to be suspended.

The long-awaited Judgment of the Supreme Court on the matter of *habeas corpus* has now appeared in the Official Journal of the Ministry of Justice. It will be examined in a later *Summary*.

Portugal's brilliant Association football record this season was badly tarnished when her team was soundly beaten by ten goals to nil by an English professional eleven in Lisbon on Sunday, the 25th May. This trouncing was too much for Portuguese pride, and the members of the team refused to attend the banquet after the match. The whole team have been suspended "pending an inquiry on their unsporting behaviour." This episode has caused a furore in Portuguese football circles, but so far there have been no political repercussions. The public is deriving some consolation from Portugal's triumph in the ice hockey tournament which was recently played off in Lisbon.

ITALY

The Italian Ministerial crisis lasted well over a fortnight, and after each of the two aged politicians, Signori Nitti and Orlando, had proved unable to form a Government, largely owing to the refusal of the smaller parties to join a coalition Government based on Christian Democrats, Socialists and Communists, Signor De Gasperi succeeded on the 31st May in forming his fourth Government which was sworn in on the 1st June. This is virtually a Christian Democrat Government, for eleven of the Ministries are held by Christian Democrats, a number of "technicians" including Professor Einaudi. Count Sforza retains the Ministry for Foreign Affairs. Apparently he is prepared to accept the unpopular position of being Foreign Minister when the Italian Peace Treaty is ratified, if he can retain office until the elections. He may perhaps hope that after the elections a grateful country will make him President of the Republic.

The Christian Democrat party is, of course, much the largest in the Constituent Assembly, where it holds 207 seats in a total of 556, and it may be able to secure sufficient support from the right-wing parties to keep it in office until the autumn elections. Much will depend on the way in which it tackles the very serious economic situation in the country; failure to do so would unite Communists, Socialists of both groups and many of the smaller parties against the Government. Signor De Gasperi is well aware of this danger. On the 13th May, the day of his resignation, he openly admitted the economic difficulties of Italy and quoted his Socialist colleague Signor Morandi on the country's inability to pay for essential imports of raw materials as well as foodstuffs (see *Summary* No. 393). He has appointed Professor Einaudi, the Governor of the Bank of Italy, to be Vice-Premier and temporarily in charge of both the Ministry of Finance and of the Treasury, and it will be his task to set in order Italy's finances and to secure the means of satisfying her most urgent economic requirements.

Professor Einaudi is probably Italy's best known economist. He is Professor of Finance in the University of Turin, the author of numerous learned books and articles on economics, and is a member of learned societies in Italy, the United Kingdom and the United States. Although he retained his professorship under Fascism, he never joined the Fascist party, and his criticism of Fascist economic policy was often outspoken. During the war and before the fall of Mussolini he contributed to a book published in Italy a paper which was a bitter attack on the whole system of Fascist economics. But although Professor

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Einaudi's reputation as a scholar and his personal integrity are both beyond question, it is open to doubt whether an old-fashioned Liberal economist aged 73 will be able to enforce the stringent measures which will be essential if Italy is to keep her head above water. Professor Einaudi's economic liberalism will probably inspire confidence in the good intentions of the Italian Government in the United States, where the Secretary of State announced yesterday: "The American Government naturally wishes every success for Prime Minister De Gasperi and the new Italian Government in the difficult tasks which they must face." Americans were happy to have been of assistance in rebuilding the Italian economy, "and we shall continue to give aid to the Italian people, who have demonstrated their sincere and abiding faith in democratic processes for the preservation of their individual liberties and basic human rights." This statement will certainly encourage the new Government in its hope of securing an American loan, and a large loan may set Italy on its feet and save it from revolution either from the right or from the left. But the loan alone will not suffice; much will depend on how it is used and on the Government's ability to enforce the stringent economic and financial measures on the need for which, Signor De Gasperi has insisted.

The new Government is a minority Government, and its every proposal will certainly be critically scrutinized by Socialists, Communists and many of the small progressive parties. For it is not only a minority Government, its members belong to the more conservative part of the Christian Democrat party. Signor Gronchi, the leader of the left-wing Christian Democrats, is not included. Socialists and Communists in fact opened the attack even before the names of the new Ministers were announced. Signor Nenni's paper, *Avanti*, of the 30th May described Signor De Gasperi as the tool of internal and foreign reactionary forces "which we refuse to identify with the American people or their Government." Signor Togliatti declared at the end of May that this was no time for a one-party Government, and went so far as to call Signor De Gasperi a traitor.

While the Christian Democrat party obviously included among its supporters in June 1946 large numbers of workers, particularly agricultural workers, the great mass of Italian labour is controlled by the Socialist and Communist parties, and unemployment and unrest are likely to strengthen this control. In this connexion it is worth noticing that there are considerable numbers of unemployed agricultural workers both in the North and in the South. Meantime the Confederation of Labour is meeting in Florence, and elections were being held for the executive committee on the 2nd June. The results of these elections will show the strength of the Communists and Nenni-Socialists in organised labour, and will require careful consideration by the newly-elected Government.

SOUTH-EASTERN EUROPE

Hungary

The conspiracy against the Republic has again become the centre of interest in Hungary with the implication of M. Nagy through admissions said to have been obtained from M. Kovács during his cross-examination by the Russians. Instead of complying with the order to return from Switzerland where he was spending a holiday, M. Nagy telephoned his resignation, a fact which the Left interpret as tantamount to a confession of guilt. It was alleged in certain quarters that unless M. Nagy abstains from enlightening the Western Powers about the true state of Hungarian affairs he will be tried for treason in his absence by the Communists. His daughter, Mlle. Julie Nagy, has, according to reports received, for some time past been conducting anti-Soviet activities in Switzerland under the unofficial direction of M. Honti. It now appears that she was recently married to M. Kálmán Sáláta, one of the conspirators who succeeded in escaping from Hungary. His brother, M. Gyula Sáláta, is in Russian hands, and the intention is attributed to him of declaring on M. Kálmán Sáláta's authority, that all instructions in the plot came from M. Nagy.

Also implicated—though only to a minor degree—by the attestations of M. Kovács is the President of the National Assembly, Fr. Varga, who has since fled to Austria. The evidence contains nothing against M. Gyöngyösi, but he has nevertheless been superseded at the Foreign Ministry by the former Minister of Information, M. Minalyfi. The Minister of Defence, M. Dinnyés, while retaining his Portfolio, has been appointed to replace M. Nagy as Premier. The changes do not increase left-wing representation in the Cabinet, but the Smallholder numbers are reduced by two, and M. Dinnyés is regarded as a weak man of limited intellect who is likely to be dominated by the Communists.

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The Russians are not yet prepared to surrender M. Kovács to the Hungarian authorities for questioning, though they have agreed to make his depositions available. There have been further arrests in Budapest, and another Party purge is likely to be required from the Smallholders, after which, M. Szakasits states, they will still be acceptable partners in a Coalition. The Left are pressing their demand for a revision of the electoral registers so as to disfranchise "reactionary" elements before the General Election, which will, it is generally believed, take place in September. In no case could the now largely discredited Smallholder Party hope to come out of the ordeal victoriously, but the Freedom Party, which has the advantage of a leader (M. Sulyok) whose record is unblemished, might reasonably have counted on attracting a fair proportion of Smallholder votes. Results, however, are not difficult to forecast if the compilation of the registers lies exclusively in the hands of the Left-wing *bloc*.

The U.S. Government have decided to withdraw Hungary's right to draw on dollar credits for the purchase of surplus American war material until developments become clearer. They are reported to be preparing a Note of protest, in which event they would seek the support of H.M. Government.

The National Peasant Party have approved the Communist demand for the nationalisation of the National Bank and the "big three" as essential to the successful realisation of the Plan for Hungary's economic rehabilitation. The Social Democrats, on the other hand, regarded the scheme as untimely and considered that a preferable alternative would be to place the thirteen leading banks under State control, while the Smallholders showed a general reluctance to accept the Communist plan for nationalisation. A compromise solution, based on the Social Democratic proposal, was reached, by which only the National Bank was to be nationalised and the other leading banks were to be publicly controlled. Statements published since the crisis, however, indicate that the principle of nationalisation has now been agreed to by all the Parties—but these should be treated with reserve until fuller information is forthcoming.

M. Kémény, the Under-Secretary of State for Finance, maintains that the Russian claim under the Potsdam Agreement, for the transfer of German assets to the Soviet Union cannot be met, and that the Moscow negotiations are doomed to failure unless the Soviet attitude changes.

Measures to reduce soaring industrial prices include the lowering of production costs, increased output to which the proposed purchase of 100,000 cotton spindles and other machinery from the United Kingdom will contribute, and continued action against speculators by the Economic Police.

Complete agreement has been arrived at on all questions regarding the implementation of the head-for-head exchange of populations between Hungary and Czechoslovakia. The two countries will resume diplomatic relations in the near future.

Roumania

The political situation in Roumania has not developed to any extent since it was dealt with here in some detail in *Summary* No. 392. His Majesty's Government and the State Department have been considering what action they can usefully take to impress on the Roumanian Government and people that they do not intend to disinterest themselves in the fulfilment of the Human Rights clause of the Peace Treaty. Silence would encourage the Roumanian Communists, and no doubt the Soviet Government, to go further along the path they have chosen, but there are few weapons available to His Majesty's Government, apart from the mobilization of public opinion in the West, which still has some importance in the eyes of the Roumanian Government. His Majesty's Government are therefore inclined to make it widely known that "they are not in a mood to remain silent" about the latest outrages against the Opposition parties. For once the Treaty is ratified, they will probably "have cause to make frequent reference to Article 3" (dealing with fundamental human rights). The State Department are anxious to do nothing which would make diplomatic relations between the U.S.A. and Roumania more difficult and proposed to "study the matter further." They have been asked to reconsider their attitude.

A week ago the political Representative of Roumania in London, Dl Franasovici, was hurriedly summoned to Bucharest. He is expected to return shortly, but there is a rumour that Tătărescu, the Foreign Minister, is coming to the end of his tether, and that his nominees abroad may be removed from their posts. The Industrial Bureaux Bill, which Tătărescu has said would never be passed by any administra-

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tion of which he was a member, has, in fact, been passed by Parliament with only minor changes. The provisions of the bill are highly technical, but it is fairly evident that it could be used to effect nationalisation without compensation, and that it will render increasingly difficult the operations of British and American industrial concerns in Roumania.

The difficulty over obtaining clearances for British subjects for Roumania remains. Dl Tătărescu has excelled himself by combining an assertion that while the Russians remain in the country the Roumanians are quite powerless in this matter with a promise that if only we will ratify the Peace Treaty the whole difficulty will disappear in three days.

Yugoslavia

Dr. Dragoljub Jovanović, whose arrest was reported in *Summary* No. 393, is to be tried for espionage. The Yugoslav Government claim to have documentary evidence of his allegedly treasonable association with "a representative of a foreign power." The foreign representative may, in this case be H.M. Press Attaché, with whom Dr. Jovanović was in contact until a few months ago and with whom he discussed political affairs on his own initiative. He has also been in touch with the U.S. Embassy. Whether or not there is any serious foundation for the charge, it is clear that the Government have failed to silence this uncomfortable critic by other means. Some months ago he was assaulted by some young toughs while the Militia looked on, and, more recently, his criticism of the Budget and the Five-Year Plan, and his doubts about the efficiency of the Army, were answered with insults and threats.

The rumours of a Government approach to the Opposition which were prevalent a few months ago have been denounced by Dr. Bakarić, the Croat Premier, as the fabrications of the Opposition who had nothing better to do. But Dr. Subašić had already assured H.M. Consul-General in Zagreb that they were quite without foundation, whereas the Central Committee of the Communist Party is known to have been the source of one such report. The spreading of false information, if sufficiently serious, is an offence under the Law for the Defence of the People's Power, and a useful charge to lay at the door of the Opposition.

Some prominent members of Pavelić's Government who had been extradited by the British and American authorities during the past eighteen months are on trial in Zagreb. The prosecution appears as anxious to discredit Dr. Maček as to prove that the accused are traitors.

The United States Government have withdrawn their consent to the surrender, without further reference to them, of all those wanted by the Yugoslav Government as traitors who can be proved to have been members of the Ustaši. They are now unwilling to allow any man to be handed over to "victimisation through the perversion of justice." The recent surrender of seven Yugoslavs by the British authorities has aroused great interest in the United States, and considerable disapproval of the British action has been expressed.

A protest has been received from the Yugoslav Ambassador in London against the alleged confiscation by a British Field Security Sergeant in Austria of a consignment of newspapers destined for a refugee camp. Of late it has been frequently asserted in Yugoslavia that the British Military Authorities prevent the circulation of literature designed to encourage repatriation.

The Yugoslav Government have sought permission to operate civil air services across the British zone of Austria to France and Switzerland. Their request has provided an opportunity for His Majesty's Government once more to press for the conclusion of a civil aviation agreement—now with some hope of success. Hitherto, the Yugoslav Government have been very reluctant even to discuss negotiations. Talks with the French for the establishment of a Belgrade–Paris air service have been in progress since the beginning of May.

Trade agreements have been signed with Poland and Finland.

Greece

The Greek Army continue to report progress against the rebels in many areas. It is clear, however, that the bandits' tactics of dispersal, sporadic raids and avoidance of large-scale battles are bringing them considerable success. The prospect of an almost indefinite prolongation of the campaign is said to be lowering morale, among both civilians and the Army. The fact that the bandits are reported to be using anti-aircraft guns, even though of a light type, has introduced an element with which the Greek Army had not reckoned.

Raids by bandits have been reported from almost all parts of the country from Kalamata on the South coast of the Peloponnese to Thrace, and numerous incidents have occurred including one near Alexandroupolis when the bandits mistook British Military Mission vehicles for Greek ones, and killed two British other ranks.

It has long been suspected that the bandits would attempt to capture some town in Macedonia, where Zachariadis might establish the seat of a "free" Greek Government. The Greek Army were, therefore, to some extent prepared for the recent attacks on towns of some size. On the night of 26th–27th May large bands attacked Katerini, on the 28th–29th and on the 30th Florina and on the night of the 29th–30th May Kilkis—all towns with at least 10,000 inhabitants. All the attacks were repelled and, according to reports, the bandits suffered much higher casualties than the Government forces. The bandits seem, however, with the assistance of local Communists, to have penetrated well into the towns and at Kilkis fighting took place around the offices of the prefecture in the centre of the town. Public opinion is seriously disturbed by these incidents, and they were discussed throughout the session of the Chamber on the 30th May. A heartening feature of the debate was the agreement of all parties to present a united front against the Slav menace. M. Rentis, who spoke for the Liberal opposition, was warmly applauded after a speech in which he stated: "Support of the bandits from abroad finds us all united in the defence of Greece."

The United Nations Enquiry Commission have now completed their work in Geneva. On the 20th May two statements on the causes of the incidents on the Greek frontier were presented: a Russian one implying that Greece was solely responsible for all that had happened, and an American one which made some attempt to apportion the blame fairly between Greece, Albania, Bulgaria and Yugoslavia, but left no doubt about the flagrant intervention in Greece in which the three latter Powers had been indulging. The American conclusions received an 8–2 majority vote on the 22nd, the delegates of Belgium, Colombia, making one reservation, and the delegate of France abstaining. The Russian conclusions were included in the combined report to be submitted to the Security Council. A majority of 9–2 of the Commission also approved three recommendations to be submitted to the Security Council: (1) that a permanent international commission, presided over by a neutral, should watch over the frontier; (2) that the four countries should do their utmost to settle their differences amicably and should not forcibly repatriate the minorities within their borders; (3) that refugees should be rounded up and put into camps, under the control of the permanent commission, and that they should not be allowed to take part in politics.

The Russian and Polish delegates made two joint reservations. The Commission, they said, had not determined that the Albanian, Bulgar and Yugoslav Governments had supported civil war in Greece; that the Commission had not determined the existence in Greek Macedonia of a separatist movement inspired by Yugoslavia; and also that the civil war in Greece originated not from frontier incidents, but directly from the abnormal internal political situation of the country. Finally they accused Greece of tolerating and conducting racial propaganda against the Slavs.

The sub-committee of the Frontier Commission held its first public session in Salonica on the 27th May and decided to leave for the Bulgarian frontier on the 2nd June in order to investigate the Angistron and Kapnotopos incidents. There is no official indication yet whether or not the three northern neighbours of Greece are going to send liaison representatives to Salonica to work with the sub-committee. *Rizospastis* stated that it might be considered certain that Bulgaria would dispute the sub-committee's jurisdiction and would not allow its members to enter Bulgarian territory, but it now seems likely that the Bulgarian authorities, though they may seek to delay the sub-commission's work, will not openly defy its authority.

The Œcumenical Patriarch who is visiting Greece (see under "Turkey") has been received there with the full honours accorded to a head of a state. After a two-day stay in Athens as a guest of Archbishop Damaskinos, the Patriarch has moved to a house at Kifissia which has been put at his disposal by the Greek Government.

Albania

Albania's non-stop propaganda campaign against Greece and the Great Powers supporting her has been, if anything, intensified during the past fortnight. Nine Albanian deputies who were suddenly deprived of their seats in the Assembly on the 21st May were at once charged with participation in espionage and conspiracy against the Government "in the service of Anglo-American reaction," and with having in the past "received considerable sums of money from the British and United States missions." They were also accused

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of having been in contact with "war criminals both at home and abroad," who "are even now being protected by the Anglo-Americans." It was further insinuated that they would welcome the opportunity which "a Greek attack upon Albania" would provide.

On the next day the Tirana press angrily asserted that three Greek aircraft, after circling for 40 minutes over Albanian territory in broad daylight, had machine-gunned two village streets in the prefecture of Koritsa, killing two harmless people and wounding a number of others. This allegation was repeated in an official protest sent on the 23rd by General Hoxha to M. Trygve Lie, but it was categorically denied by the Greek Government. What had actually happened, according to them, was that a band of guerillas said to be about 500 strong and heavily armed was seen to come from Albanian territory; it was attacked on Greek territory by Greek land forces and aircraft, and later withdrew again into Albania.

When counter-accusations are made from the Greek side they are received with fury and derision. A report reached Athens on the 22nd May that an Albanian warship had approached the northern extremity of Corfu island and fired at the Greek coastal batteries there. When stripped of its onion-like layers of invective the Albanians' defence amounted to the mere contention that they did not possess a single ship which could rightly be called a warship.

Bulgaria

There was an echo of the "Neutral Officer" trial of January last when on the 21st May the alleged ringleader, General Ivan Popov, was sentenced after two days' court proceedings to 15 years' solitary confinement and told from the Bench that if he had not "repented" and turned King's evidence, that sentence would have been still more severe. The effect of the poor General's first four weeks in the custody of the militia was to reduce him to such a condition that he was officially admitted to be unfit to plead, at the time when his associates were tried. The effect of his next four months in their care was to make him quite ready to "confess" that the entire indictment was true; he no longer sought to excuse himself in any way, but "felt bound to place the entire guilt" on Nikola Petkov and other Opposition leaders, adding—as by now one could safely have guessed—that he had been in touch with "two colonels who were heads of foreign intelligence services" in Bulgaria. In announcing the reopening of the trial on the 19th May Sofia Radio had told its listeners that they might soon expect to hear that Dimiter Ghichev and Peter Koev [two leading Opposition Agrarians] were to face their trial for complicity in the same "Neutral Officer" plot, and General Kiril Stanchev for having organised another one, the "Military League" Conspiracy. (See *Summaries* Nos. 377, 378, 380 and 391.)

Although a discreet silence is being observed about it in Government circles—the process is becoming all too familiar for unnecessary advertisement—a split seems definitely to have occurred in the already thin ranks of the Government Agrarians, a minority left-wing group which under Alexander Obbov remained within the façade of the Fatherland Front when the great bulk of the old Agrarian party—far the strongest and most representative in Bulgaria—went into opposition as a protest against the behaviour of the Communists about two years ago. This further fragmentation will suit the latter very well: from being one of the smaller groups in the original coalition of September 1944, the Communist party has managed by precisely such manœuvres to climb to the top of the very different Fatherland Front of to-day.

There are still no Opposition papers appearing, and H.M. Government are considering the advisability of addressing a note to the Bulgarian Government on the subject, in view of Article 2 of the peace treaty.

Turkey

On the 22nd May President Truman signed the bill for helping Greece and Turkey and President Inönü broadcast a message thanking the American people for a token of friendship which would provide for Turkey's most urgent needs and help her to overcome her economic difficulties. On the same day there arrived in Angora the first contingent of the American military mission. Under the supervision of the United States Ambassador the mission's business is to work out in detail the manner in which the suggested 100 million dollars are to be applied. It is understood that the whole sum is to be a gift for the purchase of military equipment. Clearly it would not be enough for a thorough reform of the Turkish forces, and its importance is largely psychological. Later on Turkey may be able to obtain a loan for economic purposes from the International Bank.

Speaking at the Labour Party conference on the 29th May the Foreign Secretary referred to the question of the Straits. He repeated that H.M. Government were ready to join in a conference for revising the Montreux Convention, but that what Russia demanded was a base. This, Mr. Bevin said, would mean a loss of independence for Turkey, and H.M. Government were unable to accept it.

On the previous day the Turkish Prime Minister invoked the Russian threat to the Straits in order to justify the prolongation for another six months of the "state of siege" in that area. It was under the exceptional powers conferred on the army by the "state of siege" that two Democrat (Opposition) papers in Istanbul were recently suspended for questioning the legality of the present Grand National Assembly. This is a sore point, for the Democrats claim that the Government's majority at the last general election was only due to faked counting, and they demand that appropriate guarantees be inserted in the electoral law. M. Recep Peker's motion for prolonging the "state of siege" therefore was challenged by the Democrats as being directed against legitimate opposition, and it was not passed without provoking a debate of considerable warmth.

Until the middle of May the agricultural outlook was extremely serious. Then a long drought broke and anxiety was substantially, but not wholly, relieved. Autumn sowings (70 per cent. of the whole) promise badly except on the Anatolian plateau; spring sowings are half ruined. The maximum now expected is 70 per cent. of last year's bumper crop, but this still depends on future rains.

The Oecumenical Patriarch, who is still ailing (see *Summary* No. 390), took on the 19th May the unprecedented step of leaving Istanbul. With the encouragement, it may be presumed, of the Hellenic Government he went to Athens for what was described at the Phanar as a couple of months' change. (See also under "Greece.")

THE MIDDLE EAST

Egypt

The composition of the Egyptian Delegation which will be proceeding to New York to present Egypt's case before the Security Council was announced on the 25th May, although the decision of the Council of Ministers that Nokrashy Pasha should lead it had been published a week before. In addition to the President it contains two Sa'adists, two Liberals, Mahmud Hassan Pasha, the Egyptian Ambassador at Washington, and Mahmud Fawzi Bey, the permanent Egyptian delegate to the United Nations. The attitude of the Liberals to participation had been arousing some interest, and it is remarked that their two representatives are lightweights and that Hussein Heikal Pasha is not included. His absence is believed to be due to his desire to reserve himself for the succession to the Presidency of the Council of Ministers in the event of Nokrashy's failure to obtain satisfaction for Egyptian demands. The King, who is said to have little expectation that Egypt's case will be favourably considered, may thus be extricated from an awkward predicament.

Nokrashy Pasha has so far put off questioners who want to know the date on which the application for a hearing will be made, and the composition of the staff of experts who will accompany the delegation. There is, however, some talk that he may be leaving for the United States during the present week in the hope of being able (before the meeting of the Security Council) to negotiate an American gold loan to support Egyptian currency and to facilitate its detachment from the pound sterling. If this report is well-founded it shows an important step in the direction of reliance on American rather than British support and advice, of which the despatch of a military mission to the United States had already given some indication. The activities of this mission are being extensively publicised in the Egyptian press, and the possible significance of the abolition of the British Military Mission to the Egyptian Army—which becomes effective at the end of this year—will not be lost upon the public.

The pro-Government press has been suggesting that the Opposition intend to undermine the efforts of the Egyptian delegation in New York, and that the British are trying to organise such a movement. The Wafdist press has characterised these suggestions as efforts to bolster up a minority *régime*, but it is possible that the Government are genuinely apprehensive of a stab in the back from the Wafd and are doing what they can to forestall it. The *Moqattam* has published an interview with Prince Muhammad Ali in which His Highness suggests that Egypt should be prepared for a disappointment at the United Nations. Nokrashy Pasha himself expects

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to be defeated on the Sudan issue, but is convinced that he will be successful in getting the period for the withdrawal of British troops reduced substantially below that contemplated in the Bevin–Sidky discussions, unless we and the United Nations produce some compelling strategic reason for their maintenance in Egypt.

In the course of a Senate debate on the budget on the 20th May a senator drew attention to the social differences in Egypt and to the contrast between great riches and great poverty, which were responsible, he said, for the bad state of public security. He confessed to pessimism about the immediate future. A week later Muhammad al Ashmawi Pasha, a former Minister of Education, returned to the subject and appealed for special attention to be given to social conditions which he described as "shameful." He called for a campaign against "the poverty, disease and misery from which millions of Egyptians are suffering."

Little progress has been made in the enquiries into the bomb incidents of the 6th and 7th May (see *Summary* No. 392), and some of those arrested have been released on bail. The press continues to report daily discoveries of bombs left about in different parts of Cairo.

Abdul Karim, the leader of the Riff revolt, who was on his way to France from Réunion, where he has been detained for the past twenty-one years, disembarked at Port Said on the 31st May with his family and a large retinue. He had received permission from the Egyptian Prime Minister to land on condition that he did not meddle in politics—an assurance which he gave, no doubt, as readily as the Mufti when he landed from France a year ago, and which will be as blatantly ignored by the Egyptian authorities. Indeed, it is likely that he will be regarded as a valuable asset in the campaign for extending the influence of the Arab League, under Egypt's leadership, to the North African countries. Arrangements were made by the Egyptian authorities for his party to be taken to Cairo, where he immediately went to the Abdin Palace and signed the King's book. (See also under "France.")

Palestine

The Jewish attitude of extravagant optimism which resulted from Mr. Gromyko's speech of the 14th May (see last *Summary*) has given way to a mood of sober confidence based mainly on his later clarification of Soviet policy.

The Jewish Elected Assembly (Assefath Hanivharim) concluded a three-day session on the 22nd May. The main business was to approve the budget of the Vaad Leumi (National Council), but the Chairman, Mr. David Remez, in his opening speech, dwelt at length with the significance of the Soviet attitude to the problem of Palestine, and devoted a good deal of time to praise of the achievements of the Yishuv, in spite of their lacking "state authority" (which was now being claimed from the United Nations), and in spite of receiving no services from the Government in return for some £10,000,000 paid in income tax. He ended with a demand for national discipline to make an end of terrorist activities. Mr. Ben Gurion arrived from New York in time to address the Assembly. Saying that he was speaking in a personal capacity, he recognised that a Jewish State in an undivided Palestine was not a practical proposition, and proposed that the central part should be retained under mandate to facilitate Jewish settlement, while the remainder should be formed into a Jewish State. He categorically rejected the continuation of the Mandate over the whole of Palestine, the creation of a bi-national State, and a trusteeship of three Great Powers. He analysed the proceedings at the meeting of the United Nations, but, referring to the conclusion reached by the Soviet Government that a Jewish State is a necessity, warned his hearers against undue optimism on that account, since Great Britain had given no definite undertaking that she would act on the recommendations of the Assembly. After debate, resolutions were passed expressing support for illegal immigration, endorsing the demand for a Jewish State, denouncing terrorism and approving the "defensive" measures taken against it. The Budget for the National Council, providing for an expenditure of £1,250,000, was passed "mainly for educational, social welfare and health services," according to the Jewish Telegraphic Agency. The Assembly elected a new National Council of 42 members: Palestine Labour Party (Mapai) 15, Mizrachi (Workers) 6, Ahdut Avoda (Movement for Labour Unity), 5, Hashomer Hatsair (Young Guard) 4, Ali'ya Hadasha (New Immigration) 4, the General Zionists and the Yemenites 2 each. The Maccabi, Women's organisations and business interests make up the total with one seat each. The new Council will elect its own Executive, which is not expected to differ in its composition from the present one.

Dr. Silver, Chairman of the Washington Executive branch of the Jewish Agency, affected to disbelieve the reports of Ben Gurion's speech, and commented that the case of the Jewish Agency was officially presented by its representatives, including Ben Gurion, and that there has been no change of policy since then.

The members of the Arab Higher Committee have been assembled in Cairo discussing whether they should or should not co-operate with the Special Committee of the United Nations. The Arab press as a whole seems to favour co-operation, and the Palestine delegation to the United Nations has come under fire for its handling of the Arab case and for recommending the boycott of the Committee without waiting for the Arab States to define their attitude. The views of the Mufti, who repented at the last moment of his decision to boycott the Royal Commission in 1936, are not known. Azzam Pasha is reported from New York as saying: "I do not believe in boycotts, and I think the Arabs will co-operate. We believe in the United Nations. We will stick by it and try to make the most of it." He emphasised that a decision will be taken only at the coming meeting of the League Council in Cairo.

On the 20th May armed parties of the Haganah attacked Arabs near Petah Tikvah. Five Arabs were killed and seven wounded. The leader of one party of Jews was also killed, and was given what amounted to a State funeral. The attacks were alleged to be reprisals for and prevention of Arab banditry, but they are in marked contrast with the policy of the Stern Group which assiduously woos the Arabs in an endeavour to seduce them into an alliance against "British Imperialism." It is impossible to avoid a suspicion of deliberate provocation on the part of the Haganah, but, apart from a howl of indignation, Arab reaction, so far, has been less violent than might have been expected. The Mufti is said to have called for a full report on the incidents.

Efforts to combine the *Najjada* and the *Futuwa* into a single Youth Movement continue, and the Arab Higher Committee have now issued a manifesto from Cairo calling upon "noble Arab youths" to support it, and announcing that an agreement has already been signed between the two organisations. Mahmud Labib, an Egyptian, is to lead the new movement.

There has been a decrease in the number of terrorist incidents during the past fortnight. Attacks have been made on the railway, and an abortive attempt on the Iraq Petroleum Company's dock and offices in Haifa Port was made on the 28th May. The Stern Group announced later that they were responsible for this last attack.

The illegal immigration traffic continues in spite of efforts to check it at its source.

The Lebanon

The Lebanese Chamber of Deputies was dissolved by Presidential decree on the 9th April (see *Summary* No. 388), and the electoral campaign began at once. Activity was especially marked in Mount Lebanon, where Camille Chamoun, who returned from his appointment in London in March, joined forces with Kamal Jumblatt in a campaign for the return of "clean" elements to the new Parliament, and, with an eye on the Presidential election in 1949, both became involved in a complicated intrigue designed to eliminate as many as possible of President Khouri's supporters. Except in the Beqa'a, where there seems to have been less activity than in other districts, the elections were keenly contested. The results were announced on the 26th May, and, though there will be a few new faces, the new Chamber will differ little from its predecessor. Interference by the Government in the Beirut and Mount Lebanon constituencies is alleged by the Opposition, and both Kamal Jumblatt, Minister of National Economy, and Camille Chamoun, Minister of Finance, resigned in protest. The latter afterwards withdrew his resignation on a promise that a committee of enquiry will be formed from members of the judiciary, under the supervision of himself and the Minister of Justice. According to the constitution only the Chamber of Deputies is competent to decide election irregularities, and the committee will, therefore, prepare a report for submission to it. Although the absence of disorder was a satisfactory feature of the elections, there is no doubt that the Government, and the President in particular, have overplayed their hand in a very clumsy manner, and the possibility of strikes and demonstrations fomented by unsuccessful candidates in Beirut cannot now be excluded. The President, who is alleged to have instigated official propaganda on behalf of candidates on the list sponsored by his brother, Shaikh Salim Khoury, in Mount Lebanon, has been the subject of a violent open letter from the Archbishop of Beirut calling on him to resign. He has made no secret of his determination to use the new parliament to alter the constitution so as to enable him to secure re-election for a second term in 1949.

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Iraq

The Opposition Group (see last *Summary*) under the leadership of Sa'ad Salih, continues to canvass for support, particularly among out-of-work politicians. Both Hikmat es Sulaiman, Prime Minister from 1936–37, and Jamil Madfai, who has had four spells as Premier between 1933 and 1941, have been approached in this connection, but their reactions are not known. The Group have threatened various forms of political action, such as strikes and demonstrations by students, civil disobedience and even raising a revolt among the Middle Euphrates tribes. However, their achievements to date are negligible and they lack cohesion, due to divergencies of political opinion.

Persia

There is still no sign of the newly-elected Fifteenth Majlis assembling, although the Tehran newspaper *Dad* (moderate left) has given 23rd June as the date of opening. Qawam es-Sultaneh is in no hurry to exchange his unchallenged control of public affairs for the endless bickering of the Majlis debates and continues to procrastinate, despite the mounting volume of criticism from the press at the corruption of his cabinet and the incessant clamour of the deputies who want to start drawing their pay. The educated section of the populace, mindful of the garrulous futility of the last Majlis, are apathetic towards the assembly of the new one, while the Russians, now somewhat uneasy about the reception of their oil concession bill, are not pressing for it to convene.

Reports from press correspondents in Tehran of an influx of Russian insurgents into Azerbaijan have been vigorously denied by the Persian Government, as has also a statement made by the B.B.C. on the 20th May that the Russo-Persian frontier had been closed. The latter statement appears to have been occasioned by an administrative decision to entrust the Ministry of War with the responsibility of guarding the country's frontiers, a task hitherto undertaken by the Gendarmerie. H.M. Consul-General, Tabriz, confirms that there has been no Soviet infiltration into Persia, but reported on the 22nd May information from the G.O.C. Azerbaijan that the Russians were concentrating appreciable forces in Nakhichevan and Erivan (Armenia), while increased Russian activity on the frontier near Astara has been reported by H.M. Vice-Consul, Resht. The general Soviet policy towards Azerbaijan appears to be to keep the whole province in a state of unrest and anxiety over possible Russian re-entry and to incite the Kurds and Assyrians in Western Azerbaijan against the Persian Army. The activities of the Soviet consular officials have shown a marked increase lately, and an organised system of espionage, reaching the Turkish Consulate at Rezaieh, is believed to have been built up.

On the 25th May the Shah visited Tabriz, where he was accorded a very enthusiastic reception, the spontaneity of which cannot be doubted. In his speech to the people he stressed his interest in Azerbaijan and his desire to raise its economic and social standards.

The body of the late Shah, Riza Pahlevi, is to be re-interred in a special mausoleum which is being built at the Shrine of Shah Abdul Azim, a place of pilgrimage a few miles south of Tehran. The original proposal was that it should be buried at Meshed, but this was opposed by the mullahs. A special delegation will travel to Cairo to collect the body, which arrived there from S. Africa in 1944.

THE FAR EAST

Japan

The new constitution has got off to a flying start. The Diet, on assembling, designated Mr. Tetsu Katayama, Chairman of the largest Party—the Social Democrats—as Premier, and on the 31st May Mr. Katayama announced the formation of his Cabinet consisting of six Social Democrats (1 without portfolio), 7 Democrats (2 without portfolio), 2 People's Cooperatives (1 without portfolio) and 1 Independent. He has stated his intention to follow a middle course leaning neither to the extreme right nor to the extreme left and "demarcating a clear line *vis-à-vis* Communism." This path, should it prove practicable, ought to satisfy public opinion whose main objection to the Liberal Government was that it leaned altogether too far to the right. The new Premier is a Christian.

The Foreign Minister is Mr. Hitoshi Ashida, lately of the Liberal Party and now Chairman of the Democratic Party. A Counsellor of Embassy in Turkey and Belgium successively, he later became editor of the *Japan Times*, the Government organ during the war-period. There are rumours

that his case is under consideration by the "purging" committee. Baron Shidehara, who had earlier been ousted from his position as Chairman of the Democratic Party, opposed the form of the Coalition Government and has resigned from the Party. Suehiro Nishio, a leading light of the Social Democratic Party, becomes Chief Cabinet Secretary.

Two other prominent members of the new Cabinet are Chozaburo Mizutani (Commerce), a leading Social Democrat, whose political theories are said to be based on those of the British Labour Party, and Hiroo Wada (Economic Stabilisation Board), attached to no Party but liberal in outlook, who spent a considerable time in prison during the war for "dangerous thought."

Speaking on foreign policy at the Labour Party Conference on the 29th May, Mr. Bevin said that the methods adopted at Potsdam of trying to settle problems of peace among the Foreign Ministers of the Great Powers would not be satisfactory in dealing with the peace treaty with Japan. Eleven countries were actively involved in the war with Japan and should form the peace conference.

In Canberra Dr. Evatt stated that it was proposed to hold preliminary discussions among representatives of the British Commonwealth of Nations prior to the signing of a Peace Treaty. Australia had suggested that India should be included in these talks and it was hoped that they would take place in the Pacific region, possibly in Australia.

It is understood that His Majesty's Government favours a meeting in Canberra during August, but details remain to be settled.

Korea

The joint commission has appointed three sub-committees to consider respectively (1) consultation with democratic parties and social organizations, (2) the type and structure and the political platform of provisional government, (3) the method of selecting its members. Dr. Rhee at first threatened to boycott the Commission but has now backed down, declaring that, while not anxious to participate because he does not know what form trusteeship will take and foresees conflict between the American and Russian definitions of democracy, he will not oppose the participation of others.

General Hodge, Commander of the United States Army in Korea, giving evidence before the U.S. House of Representatives Appropriations Committee, is reported to have stated his belief that the Russians wished to make Korea a "Communist satellite." Russian tactics, he contended, were to convince the Koreans that, so far from carrying out their promises the Americans were trying to colonise Korea, the Russian aim, as he saw it, being to make the Koreans thoroughly discontented and the Americans so weary of the struggle that they would pack up and leave.

French Indo-China

It has been an open secret for some time that informal talks were proceeding between M. Mus, Director of the Overseas College in Paris, and M. Giam, Viet-Nam Minister for Foreign Affairs. There are also unconfirmed reports of a meeting with Ho Chi Minh himself. According to *Le Monde* of the 28th May, M. Mus communicated to the Viet-Nam Foreign Minister the French terms for the cessation of hostilities: the Viet-Nam forces, apparently, would be required to surrender their arms and French forces would have freedom to move troops wherever required. Refusing to accept these terms Ho Chi Minh issued two proclamations, one to his own people urging them to continue the struggle, the other to the French people appealing to them to put a stop to the fighting.

Adherents of ex-Emperor Baodai have issued a statement condemning the present Viet-Nam Government as being totalitarian and favouring a union of Tonking, Annam and Cochin-China under a democratic Government forming part of the French Union.

Indonesia

After paying brief visits to Pontianak (where they witnessed the signing of the Statute of West Borneo) and Maccassar (capital of East Indonesia), as well as Sourabaya, the Netherlands Prime Minister, Dr. Beel and the Minister for Overseas Territories, M. Jonkman, left Batavia to return to the Netherlands on the 23rd May, breaking their journey at Singapore, where they stayed for one night as guests of the Governor-General. They were followed a day later by Professor Schermerhorn and M. van Poll, Comissioners-General. Strenuous efforts had been made to reach agreement with the Indonesian Delegation, but all discussions on the major questions of foreign representation, currency and economic matters in general ended in deadlock.

Neither Dr. Beel nor M. Jonkman took part in the formal discussions between the Commission-General and the Indonesian

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Delegation, nor did they meet President Soekarno or Dr. Hatta—indeed, on this latter point, and on their failure to visit Republican territory, the Indonesian press has been sharply critical. Nevertheless, during the earlier days after their arrival in Batavia both Dr. Beel and M. Jonkman had many friendly and informal discussions with M. Sjarir—which, however, led nowhere.

The Netherlands Ministers became firmly convinced that the Republicans were playing for time, well knowing that the Dutch could not afford to wait in the face of the severe strain that the situation was already placing on their exchange resources and which, the Dutch maintained, could only be relieved by the immediate establishment of Dutch-operated exchange control for the whole of Indonesia. No doubt they are right in this view, for the Indonesians have made no secret of their unwillingness to compromise on economic matters so long as the Netherlands Authorities fail to reduce the number of their armed forces in the N.E.I.

The Indonesians claim, in fact, that far from implementing Article 16 of the Linggadjati Agreement, the Dutch are actually increasing the number of their troops. The extreme bitterness of this contention has shown itself in the Republican press, while M. Sjarir, himself, has quite openly expressed the opinion that all other questions would become susceptible of easy adjustment once the major issue of military force were disposed of. He felt strongly, however, that until some concrete steps have been taken toward the fulfilment of this important obligation and the possibility of attempting a solution by force was thus removed it would be unreasonable to expect the Republicans to give way, or even meet the Dutch half-way on economic issues.

The Commission-General, on the other hand, take the view that their responsibilities to the Hague preclude any possibility of Dutch forces being withdrawn or reduced before a settlement has been reached for a satisfactory working arrangement on the more general major questions: the premature withdrawal of their troops, they maintain, would expose the lives of a large number of helpless people to grave danger.

Thus there is complete deadlock with each side accusing the other of being entirely devoid of any spirit of co-operation. The Commission-General's view that the situation has become quite hopeless and that nothing can be expected from further discussions is shared by both Dr. Beel and M. Jonkman, who have let it be known that on their return to The Hague they intend to lay before the Cabinet a proposal which will provide for the restricted use of force *in the last resort*. As a result of this intimation there has been a good deal of careless jingo talk in all circles of the local Dutch community, and corresponding resentment in Indonesian circles.

Finally, Dr. Beel decided that an eleventh-hour endeavour to break the deadlock should be made. Accordingly, before his departure from Batavia, the comprehensive scheme which he had in mind was preliminarily outlined to M. Sjarir by M. Jonkman, and on the 28th May the proposals were formally presented by Dr. van Mook. They contained five principal points, which may be summarised as follows:—

1. Instead of waiting for the constitution of the United States of Indonesia in 1949, an interim Government be set up forthwith on federal lines, including all existing political units of Indonesia and working through joint departments in co-operation with the N.E.I. Government. At the head would be a transitional federal council in which a casting vote would rest with the representative of the Dutch Crown. A parallel council to be set up at The Hague;
2. Foreign Relations to be placed temporarily under an all-Indonesian Board presided over by the Head of the Dutch Far Eastern Directorate. Its Secretariat to train Indonesians for appointments in the Dutch/Indonesian Foreign Service. In the meantime specific Diplomatic, Consular and Trade Commissioners' posts to be reserved for Indonesians;
3. A joint Directorate to be set up to ensure military co-operation and handle matters of internal safety and defence. Order to be maintained by a joint gendarmerie and military forces of both sides to be withdrawn to garrisons;
4. Foreign trade and exchange to be put under a Central Control Board. This Board to comprise 4 representatives of the Republican Government, 3 representatives of the Netherlands and N.E.I. Governments, and East Indonesia and Borneo each to have 1 representative; the President of the Javaische Bank also to be a member of the Board, *ex officio*. The sale of estate produce to be undertaken by the Board. The return of estates to

The Soendanese movement to create an independent State of Pasoendan (*see Sum-*

ERRATUM

Page 25, lines 1 and 2.

For "the Board" *read* "an *ad hoc* Board."

These proposals were accompanied by a lengthy commentary, the final paragraph of which makes it clear that the Commission-General have reached the final stage of their negotiations for the implementation of the Agreement; also that they consider it will be impossible to entertain any modifications of the new proposals, which have been drawn up as the result of previous consultations with the Republican Delegation. The memorandum ends by stating that, in view of the pressing urgency, the Commission-General feel that they must demand an answer from the Republican Delegation within 14 days. Should this answer reject the proposals or prove unsatisfactory, the Commission-General consider that it will then be necessary to decline to enter into further discussions in the matter and will refer the question of what other steps are to be taken to the Netherlands Government.

The Commission-General have expressed the hope that His Majesty's Government and the U.S.A. will exert their influence to persuade the Indonesians to respond favourably to the proposals. They have also conveyed the impression that, in the event of the proposals being rejected, the answer to a delicate situation might possibly be found in joint Anglo-American arbitration. It is understood, however, that Mr. Sjarir's first reaction is on the whole favourable. He and his colleagues are now considering the proposals at a Cabinet Meeting at Jogjakarta. But they are intensely suspicious of the sincerity of the Dutch and cannot forget that when outlining the scheme orally, Mr. Jonkman told Mr. Sjarir quite bluntly that unless an agreement was reached the Dutch would resort to force.

In the meantime the local situation is aggravated by an increasing tendency towards separatist movements within the framework of the United States of Indonesia, which the Indonesians suspect the Dutch of encouraging.

that on the 29th May, plans were discovered to sabotage the Goodyear Rubber Factory. Explosives, sufficient to put the factory out of operation for several months, were found and a number of men were arrested. Reports state that some of these men belong to the Republican National Army.

While the Dutch daily newspaper in Batavia, *Nieuwsgier* is carrying a number of articles by the Editor, written after his visit to the interior, which are considered well balanced and not unfriendly to the Republic, Dutch and Republican commentators, generally speaking, are indulging in mutual recriminations. The Indonesians are bitter on the subject of the arrival of additional Netherlands forces and, since the latest Dutch proposals have been made public, tension in general has increased. The Republican newspaper *Nasional*, published in Jogjakarta, denies the Dutch accusation that the Indonesian leaders have shown a lack of will to co-operate, and describes the proposals as the N.E.I. Government's last card.

(See also this *Summary* under "Low Countries".)

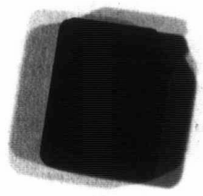
Siam

When the Legislature reassembled on the 10th May, it was the Prime Minister's intention that he and his Government should resign as soon as certain matters of a more or less routine nature had been dealt with, which, he estimated, would occupy about a week. He believed that the effect of this action would be for both Houses to express the wish that he should return to office and undertake the task of forming a new Cabinet. In discussing this matter with H.M. Ambassador, he appeared confident of his ability to count on wholehearted support from the Constitutionalists and Independents and, by clearing up certain misunderstandings, he hoped also to win the support of the Co-operatives, thus ensuring a safe majority over the followers of both Nai Kuang and the ex-Dictator, Luang Pibul. He expressed the view that, while it was

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produce to be undertaken by the Board. The return of estates to foreign owners to be unconditional and to start at once. Joint Customs to be established. And the existing foreign trade regulations, as well as the naval blockade to be suspended forthwith;

5. The *de facto* Republican Government to accord immediate recognition to the independent States of West Borneo and East Indonesia as partners on a federal basis.

These proposals were accompanied by a lengthy commentary, the final paragraph of which makes it clear that the Commission-General have reached the final stage of their negotiations for the implementation of the Agreement; also that they consider it will be impossible to entertain any modifications of the new proposals, which have been drawn up as the result of previous consultations with the Republican Delegation. The memorandum ends by stating that, in view of the pressing urgency, the Commission-General feel that they must demand an answer from the Republican Delegation within 14 days. Should this answer reject the proposals or prove unsatisfactory, the Commission-General consider that it will then be necessary to decline to enter into further discussions in the matter and will refer the question of what other steps are to be taken to the Netherlands Government.

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The Soendanese movement to create an independent State of Pasoendan (see *Summary* No. 392) was suddenly brought into prominence at Buitenzorg on the 23rd May, when, according to press reports, unarmed supporters of this movement surprised and overran all the Republican Administrative offices in the town. The Soendanese People's Party then appealed to the Dutch military authorities to protect the buildings, which request was complied with by the posting of Dutch armed guards. Another report, carried by *The Times* is that on the 29th May, plans were discovered to sabotage the Goodyear Rubber Factory. Explosives, sufficient to put the factory out of operation for several months, were found and a number of men were arrested. Reports state that some of these men belong to the Republican National Army.

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improbable that Pibul would himself make an open bid for the Premiership, it was highly likely that his followers might throw their weight on the side of Nai Kuang's Democratic Party in the hope of reaping suitable rewards if that party came to power.

As so often happens, however, events did not work out according to plan. On the very day on which the Government had intended to announce their resignation the Democratic Party unexpectedly assumed the initiative by pressing the Prime Minister to face up to a debate on a motion of censure, the attack taking the line that the present Government's mismanagement of state affairs and their inability to put an end to corruption and to suppress smuggling have brought the prestige of the country to a low ebb.

Luang Dhamrong decided to accept the challenge, but let it be known that, whatever the outcome, the Government would resign immediately after the debate. The attack was launched with considerable bitterness and made the more difficult for the Prime Minister by the introduction of references to the continued mystery of the late King's death. Luang Dhamrong is reported to have countered with considerable skill. Nevertheless the debate occupied the whole of nine days, finally coming to an end on the afternoon of the 26th May, in a victory for the Government by 31 votes. The following day the Cabinet resigned and on the 29th May, at a joint meeting of both Houses of Assembly Luang Dhamrong was re-elected by 139 votes to 55 and invited to form a new Cabinet—a personal triumph indeed!

The formation of the new Government has already been completed and, as had been expected, is very largely a reshuffle of the outgoing Cabinet. The only newcomer of importance is Nai Arthakitti Banomyong, who becomes Minister for Foreign Affairs. A half-brother of the Senior Statesman, Nai Pridi Banomyong, the new Foreign Minister was the accredited Minister to Sweden and the U.S.S.R. and has just returned to Siam from Stockholm.

It is also understood that the Prime Minister intends to take personal charge of all negotiations concerning the rice problem and that, as soon as his new Ministers have taken office, he will issue an official statement of the Government's decision to control prices at least until the end of the year. To H.M. Ambassador he intimated that "at least" would most probably mean until the end of 1948.

THE UNITED STATES OF AMERICA

President Truman has now signed both the Greco-Turkish Aid and the post-UNRRA Relief Bills and has, by Executive Order, authorized the Secretary of State to exercise, through such agencies as he may designate, all the powers conferred upon him by these measures. At the same time Congress has been assured by Senator Vandenburg and by Representative Charles A. Eaton that no further relief appropriations for foreign countries will be sought this session. At his press conference on the 20th May, at which he stated that he likewise did not anticipate any further proposals for extending financial assistance abroad in the immediate future, apart from the War Department appropriations for the occupied areas and a possible 78 million dollars for rehabilitation purposes in Korea, Mr. Marshall drew attention to the fact that the whole question of foreign relief was now being studied by the newly-created Policy Planning Committee of the State Department. This Committee, it has been suggested, may have a "global" plan ready by the end of October, and the President may then call a special session of Congress to deal with it. After adjourning on the 31st of next month Congress would normally not assemble again until January 1948. Before its adjournment it has to appropriate the actual funds for the Greco-Turkish and post-UNRRA relief programmes. These, as the Chairman of the House of Representatives Appropriations Committee has intimated, may be lumped together with the War Department estimates for the occupied areas and a possible 73·5 million dollar contribution to the International Refugee Organization in one omnibus Bill which would be given consideration this month.

There is little prospect at the moment of an agreed policy among Republican leaders to cope with the "major problem" (as one of their own newspapers describes it) of the long-term use to which the United States should put its economic strength in the present "shattered world." The Republican party's outstanding internationalist, Mr. Harold Stassen, now believes the solution of this problem to lie in the formulation of a bold "lend-lease programme for peace." Addressing an American Legion celebration at Jefferson, Iowa, on the 21st May, at his first major

public-speaking engagement since returning from Europe, Mr. Stassen urged the United States to devote ten per cent of its total farm and factory production over the next decade to building up "world-wide peace, plenty and freedom." For this it could receive adequate repayment in long-term agreements for "fair access" to raw materials in other parts of the globe. On the other hand, the Chairman of the House Appropriations Committee, Mr. John Taber, who is the symbol rather than the leader of the forces working to curtail American expenditure abroad, professes to believe that large-scale retrenchment will be possible once a formal peace has been concluded with the ex-enemy countries. He consequently subscribes wholeheartedly to the new thesis that the United States should begin to think about saving its own pockets by writing separate treaties with Germany and Japan.

This thesis has been put forward in a memorandum by ex-President Hoover, whom Mr. Taber invited on the 27th May to testify before a sub-committee of his Appropriations Committee on the War Department estimates for the occupied areas. While supporting the proposed estimates of 725 million dollars, Mr. Hoover called for a drastic revision of the present occupation and reparations policies and for the abolition of the "whole concept of 'levels of industry.'" He went on to state that, if the next Foreign Ministers' Conference is not able to agree upon "more constructive policies," the United States might "contemplate a separate peace" with a "temporary centralized German Government" in the British and American zones. As for Japan, the United States should "at once summon the peace conference" and permit "as many nations as wish" to come to terms with that country. Hailed by the *New York Herald-Tribune* as "hardly less significant than the Truman Doctrine," this memorandum represents an interesting advance in Republican thought on the subject of Germany since Mr. John Foster Dulles delivered his much-discussed speech in New York on the 17th January (see *Summary* No. 377). It also sets a new goal for the present State Department policy of threatening to "go to it alone" (as for example in Korea) if the Soviet Union continues to prove refractory.

The readiness of the House Appropriations Committee to prune the 1947–48 Budget even where the national interest is most vitally affected was once more demonstrated on the 29th May when the Committee recommended a cut of 8·3 per cent. in the Army's purely military expenditures. This recommendation, which follows the approval by the House itself of a reduction of 11 per cent. in the Navy's estimates, was made in the teeth of strong opposition from the Secretary of War, Mr. Patterson, and the Chief of Staff, General Eisenhower. It was also made at a time when the Administration was endeavouring to awaken the legislature more fully to the requirements of national defence. Only three days previously the President had sent to Congress a message calling attention to the pressing need for passing the Inter-American Military Co-operation Bill. This measure, as Mr. Truman pointed out, was originally proposed last summer. It had then been pigeon-holed after being reported out favourably by the House Foreign Affairs Committee. The bill authorizes the standardization of training and equipment among Western Hemisphere countries and permits the President to transfer war material to other American republics.

The major struggle of the State Department during the past two weeks has been to prevent Congress from writing into the Administration's price-support Bill, a provision to impose "import fees"—*i.e.*, a prohibitive tariff in only very thin disguise—on foreign wool in a manner which would seriously tie the hands of the U.S. delegation at the Geneva I.T.O. Conference. The House approved this provision on the 23rd May by a standing vote of 151 to 65, despite representations to the contrary by Mr. Will Clayton, the head of the Geneva delegation, and the recent warning by Mr. Acheson, in his World Trade Week broadcast, that it was the "responsibility of the giant of the economic world to take the lead in reducing the tariff and other barriers that obstruct the healing and enriching flow of world trade." The fact that Mr. Marshall saw fit to condemn the action of the House at his press conference on the 29th has been taken to indicate that the President will veto the Bill if it is sent to him for signature in its present form.

Mr. Truman is also expected to veto the 4,000 million-dollar income tax reduction Bill, which the Senate approved on the 28th May. The vote on this measure was 52 to 34, which leaves its sponsors doubtful whether they will be able to muster a final two-thirds majority to override the President. As regards labour legislation, the Republicans are confident that they will be able to place their new Bill—officially entitled "The Labour-Management Rela-

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tions Act of 1947 ''—on the statute book with or without the assent of Mr. Truman. At the moment the President is faced with the unenviable choice of risking the loss of the labour vote in the 1948 election if he accepts this Bill or of alienating other large sections of the community if he rejects it. In the slightly less punitive form in which it has emerged from a Senate-House Committee Conference the Bill is said to enjoy a wide measure of support among the general public. Mr. Walter Lippman, for example, claims that it '' does not divide the country but in fact unites a very large majority of the people '' and that it is '' a statesmanlike effort to carry out the popular will.''

LATIN AMERICA

Inter-American Affairs

There are now signs that the much-deferred Rio de Janeiro Conference on Hemisphere Defence may soon be held. The main obstacle is still the indeterminate state of relations between the United States and Argentina. In a recent interview Mr. Marshall dropped a private hint that he had put a scheme for a general settlement before President Truman. According to the *New York Times* of the 23rd May, the Secretary of State has decided, despite the opposition of Mr. Braden, to supply United States military and naval equipment to Latin America. No specific reference was made to Argentina, though the *New York Times* alleged that Great Britain, '' now released from her war-time agreement with the United States, has been peddling modern war equipment in her drive to get hard foreign money. She recently sold several jet fighter aircraft to Argentina.''

Also on the 23rd May, the Argentine Foreign Minister told journalists that eight more Nazi agents had been deported, that all dangerous Nazis were now regarded as listed for deportation (*i.e.*, when they were captured), and that Argentina had thus fulfilled all her international obligations. This statement, which is obviously intended to emphasize that there is no longer any ground for discrimination against Argentina, is linked by the United States press with the recent meeting of the Presidents of Argentina and Brazil at the Brazilian-Argentine frontier, though official accounts of the meeting make no reference to discussions on inter-American affairs.

Argentina

Señora Perón proposes to visit this country at the end of June or beginning of July after her entertainment by General Franco and the Pope. Her insistence on making the most of her visit to Europe suggests that she is, after all, confident of the strength of her position in Buenos Aires (see *Summary* No. 392). Though she is not the first wife of a President of Argentina to graduate from the stage, her background is more questionable than that of her predecessors; and Argentine society, which is far from Peronista, has not opened its doors to her. Señora Perón has found abundant outlet for her restless energies in the realms of politics, labour and commerce, but these activities have not broken down the resistance of '' society.'' She has been photographed rather ostentatiously in clerical company, and her solicitude for compulsory Catholic education appears to have led to her invitation to the Vatican. Her ambition is to be received by the Pope, a European dictator, a President and, if possible, a Crowned Head.

Bolivia

A situation of considerable strain has arisen at Catavi, the scene of the massacre of 1942. In the middle of May, most of the foreign mining staff left Catavi for Oruro on the ground that their lives were in danger. Control of the mines had apparently passed into the hands of the miners' unions. Though the Government tried to get the men and the companies to resume work, the companies maintained that a start could not be made without the foreign staff, who refused to return under existing conditions. The British and United States nationals remaining at Catavi are reported to have been placed under house arrest, but were released and reached Oruro.

Guatemala

H.M. Minister at Guatemala City has had a talk with President Arévalo with the object of finding out what the Guatemalan view of an out-of-court settlement may be. It is only to be expected that British views regarding this matter would be limited to carrying out the Treaty of 1859, while the Guatemalans are obviously intent on gaining territory. Nevertheless, in view of Guatemala's reluctance to accept the British offer to submit the case to the International Court, it might have been hoped that the Guatemalans were aware of the feebleness of their legal arguments, and would therefore reduce their '' demands.'' In fact President Arévalo proposes that we should forthwith cede all territory south of the 17th parallel and leave the question of sovereignty of all territory north of this line to be discussed at the end of another fifty years '' when the positions of Great Britain and Guatemala might have undergone radical changes.''

Absurd as President Arévalo's suggestion is, it clearly shows the dangerous way in which the Guatemalans have hypnotized themselves with their '' claims.'' The last sentence of President Arévalo's proposal is not perhaps deliberately intended to be insulting, but the insinuation reflects the extent to which Great Britain's financial difficulties have affected her standing in parts of Latin America.

THE UNITED NATIONS

Freedom of Information

At its first session held in February 1947 the Commission on Human Rights, it may be recalled, decided to establish a Sub-Commission on Freedom of Information and of the Press, the terms of reference of which were (*a*) to examine what rights, obligations and practices should be included in the concept of freedom of information, and (*b*) to carry out any other instructions of the Economic and Social Council or of the Human Rights Commission. In due course the Economic and Social Council requested the sub-commission to '' submit recommendations regarding the programme of the Conference on Freedom of Information, and to assist in its preparation.'' This World Conference has to be convened before the end of 1947, according to a resolution of the General Assembly of the 14th December, 1946. Thus, the sub-commission, which began its first session on the 19th May, has a two-fold task.

The members of the sub-commission were chosen as individuals, for their abilities and experience in the subject, and not as Government Representatives. Mr. Robin Cruikshank, of the *News Chronicle* group of newspapers, was one of the twelve persons so chosen. Mr. Cruikshank has not been able to attend the present meeting, but he has been represented by Mr. A. R. K. Mackenzie. The members from France and Panamá are also represented by substitutes. It was decided in the first meeting by 6 votes to 3 that substitutes should not only take part in discussions, but should have the right to vote.

M. Goedhart (Netherlands) was elected Chairman of the Sub-Commission, M. Sychrava (Czechoslovakia) Vice-Chairman, and Mr. Ferguson (Canada) *rapporteur*.

On the 20th May, the Sub-Commission began work on plans for the World Press Conference and decided by 6 votes to 2 to recommend Europe as its meeting place. A Russian proposal to fix on either Geneva or Prague, where the Czechoslovaks offered all facilities, was defeated, and the final choice was left to the Economic and Social Council. Non-member States are to be invited, and a Soviet proposal giving them full voting rights was carried by 9 votes to 2. Previously the Soviet member, M. Lomakin, had opposed the grant of voting rights to substitutes. M. Lomakin began by working closely with his colleagues; but he soon receded into Russian idiosyncracy. Among other preliminary decisions reached in the early sessions are the following: (1) that the Secretariat should circulate a questionnaire on the regulations regarding Freedom of Information in various countries. M. Lomakin opposed this. It has not yet been decided whether this questionnaire should be sent only to Governments or whether it should also go to appropriate international non-governmental organisations. On being informed that U.N.E.S.C.O. had issued a batch of 1,500 questions on the subject to eleven European countries *plus* China and the Philippines, the Sub-Commission issued a warning against duplication of effort; (2) that the Press Conference should observe in general the rules of procedure of the World Health Conference; (3) that invitations to the Conference should go, on request, to specialized agencies, Category '' A '' non-governmental organisations and the International Organisation of Journalists.

M. Lomakin's wish to define the objectives of the press in terms of anti-fascism, anti-warmongering, &c., remained unfulfilled. Instead, a Philippine proposal, amended by Mr. Mackenzie, was carried, that the different media of communication, in performing their basic function of gathering and disseminating information, '' should have regard to telling the truth, maintaining peace and security, promoting human rights and aiding the solution of economic, social and humanitarian problems.'' None of this was pleasing to

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M. Lomakin, though it was carried by 7 votes to 1.

The Sub-Commission also defined information in relation to the world Conference, as " the following means of bringing current situations, events and opinions thereon to the knowledge of the public: newspapers, news periodicals, radio broadcasts, and new reels." Mr. Mackenzie opposed this definition as being too narrow, but was defeated by 5 votes to 4.

The Palestine Committee

On the 2nd June the Special Committee chose as its chairman Chief Justice Sandstrom of Sweden, with Mr. Ulloa, Peru, as vice-chairman, and decided to invite the Mandatory Power, the Arab Higher Committee and the Jewish Agency to send liaison representatives to the Committee.

International Emergency Food Council

At the fourth meeting of the International Emergency Food Council, which began on the 26th May, the Secretary-General, Mr. D. A. Fitzgerald, gave a serious warning about the progressive fall in the world's food stocks and the probability that Europe and Asia would have to face another year of food shortage in 1948. He read a letter from Mr. Clinton Anderson, the U.S. Secretary of Agriculture, urging that a conference be held in Europe not later than mid-July, to be attended by Ministers of Food and Agriculture, and by their administrative and technical advisers to impress on all concerned the urgent necessity of collecting, husbanding and distributing in orderly fashion for human food the greatest possible amount from their indigenous supplies. Mr. Anderson developed this text by saying that, if the home-produced food supplies of the deficiency countries were not effectively utilised, the food problem a year hence would be even worse than it was now. The prospective decline of food grain production in N.W. Europe in the current harvest year would call for an import programme of some 20 million tons—assuming this amount could be collected and transported. The export programme from the U.S.A., the greatest in history, was between 14 and 15 million tons; and, even if other exporters, such as Canada, Australia and Argentina, could increase their exports in like proportion, a critical grain shortage next spring and summer could not be avoided. Importers must contrive to collect and distribute for human use a much greater proportion of their own crops than they were doing now. This action might be hard to get started, but the urgency of starting it must be realised.

The Council adopted the proposal to call a Conference, and appointed a sub-committee to decide where and when. Mr. Maurice Hutton for U.K., while not directly opposing the suggestion, said he was very doubtful whether a full-dress Conference would carry things any further forward than they were. He suggested that the meeting should be a special session of the I.E.F.C. Cereals Committee, which Ministers of Food and Agriculture should be asked to attend.

In the end, the I.E.F.C. voted (on the 28th May) to call a Special Emergency Conference on Cereals and to ask F.A.O. to issue invitations to responsible Ministers to meet in Europe about the third week in July. The United Kingdom vote was the only one cast against this motion, but not less than eighteen other nations abstained.

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EUROPE

GERMANY

The Government Heads of Berlin and all the German *Laender*, except the Saar, journeyed to Munich for their first joint conference on the 5th June. The Eastern Premiers had refused until the last minute to say definitely whether they were coming and had tried to get the conference transferred to Berlin and to secure representation for the parties and trade unions. Their arrival, therefore, had the air of conferring a favour, but their subsequent actions showed that the journey was hardly more than a tactical move designed to display Eastern solidarity and to fasten on the other *Laender* the stigma of "federalism," in their language tantamount to "unpatriotism." The course of the conference showed once again how German differences reflect those of the Occupying Powers. When the agenda for the conference was discussed on the 5th June, the Eastern Premiers submitted a motion that "the formation of a German central administration by an understanding among the democratic parties and trade unions on the establishment of a German unitary state should be placed on the agenda." This was outvoted and, as a result, the Eastern Premiers walked out and left Munich. In a communiqué afterwards they declared that although they had been assured that they might make suggestions for the agenda they found on their arrival that an unchangeable programme had been made. A further comment was issued stating that only a plebiscite could decide the structure of Germany and that the principal reason for the increasing misery of the Germans was the far-reaching tolerance of Nazi elements and the continuance of large concerns and large landholders in many parts of Germany. The Premiers also demanded increased coal production and nationalisation of the mines. The other side of the question was given in a communiqué by the Bavarian Government. This stated that during discussions in the preliminary commissions, which the Eastern Premiers

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declined to attend, it had been announced that an express avowal of German unity would be made and also that the necessity for German unity must be stressed in all items of the agenda. The other Premiers thought, however, that this question should not form a separate item on the agenda. Their attitude is understandable. They were, of course, unwilling to commit themselves to unity on the Socialist Unity Party's terms; moreover the conference was called to discuss such questions as food, denazification and refugees and representatives from the French zone had been forbidden to discuss political matters. It can hardly be doubted that the Eastern Premiers had no intention of remaining at a conference where they could be outvoted on every occasion. Suspicions on this score are not dispelled by Dr. Paul of Thuringia, who flaunted in the faces of press reporters the five shirts in his ample baggage as proof positive that he "had seriously expected to attend the whole conference."

The rump conference passed a number of resolutions for submission to the Occupying Powers. These included: immediate revision of the industrial plan; transfer to Germany of all responsibility for interzonal trade; simpler procedure for foreign trade and the granting of exit rights to German business men; credits for the import of food and raw materials and admission under normal conditions to the world markets and world fishing grounds; lower occupation costs, less timber felling and less coal exports. The Premier of Bavaria, Dr. Ehard, pointed out that it was not surprising if Germany, after being cut off from the world for eight years, was not fully conscious that her distress was a common one. In spite of this admission, the resolutions call for more Allied help than for German effort. An exception is the proposal that certain central States committees, including one for prisoners-of-war, should be set up to advise the Allies. It is not stated how this is to be achieved and it seems unlikely that the conference will have practicable results. In Berlin, the Communist press has enjoyed the conference as an occasion for fresh attacks on the Western Powers.

The boundaries of the Saar, which were extended in July 1946, have again been changed by the French authorities. In the North-west, the area has been reduced by detaching most of *Kreis* Saarburg which forms the hinterland of Trier on the right of the river Moselle. A strip about six miles wide in the South still links the Saar with Luxembourg. Otherwise, the extended area of 1946 is retained with the addition of a strip of territory in the North-east of about 45 sq. miles which contains a branch railway from Ottweiler to Turkismuehle. The addition to the 1919 territory is now one of some 35 per cent. instead of 50 per cent. in area. On the 15th June a Saar mark will be introduced for the Saar area at the rate of 12 francs to 1 Saar mark. This, with the existing customs control means virtual separation of the Saar from Germany. H.M. Government have informed the French Government that, subject always to decisions to be taken at the final peace settlement and to a satisfactory agreement being reached on the adjustment of the French reparations claim so as to take into account the value of the Saar, they have no objection to the boundaries of the Saar as now proposed nor to the French intention to proceed with their plan to issue a new currency within the boundaries of the Saar as now defined, in place of German marks.

The food situation in the British zone shows no real improvement. There have been few demonstrations in the last fortnight, but morale is still extremely low and trade union leaders while continuing to cooperate with Mil. Gov. express grave anxiety for the future and feel that they have already lost hold over some of their members. The Military Governor, in a cautious statement on the 9th June, could only say that the present ration level (about two-thirds of the official 1,550 calories) could be maintained until the harvest and that subsequently slight increases might be possible. Lord Pakenham has again been in Germany for consultations. He was presented by Herr Luebke, Minister of Food for N. Rhine/Westphalia, with a detailed plan for improving the food situation. This is now being studied. The chief features of the proposal according to press reports, are that the Germans in the British and United States zones should be able to buy imports on their own account. Herr Luebke estimated that they could produce half the fat they needed and should import the rest. By also importing a large quantity of maize annually as fodder, they would be able to feed enough pigs to export bacon in payment for other goods. This would mean a reversal of the present policy of restricting livestock in favour of crops. Hitherto, Allied dietary experts have considered fat supplies less essential to good health than have most Germans. Herr Luebke also wants to build up long-term reserves of bread grain by imports. This, together with the maize, would represent a higher level than that of present imports and is clearly dependent on world supplies. Herr Luebke also believes that foreign countries will be ready to grant Germany credits, while, as an internal measure, he wishes to increase production of synthetic fatty acid and to re-start Germany's industry for the processing of oil-cake for re-export. Meanwhile, as forecast last week, it has been announced that rewards for "good" farmers as well as penalties for "bad" farmers in the bi-zonal area are being planned on the basis of German proposals.

According to *Die Neue Zeitung* (U.S. Zone) there have been food demonstrations in three areas of the Soviet zone. To counter the effects of such reports, an official statement from the zone has given details of food rations which show that miners and normal consumers receive roughly the same amount as those in the Anglo-U.S. zone, but that heavy and very heavy workers in the East get much less. It was claimed that rations, on the whole, were honoured. Despite optimistic reports about agricultural production, there have been official admissions of serious deficiencies and there is unlikely to be any real surplus which could be sent to the western zones. Signs of the beginning of collective farms on the Soviet model have been reported from Mecklenburg. The Minister of Agriculture told a press correspondent on the 19th May that the land reform scheme had been modified so that some of the bigger farms were now run by a dozen or more families as State enterprises.

The past fortnight has witnessed a number of positive achievements such as the bi-zonal reorganisation, work at a high level on land reform plans for the British zone, and discussions on a revised level of industry for the bi-zonal area. Yet the backcloth to these efforts has once again depicted partisan strivings, not confined to the Munich Conference, in which activity far exceeded results. At the four-Power level the Control Council has failed to agree on the number of occupation troops which should be permitted. In Berlin, agreement has not yet been reached about the appointment of a successor to the Lord Mayor, Dr. Ostrowski, and the arena of four-Power dissension has been increased by Russia's decision to supply her sector with food on an independent basis. In the British zone, seven weeks after the elections, only Schleswig-Holstein has succeeded in forming a Cabinet. The main reason for delay in the other two States seems to have been the usual split within the Christian Democratic Union on the question of socialisation. In all three western zones, attempts to establish the Socialist Unity Party have continued. The use of misleading titles and of signatures obtained under false pretences has characterised the Communist attempt to circumvent Military Government opposition and to show that they have Social Democratic support. A fairly friendly interview was held with British officials on the 21st May; leaders of the Socialist Unity Party put their case for licence, but were firmly told that the party would not be permitted to form in any way. Pieck and Grotewohl visited Bremen on the 30th May when their speeches included such pacific remarks as the Germans must bear full responsibility for their present position and must desire cooperation between the Allies. This sounds strange in conjunction with Communist press onslaughts and inflammatory speeches against the occupying Powers. Herr Hoffmann, the trade union leader, has been rebuked by the Regional Commissioner for a speech of this type made in Remscheid on the 24th May.

AUSTRIA

Only three meetings of the Peace Treaty Commission have been held during the past week. While the Commission is still entangled in wearisome discussion on procedure, there seems a little hope that the stalemate of the past three weeks may yet be broken. Sir George Rendel, the U.K. representative, instead of suggesting the setting up of a tripartite (Western) committee of experts, has announced that U.K. experts have begun independent fact-finding work; while the Soviet representative has expressed his willingness to consider a French proposal as a basis for agreement. The U.K. representative has made clear his hope that other Delegations may see their way to authorising their experts to collaborate in the work of establishing facts and Mr. Lawson, the chief U.K. expert, has already approached U.S. and French experts to this end. M. Novikov, to whom the U.K. announcement can only have been unwelcome and embarrassing, in view of the marked Soviet opposition to any examination of concrete facts relating to German assets in Austria, contented himself at the last meeting on the 4th June with saying that there would

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be no objection to experts taking time off for research, but that the suggestion that other Delegations should co-operate amounted to an attempt to reach privately in committee an agreement which the Commission itself had failed to secure. The Soviet Delegation, however, recognised the right of each Delegation to present to the Committee of Experts all facts which it might consider relevant.

The compromise proposal advanced by the French Delegate on the 3rd June inclines far more to the views held by the Soviet Delegation than to those held by the other Western Delegates. It provides (1) that the Commission shall undertake a summary examination of the principal aspects of German assets in Austria in conjunction with Article 35 and the relevant sections of Article 42; (2) that the Commission's work shall extend to the mineral oil industry, navigation on the Danube, financial institutions and industry and any other aspects which the Commission shall decide on; and (3) that, after completion of the summary examination, the Commission shall determine the directions to be given to the Committee of Experts. The omission in the French proposal to any reference to fact-finding work by the Committee of Experts before the Commission has got through a certain programme of work would seem to be the clue to the Soviet willingness to consider the proposal. M. Novikov has stated that his Delegation have no desire to limit the discussion to the oil problem.

The Commission adjourned on the 4th June in order to allow M. Novikov to draft his amendments, and the other Western Delegates have agreed to discuss the French proposal when these amendments have been received. U.S. amendments include an important footnote to the effect that the U.S. Delegation regard as concrete facts any material that is so regarded by any Delegation. M. Novikov is reported to have returned to Moscow, presumably for consultations with his Government.

On the 1st June all Russian newspapers published for the first time a lengthy Tass report on the work of the Commission. The U.S. representative is accused of trying, with the support of the U.K. and French Delegates, to give the Commission a direction different from that laid down at the Council of Foreign Ministers in Moscow and of seeking to turn the Commission and Committee into a means of revising joint Allied decisions in the interests of Anglo-U.S. oil firms and Austrian capitalists who served the Germans during the period of the Anschluss. Similar views have been expressed by the Red Army newspaper in Austria, and the Communist *Österreichische Volksstimme* has blamed the Austrian Government as well as the United States for the Commission's deadlock. Comment in other Austrian papers has been scant, but headlines have indicated impatience and gloom.

There have been confused reports of possible changes in the Austrian Government. *The Times*, 10th June, stated that one of the Communist leaders, Ernst Fischer, had been approached by a member of the People's Party with regard to greater Communist participation in the Government. The *Wiener Kurier* of the 9th June, however, declared that Fischer had made this approach and had demanded sweeping changes on the grounds that the Soviet Government would make the signing of a treaty dependent on these. Fischer has since denied this threat. The Communists have of course been pressing for new elections and closer co-operation with the Soviet Union since the failure of the Moscow Conference.

General Lebedenko, Soviet Commander in Vienna, has issued independent instructions to the Police President of Vienna regarding the maintenance of public order in the Soviet sector. These reduce the period of notice of public meetings from three days (Inter-Allied Command instructions) to two; they permit the holding of spontaneous demonstrations (at present forbidden in Vienna) and define the duty of the police as merely to "keep an eye" on such demonstrations and to keep the Head of the Command and the Heads of the Districts "informed" of the proceedings. Help may be requested from the head of the (Soviet) Command if the police find themselves unable to maintain public order and when all their reserves are exhausted, but it is made clear that the Austrian police will have to justify their demand in face of Soviet scepticism. These instructions are no doubt intended to weaken police control in the Soviet sector, and would facilitate the formation of Communist mobs to invade other sectors. Another important factor in the situation is the inadequate armament of the Austrian police. This matter is still being examined by the Control Council who have, however, authorised the Austrian Government to equip the Vienna police with hardwood truncheons.

In the Allied Control Council Soviet efforts to block every attempt to restore

Austrian civil aviation continue. At the meeting on the 29th May the Soviet representative insisted that the completion of air disarmament in all zones must be confirmed by a quadripartite commission before any civil aviation project could be established.

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A more forthright viewpoint was expressed by M. Gottwald, the Communist Prime Minister, in an interview to the same delegation. Stressing the need for raising Slovakia's material standards to those of the Czech Lands, he warned that neither "nation" could deviate from a unified political delevopment and that there was therefore no necessity for establishing new parties (this latter was probably a direct admonition against the formation of a National Democrat Party which would apparently be a fusion of Czech and Slovak Catholics. He uttered too a serious warning concerning the alleged activities of a "Hlinka Movement" within the ranks of the Democrats; in a later address to Prague Communists M. Gottwald stated that the "Democrats have made a pact with the Hlinka Party."

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be no objection to experts taking time off for research, but that the suggestion that other Delegations should co-operate amounted to an attempt to reach privately in committee an agreement which the Commission itself had failed to secure. The Soviet Delegation, however, recognised the right of each Delegation to present to the Committee of Experts all facts which it might consider relevant.

The compromise proposal advanced by the French Delegate on the 3rd June inclines far more to the views held by the Soviet Delegation than to those held by the other Western Delegates. It provides (1) that the Commission shall undertake a summary examination of the principal aspects of German assets in Austria in conjunction with Article 35 and the relevant sections of Article 42; (2) that the Commission's work shall extend to the mineral oil industry, navigation on the Danube, financial institutions and industry and any other aspects which the Commission shall decide on; and (3) that, after completion of the summary examination, the Commission shall determine the directions to be given to the Committee of Experts. The omission in the French proposal to any reference to fact-finding work by the Committee of Experts before the Commission has got through a certain programme of work would seem to be the clue to the Soviet willingness to consider the proposal. M. Novikov has stated that his Delegation have no desire to limit the discussion to the oil problem.

The Commission adjourned on the 4th June in order to allow M. Novikov to draft his amendments, and the other Western Delegates have agreed to discuss the French proposal when these amendments have been received. U.S. amendments include an important footnote to the effect that the U.S. Delegation regard as concrete facts any material that is so regarded by any Delegation. M. Novikov is reported to have returned to Moscow, presumably for consultations with his Government.

On the 1st June all Russian newspapers published for the first time a lengthy Tass report on the work of the Commission. The U.S. representative is accused of trying, with the support of the U.K. and French Delegates, to give the Commission a direction different from that laid down at the Council of Foreign Ministers in Moscow and of seeking to turn the Commission and Committee into a means of revising joint Allied decisions in the interests of Anglo-U.S. oil firms and Austrian capitalists who served the Germans during the period of the Anschluss. Similar views have been expressed by the Red Army newspaper in Austria, and the Communist *Österreichische Volksstimme* has blamed the Austrian Government as well as the United States for the Commission's deadlock. Comment in other Austrian papers has been scant, but headlines have indicated impatience and gloom.

There have been confused reports of possible changes in the Austrian Government. *The Times*, 10th June, stated that one of the Communist leaders, Ernst Fischer, had been approached by a member of the People's Party with regard to greater Communist participation in the Government. The *Wiener Kurier* of the 9th June, however, declared that Fischer had made this approach and had demanded sweeping changes on the grounds that the Soviet Government would make the signing of a treaty dependent on these. Fischer has since denied this threat. The Communists have of course been pressing for new elections and closer co-operation with the Soviet Union since the failure of the Moscow Conference.

General Lebedenko, Soviet Commander in Vienna, has issued independent instructions to the Police President of Vienna regarding the maintenance of public order in the Soviet sector. These reduce the period of notice of public meetings from three days (Inter-Allied Command instructions) to two; they permit the holding of spontaneous demonstrations (at present forbidden in Vienna) and define the duty of the police as merely to "keep an eye" on such demonstrations and to keep the Head of the Command and the Heads of the Districts "informed" of the proceedings. Help may be requested from the head of the (Soviet) Command if the police find themselves unable to maintain public order and when all their reserves are exhausted, but it is made clear that the Austrian police will have to justify their demand in face of Soviet scepticism. These instructions are no doubt intended to weaken police control in the Soviet sector, and would facilitate the formation of Communist mobs to invade other sectors. Another important factor in the situation is the inadequate armament of the Austrian police. This matter is still being examined by the Control Council who have, however, authorised the Austrian Government to equip the Vienna police with hardwood truncheons.

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A special session of the Sejm was summoned on 30th May to which the Communist Minister of Industry, Mr. Minc, presented the text of six Bills for enactment and three Decrees, already operative, for confirmation. Though the stated purpose of this body of legislation is to combat inflation and remedy supply difficulties, it constitutes in fact a return to the more radical and extreme economic policy which the Communists were forced to drop some nine months ago.

Mr. Minc classified the bills in three groups, each of two bills. The first group concerns taxation and consists of one bill to increase the yield of the land tax paid by the peasants and a second creating "Social Commissions," *i.e.*, groups of party members empowered to search out and denounce tax evaders. The second group introduces an "amnesty" for capital and profits hitherto undisclosed and provides facilities for its investment, thus forcing those with accumulated wealth to expose themselves to suspicion now or to penalties if discovered later. The third group concerns retail trade and sets up further Social Commissions to investigate the qualifications of shopkeepers and to enforce controlled prices by fine or suspension.

Of the three decrees, the first empowers the State Food Supply Fund to purchase food-stuffs direct from individual co-operatives, thus bye-passing Spolem, the Co-operative Wholesale Society. The second provides for the establishment of State department stores on the Soviet model and the third freezes prices of State-manufactured goods and State-provided services. In the recent controversy, Socialist spokesmen vigorously opposed the first two of these decrees which strike at the basis of their strength in the Co-operative Movement.

As to the difference of opinion between the two leading parties of the *bloc* which the discussion has revealed, two of the leading Communists, Messrs. Berman and Gomulka, have insisted that far from signifying a breach between them, it points the way to a fuller unity, based on an understanding of each other's idiosyncracies.

General Romejko, former Chief of Staff of the Polish air force, has been promoted to Commander-in-chief. He spent most of his career in the Soviet Union, but is believed to be of Polish origin. It is not known whether the Soviet General Polynin, former Commander-in-chief, has left Poland. The Polish press has recently emphasised that "very few Soviet instructors now remain in Poland." The promotion of General Romejko is presumably part of the general attempt to convince the Polish people that the air force is becoming increasingly independent.

M. Wladyslaw Raczkiewicz, who died in this country last week, was appointed as President of the Polish Republic in September 1939 by President Moscicki, who was unable to accompany the Polish political leaders who escaped to France. He had held many administrative posts, including four provincial governorships, and had been Minister of the Interior in three different cabinets. As President his efforts were mainly directed to maintaining a united front between the various groups of Poles in exile.

SOVIET UNION

During the past fortnight there has been a major Soviet propaganda campaign against the British and American press, with special reference to allegedly inaccurate and slanderous articles written about the Soviet Union by special correspondents since their return from the Moscow Conference. British correspondents, especially Ewer, Ashley and Clifford, have come off even worse than the Americans. The latest example is the correspondence between the *Sovinform Bureau* and the editor of the *Daily Herald* published in Moscow on the 3rd June about the non-publication by the *Daily Herald* of a Soviet reply to Mr. Ewer. This ends with the comment that the "central organ of the Labour Party" is the joint property of the capitalist Odham's Press (51 per cent.) and the T.U.C. and Labour Party (49 per cent.). (Soviet propaganda ignored the fact that, according to the *Daily Herald*'s articles of association, control of policy is entirely in the hands of the T.U.C. directors.) The timing of this propaganda campaign against the Anglo-American press may have been connected with the discussions of the United Nations Sub-Commission for Freedom of the Press and Information. But it seems to go deeper than this, as Anglo-American correspondents in Moscow are now suffering even greater frustration than in the past and are once again being refused permission to make visits outside Moscow. The intensity of the anti-American propaganda campaign is perhaps best reflected in a recent authoritative statement by the deputy Chief of the Communist Party Propaganda Organisation to the effect that democratic circles no longer believed that another world threat would come from Germany. The threat was now from reactionary American circles who planned the world domination earlier sought by Hitler.

Soviet commentators have recently returned to the subject of the Anglo-Soviet Treaty extension negotiations with the special object, it would appear, of impressing upon the Soviet public that this country and not the Soviet Union was responsible for the lack of progress of these negotiations. M. Oleshchuk, the deputy Chief of the Communist Party Propaganda Organisation, made a number of one-sided and misleading references to the Anglo-Soviet Treaty negotiations in an important lecture on the 30th May, reviewing international developments since the Moscow Conference. The Secretary of State had failed, he said, to take back from Moscow a Soviet signature to an extended treaty as the Soviet Government had found it necessary to include a guarantee that neither party would join a coalition hostile to the other. Britain was, however, now a member of the Anglo-Saxon *bloc* hostile to the Soviet Union. The latest proof of the existence of such a *bloc* was the "Cards on the Table" pamphlet stating that the Soviet Union was trying to liquidate the British Empire and that the United States was helping Britain to withstand a possible struggle with the Soviet Union. Oleshchuk referred in this context to the proposed quadripartite treaty on Germany which had also not been signed because, for the Soviet Union, it would only have been a paper guarantee. The key to the question was the possible United States attitude in the event of a future war between Germany and the U.S.S.R.; despite the quadripartite treaty, the United States might well join the German side, and hence the Soviet Union demanded real guarantees before signing. An editorial in the latest available number of *New Times* also discussed the treaty negotiations, alleging that British leaders were concealing from the public why they are resisting the Soviet proposals for improving the agreement and abolishing its weak clauses, the essential point being, it is stated, that the British Government refuses to take upon itself the obligation not to participate in any *blocs* directed against the Soviet Union. This is disguised behind baseless allegations that the Soviet Union wishes to prevent Britain from maintaining friendly and business co-operation with the United States or France or any other country.

Soviet comment on the British proposals for the "change-over" in India is on strictly orthodox Marxist lines. Though a reasonably full and fair London *Tass* summary of the Prime Minister's statement on India on the 3rd June was published prominently in most Soviet papers on the 5th June, it was immediately followed by another London *Tass* item summarising the *Daily Worker* criticism on the Government plan for India, as a typical example of the traditional British divide and rule policy, which had never settled any problems. The Indian masses it was maintained, would continue the struggle for freedom. Further evidence of Soviet views on India was provided by a lecture on the 4th June by E. Zhukov, a member of the Academy of Sciences and one of the Soviet visitors to the recent Inter-Asian Conference in New Delhi. He referred to the Prime Minister's offer of Dominion status which, though overdue, was even now "aimed at postponing the grant of independence." In view of the successful post-war struggle for independence of the "colonial" peoples in North Asia and of the development of a working class movement in India, Britain has been compelled to find a new form of relationship to cover the continued domination by British capitalists. Zhukov also dealt very critically with the existing Indian parties and leaders, all of whom came from the *bourgeoisie*, feared their own exploited working class and preferred the maintenance of close ties with Britain to co-operation with the Americans, who being stronger than the British would leave no scope for rising Indian capitalism. The Indian *bourgeoisie* also wished to maintain the alliance with Britain because of their fear of the Soviet Union. The leaders of both the Moslem League and Congress were described as mainly reactionary landowners and industrialists, the most reactionary and anti-Communist Right Wing Congress element being led by Ghandi and Patel. "The essence of the Ghandi programme is to keep the people disarmed and to retard progress." Nehru was treated more kindly, but with reserve. Jinnah was described as "more British than the British" and his Pakistan scheme was said to have been inspired by the British as a means of dividing and ruling, Pakistan remaining the main hope of the British. Nevertheless, "the Moslem League was somewhat more progressive than Congress." It is interesting to note that Zhukov also stated that the Indian Communist Party wish to see the country

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divided into independent States, with the right of self-determination and social and cultural development, economic unity and the right to join or remain outside an all-Indian union. This was the only correct way to grant true independence to the different communities, he concluded.

The Social Democrats, particularly in western Europe, have been the subject of a general attack in *Pravda;* the article is probably timed to coincide with the meeting of the Second International now being held in Zürich. The right wing Social Democrats who were not working in with the communists were accused by *Pravda* of reviving the social democratic policy of the inter-war years, *viz.*, that of forming a *bloc* with the *bourgeoisie* and splitting the working class movement, the British Labour Party being regarded as the arch sinner in this direction. *Pravda* reminded its public that Mussolini had started as a Socialist and suggested that similar " blood hounds of the *bourgeoisie* " were even now once again paving the way to power for Fascism. There is nothing new in this policy of stressing the community of interest between the Social Democrats and the *bourgeoisie*. It has been used by the Communist Party of the U.S.S.R. ever since the Revolution.

Scandinavian affairs have been in the foreground during the past week. The report on defence measures by the Swedish commander-in-chief General Jung was criticised in *Pravda* by Major-General Galaktionov for putting before the Swedish public the picture of a war between east and west as a real possibility and for hinting that Sweden might be used as an advantageous base for the western powers in the event of such a conflict. This had been taken up by some organs of the Swedish press which were ready to sell their country to the dollar under the banner of independence and democracy. Summing up, General Galaktionov said that a new foreign policy was being thrust on Sweden, a policy of militarism and hostility to the U.S.S.R.

In this connection it is of interest that the well-known Soviet journalist Yuri Zhukov should have recently been paying a visit to the Aaland Islands, which have for a long time been quite out of the limelight. In his travel notes published in *Pravda,* Zhukov criticised the Aaland politicians who were advocating the cession of the islands to Sweden. The same politicians, he argued, were quite happy for their islands to be Finnish when Finland was Fascist and hostile to the U.S.S.R. This new love for Sweden was merely a dislike of Finnish democracy.

M. N. D. Kuznetsov, Soviet Ambassador to Norway since the liberation, has been replaced by M. S. A. Afanasiev. The new ambassador has been for some time in the Soviet Ministry of Foreign Affairs and in 1945 he was personal secretary to M. Molotov.

M. André Gide's recantation of his earlier pro-Soviet views evidently still rankles in Moscow, for much unjust sarcasm has been expended on the award of Oxford doctorates to him and François Mauriac. Moscow radio inquired why such " moral defeatists " were singled out for honour instead of Frenchmen who had urged their people on to fight the invader. Moscow radio said it was aware that Fascist ideas had been popular with undergraduates, but was pained to learn that even the professors admired " Fascist hangers on." It should, however, be pointed out that in fact M. Mauriac was strongly behind the resistance while M. Gide's sins—if any—were those of omission.

SCANDINAVIA

Norway

The replies of the Labour Party and the Communist Party to a letter from the Trade Union Federation proposing the unification of the whole Labour Movement have now been published. The two parties were asked whether they were prepared to amalgamate on the basis of the so-called Vestfold proposals, and secondly whether they were willing to participate in a joint congress for discussing the matter before the 1st July. The reply of the Labour Party was unconditional and in the affirmative on both points. The letter from the Communist Party Executive can, however, be regarded as nothing but a thinly veiled refusal as after accepting the Vestfold proposals in principle it goes on to say that participation by the Party in a joint congress can only become practicable after the two workers' parties through comradely co-operation have shown their desire to abide by the joint programme of 1945. This is generally interpreted in Norway as meaning that the Communists are willing to participate in a united front only as long as they are allowed to preserve their own independent party machine.

Denmark

The opposition to the Government's bill authorising the despatch of the Danish Brigade to Germany appears to have been

greater than at first expected, and the bill was not passed through the *Rigsdag* before the 21st May. Advanced parties of the contingent were, however, reported to be leaving for Germany at the beginning of this month and the Brigade is expected to have reached its stations by the 20th June.

The Communists scored a victory when on the 30th May the Copenhagen compositors rejected the proposals of the official mediator by about 75 per cent. of all votes cast. In view of the fact that most of the men's demands were conceded and that the Copenhagen Compositors' Union, as well as the Trade Union Federation, recommended acceptance, the action must be considered as irresponsible. The strike began on the 1st March, and the Capital is still without newspapers with the exception of *Social-Demokraten* and the Communist *Land og Folk* which are not affected. Some papers appear in a form similar to the news sheets of the occupation period.

FRANCE

France has this week been paralysed by the most serious strike that has taken place since the liberation. The railwaymen at some Paris dépots began to come out last week and by Saturday, the 7th June, the strike was practically complete all over the country, only food and mail trains being moved. All travellers were inconvenienced and many British tourists were stranded. Emergency bus and air services were organised but these could only alleviate the situation. The railwaymen demand wage increases which would place a heavy additional burden on the Budget and M. Ramadier at first refused to negotiate until the men went back to work. However, he agreed to receive a delegation from the railwaymen's union on the 10th June and it is expected that some compromise will be reached.

It is now apparent that the policy of price reduction and wage stabilisation introduced by M. Blum has not achieved its original aim. The price level has indeed fallen but the increase in the level of production is hampered by lack of coal and raw materials, on the one hand, and of dollars, on the other, and has therefore not been sufficient to restore economic equilibrium. The standard of living of the workers is low, particularly in comparison with the agricultural community, and their impatience at the policy of fixed wages has been increased by the current shortage of bread and meat. The Communists no doubt left the Government in anticipation of labour troubles and they are now free to support all spontaneous strikes, even if they do not initiate new ones. It is felt that their aim is to show that M. Ramadier cannot rule without the authority of Communist Ministers, and to make his task as difficult as possible this month so that they may return to power next month when the harvest comes in. It is significant that the strikes are occurring in those sectors which are most vital to the functioning of the economic system, such as the railways, bakeries, petrol dépots, and public services. The Socialists are becoming restive in the face of Communist misrepresentation of the Government's aims and M. Ramadier faces a growing revolt within his own party; the support which is given him by M.R.P. and Right-Wing circles makes him an object of Left-Wing suspicion, but his reputation in the country is still high. In an Assembly debate on the 3rd June, M. Ramadier went so far as to accuse the Communists of " orchestrating " a wave of strikes, which they would never have tolerated if they had been in power, in an attempt to provoke a Government crisis and perhaps a change of régime.

Another sign of internal division in the Socialist Party is the dissolution by the Party Executive of the bureau of the Socialist Youth movement. This movement has long had Trotskyite tendencies and at its congress in April it strongly criticised the policy of the Government.

The newspaper *Combat*, whose independence and impartiality have given it a high standing among French papers, has undergone a change of ownership as a result of losses incurred during the prolonged printers' strike. Although it is stated that the paper's political line will remain unchanged, its main leader-writers have left and there is no indication of what financial banking it will now have.

Jacques Benoist-Méchin, former Secretary of State under Darlan in the Vichy Government, was convicted of treason by the High Court and sentenced to death on the 6th June.

In reply to a Soviet note of the 13th May which complained of the retention of Soviet citizens in camps in the French Zone of Austria and of French recruitment of Soviet displaced persons for work in France, the Quai d'Orsay published on the 4th June the text of two notes addressed to the Soviet Government. These notes stated that the " Soviet citizens " in question were in fact Ukrainians and Balts who

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were not Soviet citizens before 1st September 1939, and should not be forced to return to the U.S.S.R. Other allegations were also answered and the French proposed a joint conference in Paris to discuss the matter.

The reception of Abdul Karim in Egypt (see last week's *Summary*) and the incident concerning the Egyptian cruiser *Amira Fauziah* (see also under "Middle East") has caused much resentment in French official circles. M. Bidault saw the Egyptian Ambassador on the 2nd June and made a strong protest against Egyptian connivance at the escape of Abdul Karim. The French press is highly critical of the lack of precautions taken in arranging the transfer of the Moroccan leader from Réunion to France, and the Governor of the island has been recalled for consultations together with the French Ambassador in Cairo. It is reported that Abdul Karim had made so many protestations of loyalty to France in recent years that it was not thought necessary to put a close watch on him. Protests from Spain may now be expected since France is under treaty obligation to Spain to maintain Abdul Karim in safe custody. The incident of the *Amira Fauziah* has also annoyed the French since; they welcome the gift of wheat which she is carrying to the Tunisians, but they feel that the Egyptian plan of sending it into Tunis harbour on a warship is merely a hostile propaganda move.

(See also under "Spain" and "Germany".)

SPAIN

General Franco's Bill of Succession was duly passed by acclamation by the puppet *Cortes* on the 7th June, though the Caudillo had found it necessary previously to dismiss some fourteen dissident Deputies who had had the temerity to criticise the terms of his Succession Bill and to suggest amendments. General Franco has had his way, and the Bill reflects his desire to legalise his own position as Head of the Spanish State and to ensure that supreme power should in due course pass to a Royal successor pledged to preserve the principles of Falangism as laid down in the series of laws promulgated by the Caudillo and his Government since 1939. This attempt to force the Royal heir to subscribe to the ideology of the present régime is manifestly a counter to Don Juan's determination to return to the Throne untrammelled by previous commitments to a régime internationally condemned as Fascist. Whether or not General Franco will submit the Bill to a referendum in early July as reported, his own sentiments were probably echoed by the remarks of the President of the Cortes, Don Esteban Bilbao, during the proceedings—namely, that if the Monarchy is to come at all, it will come through General Franco. Don Juan has made no further pronouncement since his original manifesto to the Spanish people on the 7th April, and his statement on the 16th April in which he discounted the false impression created by the Franco propagandists that he favoured the idea of foreign intervention in Spain's internal affairs. His advisers, banished from Estoril by Dr. Salazar's ruling, are busy preparing for the next move.

The Spanish press and radio have been making much of recent articles in the French press to the effect that sanctions against Franco were costing France over 300,000,000 pesetas in exports, cancelled orders for industrial equipment amounting to 3,000,000,000 pesetas and the loss of the Spanish market for French phosphates, cars, chemicals and luxury goods. Spain, asserted *Pueblo* smugly, had closed her frontier solely owing to France's behaviour. Spanish commentators adopted the same self-righteous note in reporting General Franco's meeting with the Bishop of Seo de Urgel at Lérida during his recent tour of Catalonia. The Bishop (co-Prince of Andorra with the Head of the French State) welcomed Franco on behalf of the Principality of Andorra which, he said, "wished to join in loyal Catalonia's demonstration of affection and gratitude." When reporting this incident in his International Review, broadcast on the 3rd June, José Ramon Alonso claimed: "There has never been any dispute with Andorra . . . . the rights of the Spanish Prince are irrefutable, whereas those of France are disputable as they spring from usurpation and not from inheritance since a republic can hardly be considered the preserver of a king's rights." In spite of a similar pin-pricking policy on the French side the two Governments would undoubtedly like to find a face-saving formula for re-opening the Franco-Spanish frontier which, to the economic detriment of both countries, has been closed since February 1946.

A significant pointer to the continued connubial happiness of the Caudillo and the Church is the re-establishment by Papal decree on the 5th May of the Eccesiastical Court of Appeal known as the Spanish Rota. After publication of the *Motu Proprio* in its Latin text in the Official Gazette, General Franco issued a decree declaring that this new appeal court would be duly incorporated in the Spanish judicature and would have precedence immediately after the Supreme Court of Military Justice. Its seven judges, who must be priests and doctors of Canon Law, are accorded the rank and prerogatives enjoyed by judges of the High Court of Civil Justice.

Doña Eva Duarte de Peron, the wife of the President of Argentina, is paying a visit to Spain. She arrived in Madrid on the 8th June, where General Franco, his wife and the entire Spanish Cabinet waited to greet her. For weeks past the Spanish press has devoted its most fulsome epithets to the impending visit, and no expense is to be spared to ensure that Señora Peron shall take home to her husband an excellent impression of Spanish hospitality. On the 9th June she was invested with the Grand Cross of Isabella the Catholic, and Madrid enjoyed a public holiday.

ITALY

One of the first duties of the new Italian Government is to secure the speedy ratification of the Peace Treaty by the Constituent Assembly. On the 5th June the Senate of the United States ratified the Treaty by 79 votes to 10 (see also under "The United States"), and it is hoped that the French Government will get ratification through by the end of this week or shortly afterwards. Count Sforza has ready a bill for presentation to the Assembly, and now that the American Senate has ratified, there seems no reason to expect undue delay on the part of the Italians. The Assembly is due to be dissolved or adjourned on the 24th June, but it seems likely to have it life prolonged in view of the protracted discussions on the new Constitution. In this case, there should be no difficulty about presenting the ratification bill, and Professor Einaudi, the new Vice-Premier is confident that it will be approved without much delay. Certainly the new Government will be anxious to get ratification through and to have the continued support of the United States. The Government's position is by no means comfortable. Already the Communists have issued a party resolution asserting that the last two Government crises were provoked by Signor De Gasperi without any good reason, under the "pressure of Italian and foreign groups that were determined to exclude the working-class parties." The party proposes "to correct this situation by democratic methods."

The meeting of the Confederation of Labour ended on the 6th June, and there seems to have been a general feeling of satisfaction among all the political parties that it ended without any serious internal split in spite of violent differences of opinion. A directing committee of 15 was nominated, on which the Communists have a majority of one over all the other parties combined. The Saragat Socialists obtained only two nominations, which is yet another indication that this party has not got the working-class support which is claimed for it by some of its leaders. This committee will elect from among its members the executive committee and a Secretary-General, who is to replace the three presidents, each representing one of the three big parties.

In regard to the relations of the Confederation to the Government, Signor Lizzadri (Socialist) said that they were willing to collaborate with the Government, but that the Confederation must defend its independence of any Government or party. Signor Di Vittorio (Communist) spoke on the economic demands of the Confederation; he dwelt on the need to take a stand on the ground of real wages, fighting the high cost of living and speculation and on the necessity to increase production and reduce costs. He added that the workers' problems could only be solved on the basis of the essential interests of the country. These are admirable sentiments. The Government will certainly need the whole-hearted support of the Confederation if the country is to surmount its economic and political difficulties. The figures of membership quoted by the party leaders indicate that the Confederation is representative of Italian Labour and that the Government will be bound to take its view into account. There are now six million members, *i.e.*, nearly one-third of the total working population over 10 years of age. This is a large proportion in view of the fact that nearly 9 million of the working population are agricultural workers, always hard to organise, and that 5·6 million of the working population live in the poverty-stricken, unorganised South and in the islands. This poverty was referred to by Signor Lizzadri who said that the Republic would

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SOUTH-EASTERN EUROPE

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Whether from fear, disillusionment or the conviction that the moment for action has not arrived, protests against the *coup* have been noticeably lacking. M. Bán, the Social Democratic Minister of Industry, is reported to be aware of the Communist danger but to hold the view that, so long as the Soviet Army is in Hungary, no effective stand can be made, though M. Rákosi's renewed insistence on the theme of ultimate fusion suggests that postponement may deprive the Social Democrats of their last vestige of independence. Moderate Social Democratic opinion, while favouring the disfranchisement of persons who were "B" listed for political reasons, lays stress on the importance of a free election, but the Minister of Justice, M. Ries, is collaborating closely with the Communists over the question of preparing a revised electoral register. He has declared himself in favour of excluding not only the offenders themselves but also the relations of all those condemned for war crimes, crimes against the nation and the violation of the Law for the Protection of Democracy. In addition he recommends the disfranchisement for a period of from three to five years of former Arrow Cross members, a reform which, if faithfully executed, would affect numerous Communists who sought immunity in the Party after the liberation.

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until Marshal Tito gave an interview to some Bulgarian journalists a few days ago there has been no authoritative pronouncement on the subject in Yugoslavia. "Tomorrow, perhaps, but not to-day" has been the attitude. But on June 1st Tito said that the "masses" in Yugoslavia and Bulgaria desired a *rapprochement* between the two countries. They knew from experience what it meant to be a small state, therefore they must unite, and nobody had the right to impede their union. Albania, the Marshal said, though not a Slav state, enjoyed a social system which made similarly close relations possible. A union of the three states would not be a threat to anyone, but a means of safeguarding their own interests and possessions.

Albania, it will be recalled, already has a customs' union with Yugoslavia and is virtually integrated with that country economically and politically, so that once Marshal Tito's words are put into effect a form of Balkan federation will in fact exist. The visit of the Roumanian Prime Minister to Belgrade on the 7th June, allegedly on his own initiative, also fits into this picture of Balkan union. The visit was kept secret beforehand. In spite of an emphatic denial from the Yugoslav Foreign Minister that anything would be signed or was ready for signature, it was believed that the subjects of discussion were a customs' union and, in more general terms, a Balkan federation.

During the same interview Tito announced that, as a member of the United Nations, Yugoslavia would accept the decision of the Powers with regard to Carinthia, but that she would regard no solution as permanent which did not satisfy her full demands. He made the customary reference to the supposed thraldom of the Greek people. *Tanjug*, however, has denied the rumours circulating in Greece of a concentration of Yugoslav troops near the frontier.

Some Ministers and a large part of the Foreign Ministry are being transferred to Bled in Slovenia, where Tito occupies the former summer residence of the Royal Family.

The British Book Exhibition, which is being transferred from Zagreb, where it met with great success, will be opened in Belgrade on 13th June by H.M. Secretary of State for Air. This event will coincide with the arrival of a Military Delegation from Czechoslovakia, headed by the Minister for War, which is reciprocating the recent visit of the Yugoslav Chief of Staff to Prague and is said to have no political significance.

It is learned that the Franco Gaži who was recently arrested in Croatia (see *Summary* No. 393) is not the Vice-Premier but his namesake, a member of the Peasant Party, who at one time held a post in the Legation in Moscow, but who has occupied no position under the present régime in Yugoslavia. His brother, Stjepan, was, and may still be, in Switzerland, whence he kept up a correspondence with Dr. Krnjević in London.

A commission for the purging of the legal profession has reduced the number of practising lawyers in Croatia from 160 to 55 within a few weeks. Before the war there were 700.

Greece

The recent lull in the Greek Army's operations against the bandits has afforded an opportunity of reviewing the events of the last two months. It is generally agreed that military operations against the bandits have been neither so successful as to raise hopes of an early collapse of the rebellion, nor so unsuccessful as to justify pessimism. It is believed in some quarters that, unless the prospective U.S. mission authorises an increase in the Greek Army, military suppression of the bandits is going to take a long time. Moreover the bandit menace will probably never be eliminated by the use of force alone. On the other hand the recent considerable increase in the scale and scope of bandit attacks (see last week's *Summary*) has convinced even the Liberals that a purely political solution of the problem, by broadening the amnesty terms and suspending operations, is now impossible. The bandits in those areas still to be liberated by the Greek National Army are reported to be better organised and better armed than ever and have shown themselves to be arrogantly self-confident and in no mood to surrender. The Government, therefore, see no alternative to their policy of a continuance of military operations combined with their present amnesty offer.

Meanwhile the presence of the United Nations Frontier Sub-Commission in Northern Greece seems not to have checked the movement by bandits across the frontiers of the three neighbouring countries. Hopes that Bulgaria would not impede the Sub-Commission's work were frustrated on the 2nd June when its members travelled to Kula in order to cross into

Bulgarian territory to investigate the Angistron-Lipa and Kapnotopos incidents. They were confronted by an unusually large number of frontier guards and denied entry. They therefore returned to Salonica after investigating as much of the incidents as they could on the Greek side of the frontier.

Bandit raids have continued over a wide area. In and around Grevena, in particular, the situation remains serious. The town is overcrowded with refugees from the surrounding villages where a very large number of houses have been destroyed by the bandits. The Holy Synod of the Orthodox Church of Greece has issued an Encyclical denouncing the rebels and instructing the clergy to celebrate Requiem Masses for the patriots who have died in defence of the State. It is reported that 197 priests have so far been murdered by Communist bands, and 65 churches have been burnt, as well as a number of ancient monasteries.

Bulgaria

Three new incidents afford further proof of the Soviet-run government's determination to get rid of all opposition before the time comes for the Russian forces to evacuate the country.

Upon the expiration of the month for which the opposition paper *Svoboden Narod* was suspended, a crowd organised by a Communist union invaded the printing works and prevented a resumption of publication. After making verbal representations in vain, the British political representative on the 5th June handed in a Note of protest. This also cited the recent elimination of the other Opposition paper, *Narodno Zemedelsko Zname*, by the analogous trick of an inspired printers' strike. The Note expressed the hope that the Bulgarian Government, by enabling both papers to reappear, would clear themselves of any charge of infringing the freedom of expression and of press and publication solemnly guaranteed by the Bulgarian Government in the treaty recently signed and due soon to come formally into force. The United States representative made verbal protests somewhat earlier to the Prime Minister and to the Russian representative. Twenty-nine of the *Svoboden Narod* printers had the courage to sign a protest to the Acting Prime Minister against the Communists' intimidation.

The second incident was the arrest on the 6th June of Nikola Petkov, the leader of the Opposition, whose outspoken criticisms in the Assembly have shown him to be a man of remarkable pluck. His arrest had long been expected, but it came with surprising suddenness. A motion for the suspension of his parliamentary immunity was introduced without warning, it was passed by the usual government majority and he was arrested by the Militia at the end of the sitting after he had made a dignified speech denying the charges brought against him. Later, Asen Stambuliski, acting as leader of the Opposition, read a statement to the effect that a new wave of terror had been started, that the charges against Petkov were completely false and that his arrest was illegal. The Opposition then walked out.

The allegation of the Public Prosecutor is that Petkov created in the army an illegal organisation of "reactionary and pro-fascist" officers in order to overthrow the régime by force. Much of the so-called evidence on which this allegation is based appears to be "confessions" wrung by familiar means from General Popov, Peter Koev and others who have been arrested on similar charges.

A third incident is the wholesale mobilisation in labour battalions of persons alleged by the Fatherland Front (*i.e.*, Communist) local committees to be doing no, or insignificant, work. This simple but effective means of removing adversaries is clearly directed against the rank and file of the Opposition, and at least three reporters of the Opposition press have thus been got rid of.

Regarding all of the above three matters, Mr. Sterndale-Bennett saw the Bulgarian Prime Minister on the 7th June. Georgi Dimitrov promised that not a hair of Petkov's head should be harmed during his arrest, that he should be properly accommodated and that he should not be subjected to torture or any physical coercion. In defence of his policy Dimitrov produced disingenuous explanations and insinuations of British and American plots to wreck the food supply and even to overthrow the Government. He said that the Government would respect the fundamental freedoms, as provided in the new treaty, but they would also carry out the provision which barred fascist organisations designed to withhold democratic rights. He chose to say that if Britain and the United States would refrain from interfering, relations with those countries would be satisfactory, but Mr. Sterndale-Bennett made it plain that, on the contrary, an improvement in relations depended on Bulgaria. The United States Chargé d'Affaires had an interview with Dimitrov the same day.

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If words could produce an impression on unscrupulous fanatics, Mr. Sterndale-Bennett's plain speaking might be expected to curb the Government's actions. But the issue between the Government and the Opposition is one of life and death, and, even if they were disinclined to do so, the Government must continue on their course or run the risk of being torn to pieces later.

Turkey

Members of the American military mission are now travelling about Turkey in order to form an estimate of the country's military needs. The most urgent of these appear to be air defence and improved communications, particularly at the southern port of Iskenderun (Alexandretta) which at present is a bottleneck. After that the Turks' main requirement seems to be simple equipment and instruction in its use. Among the difficulties are firstly a certain Turkish complacency which arises from ignorance of modern warfare, and secondly the Government's fear of criticism, by Soviet propagandists and by the Turkish Opposition, on the score that Turkish independence is being sacrificed. However, if the efficiency of the Turkish forces can be raised enough to permit substantial demobilisation, that in itself will remove a cause of political discontent and of economic weakness.

It may be taken as certain that the Turkish Government are watching with anxiety the armed struggle in the Greek mountains. The semi-official *Ulus* emphasised that Soviet policy was to encircle Turkey by breaking through Greece to the Mediterranean.

THE MIDDLE EAST

Egypt

The Egyptian press has adopted an attitude of injured innocence towards the criticisms of the Egyptian Government's grant of asylum to Abdul Karim (see last week's *Summary*) which have appeared in the French and American press. The *Journal d'Egypte*, which is inspired by the Palace, devoted a special article to the subject on the 4th June in which it was suggested that the sudden hostility of the American press indicated that the incident was being used as a pretext to attack Egypt, and remarked: "il serait fort intéressant d'en connaître le motif." The writer ingenuously asks what the United States authorities would have done if Abdul Karim had landed at an American port.

Simultaneously with this affair a dispute with the French Government has arisen over the distribution of supplies given by the Egyptian Red Crescent Society in aid of distress in Tunisia (see *Summary* No. 391). Although the gift had been accepted by the French authorities, they had not given permission for the Egyptian cruiser, the *Amira Fauziah*, to visit Tunis, where she arrived unannounced to land the supplies. Permission to do so was refused by the French, and the ship left for Malta where she anchored on the 2nd June (see also under "France"). The question of her now calling at Tripoli is causing some difficulty, although, owing to the status of Libya, the cases are not analogous.

The two incidents have excited the xenophobic tendencies of the editor of the *Ikhwan al Muslimin*, who wrote on the 5th May urging the recall of the Egyptian Ambassador from Paris, the closing-down of all French institutions and schools in Egypt, and the banning of the teaching of French in all Egyptian schools and universities. "This," he writes, "is how we should treat every country attacking our rights. Arrogant countries must be taught a lesson which they will never forget." Under the title "Egypt in the right and the Government should proclaim it" the *Ahram* criticises the Government's silence on the two affairs about which, the writer says, public opinion is much exercised and should not have to depend on news from foreign sources.

Interest in these two affairs has somewhat overshadowed the prospects of Egypt before the Security Council, and the Prime Minister has not yet left for the United States. An announcement of the names of experts who are being consulted leads the press to assume that Egypt's case will be based upon its legal aspects.

Palestine

The only reference during the week to Mr. Ben Gurion's speech is a protest by Mr. Ben Gurion himself that *The Times* misreported him. According to the Jewish Telegraphic Agency the Jerusalem correspondent of *The Times* stated that Mr. Ben Gurion said that the Jewish Agency cannot have confidence in Russia because Russia had often broken her pledges, whereas he had, in fact, said the exact opposite, namely, that the word of the

Russians can be trusted. The full delicacy of the situation confronting the Agency, consequent on the indication of Soviet policy contained in Mr. Gromyko's statement, is evidently realised by Jewish leaders, and not least by Mr. Ben Gurion himself. The risk of estranging American opinion by shewing over-eagerness to close with Russia is fully appreciated. Russian support for partition would be conditional on complete autonomy for the Jewish zone, so that the Jews would be unable to purchase Anglo-American support by the offer of an alliance and military bases. Hence Mr. Ben Gurion's advocacy of the creation of a Jewish State in part of Palestine, and the retention of the British Mandate over the remainder, into which Jewish penetration would be facilitated (on the assumption, made, no doubt, by Mr. Ben Gurion, that the terms of the Mandate remained unchanged). Thus His Majesty's Government would retain a technical foothold and the Jews would be enabled to discharge their obligations to the Soviet Union by refusing facilities to Great Britain and the United States.

The Arab Higher Committee, who concluded their deliberations in Cairo last week, are said to have contained a majority in favour of boycotting the Fact-finding Committee, but to have decided to wait for the result of the meeting of Foreign Ministers of the Arab States—which opened on the 5th June—before coming to a final decision. The Foreign Ministers, who form the Political Committee of the Arab League, completed their review of the work of the Arab delegations to the United Nations on the 7th June. They criticised the United Nations for its failure to include any mention of independence, democracy and self-determination in the terms of reference for the Palestine enquiry, or to separate the refugee problem from the Palestine question. On the ground that Zionist influence in the United States is strong enough to prevent an entirely impartial consideration of the Palestine question, they confirmed the decision of the Arab delegations that each Government should reserve its liberty of action to adopt whatever attitude it thought necessary towards the Palestine question. Finally, expressing the belief that peace and harmony could not prevail in Palestine and the Arab World if the principles of democracy were disregarded, the Committee formally resolved that the Arab Governments should present the next session of the United Nations with a demand for the termination of the Mandate and recognition of the independence of Palestine. How these decisions will affect the attitude of the Arab Higher Committee is not yet known. The opponents of co-operation are swayed by emotion rather than by consideration of where the true interests of the Arabs lie, but, from the fact that Dr. Tannons has asked the United States Consul-General in Jerusalem for his opinion, there seems little doubt that they are anxious to test foreign reactions to a boycott.

A Jewish Agency spokesman claimed on the 5th June to know the contents of a report recently made by His Excellency the High Commissioner, in which he criticised the attitude of the Jewish Agency as an encouragement to terrorism. This charge, the speaker said, is utterly rejected by the Agency, which, as usual, puts the whole blame upon the British policy of "deportations," the enforcement of the Emergency Regulations and "such speeches as that made recently by Mr. Bevin." An attempt to excuse the attitude of the Agency in regard to general co-operation of the Yishuv with the police was made on the ground of a distinction between political and ordinary crime. On the 4th June, however, it was announced that "Jewish security forces" were taking action to apprehend the perpetrators of the attacks which were made that day on the railways, and to "deter" them from further activities.

The Stern Group announced in Jerusalem on the 5th June that they were responsible for the "letter-bombs" which have been received in this country. The Jewish Telegraphic Agency expresses doubt of the truth of this claim.

An illegal immigrant ship, the *Anal*, was intercepted last week with 399 passengers, a substantial proportion of whom seem to be Jews from North Africa.

A British police sergeant and a police constable were kidnapped on the afternoon of the 9th June at a public swimming-pool at Ramat Gan, near Tel Aviv. The Haganah issued an appeal to the terrorists to free the men, and one to "every Jew who has information of the whereabouts of the kidnapped men immediately to inform the nearest Haganah commander." Both were found on the afternoon of the 10th June at Kiriat Shaul, north of Tel Aviv, which had been cordoned by troops. They were unharmed and had been well-treated.

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The Haganah and other sections of the Jewish community had actively assisted in the search.

Transjordan

His Majesty King Abdullah has written to Mr. Bevin saying that he is very anxious about the general situation in the Middle East and the political tendencies there, and that, as a well-wisher who considers that peace is to be found in a true understanding with Great Britain, he would welcome the opportunity of a meeting either in London or Amman.

Syria and the Lebanon

The situation in Beirut arising out of dissatisfaction with the conduct of the elections (see last week's *Summary*) was reported by His Majesty's Minister to have improved by the 4th June as a result of the firmness of the Government, who forbade demonstrations, and of disunity in the ranks of the opposition. On the 8th June, however, the editors of all the leading daily newspapers, except the semi-official *Le Jour*, addressed a letter to the President of the Republic announcing that they would boycott the proceedings of the Assembly owing to the notorious fact that "the success of a large number of candidates was due, as is well known, to falsification and fraud, which no-one dares deny," and demanding the dissolution of the Assembly.

Meanwhile, in accordance with the Constitution, the Government have resigned and a new Government, headed by Riadh Bey as Solh, has been formed. The members are :—

Prime Minister : Riadh as Solh.
Vice-Premier and Public Works : Gabriel Murr.
Finance : Muhammed Abdur Razek.
Interior and Public Health : Camille Chamoun.
Foreign Affairs and Education : Hamid Frangieh.
National Economy and Agriculture : General Naufal.
Justice : Ahmad Hussaini.
Defence and Posts and Telegraphs : Emir Majid Arslan.

Henri Pharaon refused to participate, and this caused some difficulty at first which was overcome by the inclusion of General Naufal, a non-deputy, who was head of the gendarmerie from 1941 to 1943, when his pro-French sympathies resulted in his removal from his post. Henri Pharaon apparently hopes to regain some of the popularity he lost during the election, by leading the Opposition in the Assembly.

According to the Arab News Agency, Monseigneur Mubarak, the Maronite Archbishop of Beirut, has been ordered by the Lebanese authorities to leave the country and has embarked for Rome. His anti-Government activities appear to have gone beyond the mere publication of an open letter to the President (see last week's *Summary*).

Although the press has reported that an agreement between the Syrian and Lebanese Governments concerning the Trans-Arabian pipe-line (see *Summary* No. 380—Special article on Oil Production and Supplies in the Middle East) has already been signed, this is not the case as difficulties still exist over the share of the dollar proceeds which each country shall take. These will fall under three headings : the construction of the pipe-line in the Lebanon, the construction of the pipe-line in Syria and the construction of the refinery at the Lebanese end of the pipe-line. The Syrians are claiming 50 per cent., but the Lebanese consider that this is excessive, since the Lebanon will suffer certain disadvantages such as wear and tear on roads, a drain on water-resources and (absit omen !) the danger of bombardment in war.

Saudi Arabia

His Majesty King ibn Sa'ud has addressed a letter to Mr. Bevin in which he alleges that the Hashimites are intriguing against him. He refers to the "Greater Syria" project and the recent 'Iraqi-Transjordan Treaty, which he describes as a "political and military" union between the two countries, and as the beginning of an aggression against Sa'udi Arabia and Syria. He says the new Treaty aims at changing the *status quo*, a thing which he could never tolerate in any circumstances. He asks for an assurance from His Majesty's Government that they will never agree to any change in the Middle East, and will guarantee that no harm shall come to Sa'udi Arabia or her interests. (The request for an assurance that no change shall be made in the Middle East, apart from ibn Sa'ud's personal interest in the matter, implies satisfaction with the post-1918 division of the Arab World which has so often been criticised as artificial and unsound. The divergencies of view between the members of the Arab League thus appear in their true light as the result of differences in national character, due to local conditions and varying levels of culture rather than of rivalry caused by the creation of unnatural divisions.) Mr. Bevin's reply, which was handed to the Sa'udi Arabian Minister on the 6th June, is couched in reassuring terms, but expresses the hope that any differences which may occur between the Arab States will be settled by wise diplomacy in a spirit of mutual goodwill. It goes on to state that His Majesty's Government believe that the policy of 'Iraq and Transjordan is in no way directed against Sa'udi Arabia, and that, according to their information about the Treaty, it does not, in fact, amount to a union between the two countries, but is very similar to the Treaty of 1936 between Sa'udi Arabia and 'Iraq, and its terms do not seem open to any legitimate objection by any third party. With regard to "Greater Syria," His Majesty's Government continue to hold that they are not an interested party, and that this is a question for the Arabs to settle amongst themselves. In conclusion Mr. Bevin says that he does not consider that there is any special cause for apprehension on account of the recent developments to which His Majesty has drawn his attention.

Persia

On the 29th May the Prime Minister, Qawam as Sultaneh, gave a reception at the Persian Democratic Party's headquarters in honour of the newly-elected deputies. He made no reference to the date on which the Majlis would assemble (see last week's *Summary*), stating merely that it would not be until after the end of the elections. He then gave a characteristic outline of his achievements during his period of office, but dwelt particularly on the responsibilities of Persian youth. He added that he wanted the Democrat Party to become a political school where the youths of the country could get their training.

Mulla Mustafa (see *Summary* No. 390, under "'Iraq") returned to Persia on the 1st June. He is now in the mountainous area west of Khoi, *i.e.*, near the Turkish frontier, with about 400 followers, and it is believed that some skirmishing with Persian troops has taken place. It is anticipated by the Persian Chief of Staff that the Mulla may try to make for Russia (see *Summary* No. 388) or join up with the Jellali Kurds.

THE FAR EAST

China

The 13th and last plenary session of the P.P.C. (People's Political Council) opened on the 20th May to the accompaniment of mass strikes and demonstrations by students in most of the larger towns. Airing in the first instance, as they did, petty grievances these strikes attracted little public sympathy. Subsequently, however, the strikers adopted a more skilful line of propaganda. Slogans were directed against the continuance of the civil war, the high cost of living and the unsatisfactory economic state of the country; and the students declared their intention to stage a general strike on the 2nd June (the anniversary of the "anti-civil war" movement started last year by the Communists from Yenan), in which they invited labour to co-operate.

In a public statement on the 18th May General Chiang Kai-shek branded the demonstrations as Communist inspired. On the same date the State Council prohibited, with special reference to the student movement, all strikes and demonstrations and warned all concerned of the consequences of disregarding this order. In Nanking, however, the students decided to defy the ban and, in an attempt to stage a parade outside the National Assembly Hall at the time of the opening of the P.P.C. meeting, found themselves involved in a rough and tumble with the police, in which several persons on both sides were hurt and, the students claim but Government sources do not confirm, two students lost their lives.

In his speech at the opening ceremony of the P.P.C. General Chiang Kai-shek made a point of declaring his willingness to resume peace negotiations the moment the Communists "halt their rebellion." And General Chang Chun, who followed, promised that the students' difficulties would receive sympathetic consideration and appealed to them to co-operate in the nation's reconstruction by confining themselves to their studies.

Nevertheless, the students continued their agitation and the movement gathered momentum throughout the country, causing the Government considerable anxiety. Shanghai was reported to be seething with unrest and a tenseness which threatened at any moment to break into labour dis-

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orders and riots. The city authorities issued a warning to "left-wing agents" who, they declared, were busily inciting the students to fresh demonstrations. The Mayor, Dr. K. G. Wu, after asserting that much of the unrest was due to a rice shortage brought about by Communist activities in northern Kiangsu, declared that the Government had come into possession of documentary proof of a Communist plot to promote student and labour strikes followed by a general uprising—accompanied by extensive fires in the Shanghai and Nanking areas—on the 2nd June. He said that the authorities had watched the plot develop step by step until it had reached a point which made the immediate application of drastic action essential. There is little doubt but that *gestapo* methods were then brought into play. Many students and ordinary civilians, including a number of newspaper reporters, were arrested as Communist agents in almost all the larger towns throughout the country.

This somewhat high-handed action on the part of the Government met with severe criticism from a section of the members of both the Legislative Yuan and the P.P.C., who claimed that the students were largely instrumental in overthrowing the Peking régime twenty years ago and who characterised the Government's present action as "short-sighted" and more likely to aggravate than alleviate the situation. The Government, however, made it quite clear that they were prepared to take effective steps against any further attempts at disturbances by the student fraternity; while disorders from sympathetic labour movements were virtually bought off by the restoration of a cost of living index—on an exceptionally generous scale—as the basis for wage calculations. Special precautions—including in some instances martial law—were taken in all the principal towns and the 2nd June passed quietly and almost without event, the students quite suddenly and unexpectedly declaring that they had "decided against holding the public demonstrations."

The P.P.C. session itself is said to have run true to form with much loud criticism of the Government but with little of constructive value being accomplished. Among the resolutions passed in the Council's advisory capacity was an invitation to the seven Communist members to attend the P.P.C. session "to discuss national affairs" and an effort was made to convey this invitation by means of the Government-operated broadcasting stations, but if it reached the Communists at all, it brought no response. However, before the P.P.C. finally closed its twelve days session, a short manifesto was issued appealing to the Government to reaffirm their wish for a peaceful settlement of the Communist problem. Other resolutions included the placing of the main burden of taxation on the rich and the requisitioning of their property; a more generous scale for the repayment of pre-war deposits; a halt to the issue of new bank notes; the requisitioning by the Government of private capital and deposits abroad; while confused resolutions relating to possible foreign loans seemed to indicate that the delegates believed that a solution of China's economic problems was to be found primarily in contracting loans with the United States of America and other countries. In the debate on foreign affairs a resolution demanding the restoration of Hong Kong was withdrawn, but a similar resolution urging the Government to initiate negotiations for the recovery of Macao was adopted. The situation in regard to Dairen and Port Arthur came in for discussion resulting in a recommendation to the Government to take over the administration of both ports—"as soon as possible."

In the north and more particularly in Manchuria the progress of the civil war is causing the Nanking Government considerable anxiety. An indication of the seriousness with which the situation is regarded is to be found in General Chiang Kai-shek's sudden decision to make a personal visit of inspection of the front in the Mukden area on the 30th May.

Obviously with Mukden as their objective, a strong detachment of Communist troops had already made a rapid advance along the railway line to a point within a short distance north of the strategically important road centre of Kaiyuan—leaving on their way the two important railway junctions of Changchun and Szepingkai to the attention of other Communist units. Kaiyuan has since been captured and the detachment is now reported to be threatening Mukden from a short distance from the important key pass of Tiehling.

In the south, the recent trouble in Formosa has been stamped out, and General Chen Yi has been replaced as Governor by Wei Tao-ming, who assumed his new post

on the 15th May and declared his determination to administer the island on strictly democratic lines. The Nanking Government is also watching with some anxiety the possibility of a separatist movement developing in Kuangtung and/or Kuangsi under the direction of the former war-lord, Li Chai-sum, whose activities in Hong Kong recently formed the subject of representations by General Chiang Kai-shek to H.M. Ambassador at Nanking. At present, however, the possibility of such a development is confined to suspicion.

Japan

The State and War Departments announced on the 9th June that private trade with Japan will be authorised as from the 15th August, that accommodation for 400 private trade representatives will be made from that date and that the Allied Trade Board in Washington will determine the allocation to the Allied nations. Fears that trade representatives already resident in Japan might enjoy an unfair advantage at the outset are to some extent allayed by the proviso that no transactions may be finalised before the 1st September.

Trade will necessarily open under severe restrictions. All transactions must be licensed by the Japanese Government and approved by S.C.A.P. Headquarters. Certain goods such as cotton textiles, tea and raw silk, and various equipment and machinery, are temporarily reserved for Government-to-Government trading. The announcement states that initially there will be no foreign exchange rates established. Since the objective is to develop the maximum amount of trade possible, it has been agreed in Tokyo and Washington that no exchange rate is practicable until a flow of export trade in a wide range of commodities has been set in motion.

The Japanese Government has proved itself hitherto unable to establish the necessary controls over the economic system, which is in serious plight. The present resumption of trade cannot, therefore, be regarded as more than a move in the right direction.

Siam

On the 5th June, Luang Dhamrong's new Cabinet obtained a vote of confidence in the National Assembly by a substantial majority.

The full list of the new Cabinet is as follows:—

President of the Council of Ministers and Minister of Justice, Luang Dhamrong.
Vice-President of the Council of Ministers, Dr. Duan Bunnag.
Minister of Commerce and Minister of Education, Dr. Duan Bunnag.
Minister of Defence, Lt.-General Jira Vichit Songkhram.
Minister of Foreign Affairs: Nai Arthakitti Banomyong.
Minister of Finance: Nai Vichitr Lulitananda.
Minister of Agriculture, Col. Chuang Chawengsak Songkhram.
Minister of Communications, Phya Prakit Kelasat.
Minister of Interior, Phya Sunthon Phiphit.
Minister of Public Health, Nai Saeng Suthiphong
Minister of Industry: Nai Thongin Phuriphat.

The Cabinet also includes the following nine Ministers without Portfolio:—

Colonel Thuan Wichai Khatkha, H.S.H. Prince Nondiyavat Svasti, Nai Yuan Phanitwit, Nai Chamlong Daoruang, Nai Thong Kanthatham, Nai Wirot Kamalaphan, Khun Radap Khadi, Nai Jit Wechaprasit, Luang Narat Raksa.

Of the members of the outgoing Cabinet who have not been included in the new Cabinet, Vilas Osathanond, formerly Minister of Commerce, and Charoon Subsaeng, formerly Minister of Agriculture, are the most noteworthy. That his half-brother, Nai Arthakitti Banomyong, should have been appointed to the important post of Foreign Minister, is taken as an indication of the Senior Statesman's influence from behind the scenes.

The only entirely new name in the present Cabinet is Luang Narat Raksa, Minister without Portolio, who, it is understood, will assist both the Minister of Industry and the Minister of Public Health. Of the other members of the Cabinet, Saeng Suthiphong is a former Acting Secretary of State and Director-General of Public Health; both Yuan Phanitwit and Khun Radap Khadi have at one time been Secretary to the Minister of the Interior; and Jit Wechaprasit was a Minister without Portfolio in Seni Pramot's Cabinet.

On the 6th June, Vice-Admiral Sir Denis Boyd, the Commander-in-Chief of H.M. Pacific Fleet, arrived in Bangkok on a short courtesy visit.

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THE UNITED STATES OF AMERICA

The Government and press of the United States have reacted strongly to recent events in Hungary. On the 5th June President Truman condemned the Soviet *coup* against the Nagy Government as an "outrage" and said that the State Department was making a complete investigation. Previously a State Department spokesman had announced the suspension of the surplus property credit to Hungary until the situation in that country became clearer. On the 4th June it was revealed that a request had been made for Brigadier-General George S. Weems, the U.S. representative on the Allied Control Commission in Budapest, to be furnished with copies of the information against M. Nagy which the Soviet Chairman of the Commission had handed to the Hungarian Government. Since then the United States Government has been in consultation with His Majesty's Government regarding possible joint representations to the Soviet authorities. (See also under "Hungary.")

The American press has waxed indignant about the Soviet Union's "flouting of the democratic process" and its "mockery of the armistice terms" in the Hungarian *coup*. In some quarters it has been suggested that the overthrow of M. Nagy has been the Soviet answer to the "Truman Doctrine," although informed observers point out that the *coup* is in reality the outcome of a well-laid plan upon which the Soviet authorities have been engaged for more than eighteen months. Others feel that Czechoslovakia may be the next victim of Soviet aggression. They fear that Italy, too, may be exposed to Soviet machinations if American troops are withdrawn when the peace treaty is ratified. Thus in the Upper House this week two prominent Democrats, Senators Fulbright and McMahon, moved that ratification of the Italian treaty be postponed until January 1948, by which time it would be seen whether the major German and Austrian settlement was possible or not. Their motion was firmly opposed by the Republican Chairman of the Foreign Relations Committee, Senator Vandenberg, who himself admitted that events in Hungary added "nothing but a further sense of outrage" to the sensibilities of those Allied nations which believed in "peace with justice." In the end the Italian treaty was ratified on the 5th June by 79 votes to 10. The Roumanian, Bulgarian and Hungarian treaties were at the same time ratified by acclamation.

On the day on which the President condemned developments in Hungary in the terms already quoted, Mr. Marshall inaugurated what promises to be a new phase of American economic foreign policy. Addressing the Harvard Alumni Club, the Secretary of State called for a concerted programme of recovery among the European democracies to permit American assistance to be used to the maximum advantage. He stated that the object of American policy in future should be to "provide a cure rather than a mere palliative" for the situation in those countries. The European Governments concerned should first agree among themselves "as to the requirements of the situation" and as to the part which they would take "in order to give proper effect to whatever action might be undertaken" by the United States. Mr. Marshall thereby gave expression to an idea—that of the European countries themselves taking the initiative in formulating a recovery programme—which State Department officials have apparently been turning over in their minds for some time. He also suggested the lines along which the newly-created Policy Planning Committee of the State Department (see last week's *Summary*) may be working. In any event his speech represents the most advanced position with regard to foreign relief problems which the United States Government has ventured to take so far—which is a full turn of the wheel since President Truman summarily stopped all lend-lease operations in August 1945.

As far as Congress is concerned the fact that Republican spokesmen have already been pleading for something similar should help to make the Harvard policy and all that it implies digestible. Senator Henry Cabot Lodge, Jr., for example, has recently been at pains to emphasize that American assistance should be used to foster a "voluntary economic union" in Western Europe (see *Summary* No. 393). In a minor way President Truman has also won bi-partisan goodwill for other relief ventures by his much-commended choice of Mr. Dwight Griswold, a former Republican Governor of Nebraska, as head of the present assistance mission to Greece. On the other hand, Senator Taft, with whom (to the professed regret of some observers) the President this week permitted himself to bandy views in public, is endeavouring to convince the country that large-scale spending and lending abroad will increase

the pressure of inflation and make a mockery of attempts to keep prices down at home. Senator Taft alleges that the dollar funds already made available to foreign countries go "far beyond the proof of specific needs."

The potential area of bi-partisan co-operation is likely to be extended by the State Department decision of the 3rd June to "renew consultations with other American Republics looking towards a mutual assistance treaty as provided for in the wartime Act of Chapultepec." Hitherto Senator Vandenberg has let it be clearly understood that bi-partisan support would not be forthcoming for the Government's inter-American policy as long as Mr. Braden, whose resignation has now been announced, prevented the restoration of what he called "the warmth of New World unity." (See also under "Latin America.")

In a week in which events have moved quickly in the field of foreign relations President Truman has at last seen fit to issue a statement urging every citizen and resident of the United States to refrain from all activities which tend to inflame passions in Palestine while the problem of that country is being considered by the United Nations. Meanwhile, various Jewish bodies in the United States have been repudiating the anti-British advertisements of Mr. Ben Hecht. Consultations regarding these advertisements have apparently been held between the State, Justice and Treasury Departments, and the Deputy Director of the State Department Office of Near Eastern and African Affairs now holds out the hope that it will be possible to take early action to deal with them.

LATIN AMERICA

Inter-American Affairs

The likelihood of a rapprochement between the United States and Argentina has been brought closer by an announcement from President Truman that Mr. Messersmith will soon be returning from Buenos Aires "on the successful conclusion of his mission." On the 4th June President Truman also "reluctantly" accepted the resignation of Mr. Spruille Braden as Assistant Secretary of State for American Republic Affairs. Mr. Braden's resignation becomes effective on the 30th June, and his withdrawal will presumably mark the end of the "tough policy" of which he has been the constant exponent. In Buenos Aires President Perón has chosen the same time to accept the resignation of his ultra-Nationalist Chief of Police, General Velasco, who is replaced by General Bartollo, a former military attaché in Washington with a record of co-operation with the United States. Each side has thus removed its tough men. According to Press reports, Vittorio Mussolini was greeted with the Fascist salute on entering Rosario in a Government car on the 3rd June: this sounds like a last minute attempt of the Argentine Nationalists to stop the reconciliation with the United States.

Argentina

The removal of the Chief of Police and his assistant, Colonel Molina, also represents a victory for the President and his wife in internal affairs. General Velasco, whose control of the police was of effective assistance to Perón at the time of the presidential campaign, had for some time been one of the leaders of a group of Nationalists who were opposed to the corruption of the present régime and to the multifarious activities of the President's wife. In recent months he had challenged Sr. Miranda, the President of the Central Bank, by releasing to the press information about scandals in the telephone company run by one of Sr. Miranda's satellites (see *Summary* 392). General Velasco also appears to have stirred up army dissatisfaction with Sr. Miranda on the grounds that he had not supplied the army sufficiently generously with funds. President Perón is obviously deeply committed to Sr. Miranda, and he has now contrived to reconcile the generals with him, while eliminating any challenge to his own authority. As General Velasco derived his strength from his influence with the police rather than from personal popularity, it may be assumed that President Perón has the measure of the Nationalists: at the same time it seems unlikely that even Argentina will tolerate the present rate of racketeering for ever.

An illustration of Argentina's opportunism is provided by the change of the Government's attitude towards the railways since purchasing them from the British companies. Higher freight and passenger charges, formerly resolutely opposed by the Government, are now vigorously advocated by Sr. Miranda, who

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maintains that increased wages and social services will double expenses and that revenue must accordingly be doubled. Speaking as a good industrialist, he hinted that cattle-breeders would be singled out to bear the brunt of the increases.

Sra. Perón arrived in Madrid on the 8th June and was welcomed by General and Sra. Franco and the whole Spanish Cabinet. According to press accounts, she also had an enthusiastic popular reception and a full programme has been arranged for her fortnight's stay in the Spanish Capital. (See also under "Spain".)

Nicaragua

The political atmosphere in Nicaragua was suddenly disturbed on the night of the 25th May, when the former dictator, General Somoza, executed a *coup d'État*, as a result of which President Argüello sought refuge in the Mexican Embassy. Dr. Argüello was elected as a result of General Somoza's support, and assumed the presidency on the 1st May. It had obviously been the ex-president's intention to perpetuate his authority by treating Dr. Argüello as a rubber stamp. When Dr. Argüello began to remove supporters of the ex-dictator from the Government, General Somoza availed himself of his position as commander of the National Guard to remove his inconvenient successor by force.

On the 26th May members of the diplomatic corps were allowed to visit Dr. Argüello, who described how two hours before the *coup* General Somoza had agreed to leave the country. He also handed to his visitors copies of a previously suppressed telegram to heads of foreign states in which he protested against General Somoza's "shameful scandal." The same evening a docile Congress produced a resolution which began with half a dozen unconvincing "whereases," proceeded to divest Dr. Argüello of his office, and appointed Dr. Benjamin L. Sacasa as Provisional President. Dr. Sacasa at once appointed General Somoza as Minister for War, Marine and Aviation and Commander-in-Chief.

While four out of five Nicaraguans are probably opposed to General Somoza, he can count on the army and the censorship and on his own long experience as a dictator.

The United States Government have informed Dr. Guillermo Sacasa, Ambassador of the overthrown government, of their concern regarding the seizure of power in Nicaragua. They are now discussing the situation with other American republics, and pending further developments, are not disposed to enter into official relations with the régime now in power in Nicaragua. H.M. Government are adopting a like attitude.

THE UNITED NATIONS

Security Council

On the 4th and 6th June the Council discussed the report of the Military Staff Committee on the general principles which are to regulate the United Nations Armed Forces (see *Summary* No. 391).

According to the U.S. representative the report constituted a measure of progress, but the U.N. forces must be made effective, and for that reason bases must be available, and Russian insistence on the absolute equality of the Great Powers' contributions must not prevent those Powers which had particularly effective weapons from supplying more of them and less of other kinds of weapons. Artificial restrictions on the location of U.N. forces must not be accepted.

The representative of Belgium, as one of the smaller Powers, doubted the assumption that the threat to peace would not come either directly or indirectly from a Great Power. He noted that the report did not show how the U.N. forces could come quickly into operation. Russia's representative asserted that the delays in the Military Staff Committee (which according to the records are clearly due to Russia's dilatoriness) were caused by the "delegations which had advanced proposals contrary to the Charter." He defended the principle of equal contributions, on the ground that the principle of comparable contributions might place one Power in a position of military advantage. He would allow exceptions, *e.g.*, in air force contingents. Large forces were unnecessary since the defeat of the Axis meant that no large Power remained who could threaten the peace. He opposed the grant of bases for the U.N. forces, because the Charter did not mention the word bases (the word used in the Charter is "facilities"). Nor should the U.N. forces have a general right of passage, since this would infringe national sovereignty. The contingents must be kept on home territory, for the proposal that they might be stationed wherever their Government had a "legal right of access" was "too elastic," a time limit must be laid down for the return of U.N. contingents after their work was done, since it was unsafe for the decision to be left to the Security Council, where the operation of the veto could delay matters indefinitely. Mr. Gromyko's anxiety lest the veto be abused was equalled by his care for the independence of weak nations. It was dangerous, he said, to allow one country to lend equipment to another; and he alluded, in passing, to foreign troops which had remained during several decades in countries where they were looked on as "uninvited guests." He would leave questions of strategic direction to be taken later.

Australia's representative was disappointed at the Committee's slow rate of progress and at the scanty amount of information reaching non-permanent members of the Council. He challenged the unanimity rule and pointed out that neither the tasks required of the U.N. forces, nor their size was defined. The argument that the "moral weight" of a United Nations decision was so great that only small forces were necessary to carry it out, he regarded as unjustified. He opposed the "equal contributions" proposal, and urged the necessity of keeping the United Nations forces ready for immediate action.

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Freedom of Information.

The sub-commission concluded its first session on the 4th June, and approved the report by 10 votes to 1. Mr. Lomakin (U.S.S.R.) explained that he had tried to achieve unanimity, and had failed. Since the sub-Commission had refused to accept his view that the Press was concerned primarily with the struggle against the remnants of fascism, and since it retained reference to "the progressive elimination of peace-time censorship," he was obliged to vote against the report.

A Dutch resolution on the shortage of newsprint which hampers the free flow of information was passed by the sub-Commission, and the Economic and Social Council is asked to study the matter urgently and "consider measures to alleviate it."

Human Rights.

The United Kingdom draft for an International Bill of Human Rights has just been published by the Stationery Office as a non-Parliamentary paper, price 4*d*. It has been laid before the Drafting Committee of the Human Rights Commission, the meetings of which began on the 9th June. The text is accompanied by notes and a valuable introduction.

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maintains that increased wages and social services will double expenses and that revenue must accordingly be doubled. Speaking as a good industrialist, he hinted that cattle-breeders would be singled out to bear the brunt of the increases.

Sra. Perón arrived in Madrid on the 8th June and was welcomed by General and Sra. Franco and the whole Spanish Cabinet. According to press accounts, she also had an enthusiastic popular reception and a full programme has been arranged for her fortnight's stay in the Spanish Capital. (See also under "Spain".)

Nicaragua

The political atmosphere in Nicaragua was suddenly disturbed on the night of the 25th May, when the former dictator, General Somoza, executed a *coup d'État*, as a result of which President Argüello sought refuge in the Mexican Embassy. Dr. Argüello was elected as a result of General Somoza's support, and assumed the presidency on the 1st May. It had obviously been the ex-president's intention to perpetuate his authority by treating Dr. Argüello as a rubber stamp. When Dr. Argüello began to remove supporters of the ex-dictator from the Government, General Somoza availed himself of his position as commander of the National Guard to remove his inconvenient successor by force.

On the 26th May members of the diplomatic corps were allowed to visit Dr. Argüello, who described how two hours before the *coup* General Somoza had agreed to leave the country. He also handed to his visitors copies of a previously suppressed telegram to heads of foreign states in which he protested against General Somoza's "shameful scandal." The same evening a docile Congress produced a resolution which began with half a dozen unconvincing "whereases," proceeded to divest Dr. Argüello of his office, and appointed Dr. Benjamin L. Sacasa as Provisional President. Dr. Sacasa at once appointed General Somoza as Minister for War, Marine and Aviation and Commander-in-Chief.

While four out of five Nicaraguans are probably opposed to General Somoza, he can count on the army and the censorship and on his own long experience as a dictator.

The United States Government have informed Dr. Guillermo Sacasa, Ambassador of the overthrown government, of their concern regarding the seizure of power in Nicaragua. They are now discussing the situation with other American republics, and pending further developments, are not disposed to enter into official relations with the régime now in power in Nicaragua. H.M. Government are adopting a like attitude.

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REPEAT
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Weekly Political Intelligence Summary
No. 396

FOREIGN OFFICE,
(RESEARCH DEPARTMENT),
18TH JUNE, 1947

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EUROPE

GERMANY

A permanent German Central Economic Commission has been set up by the Soviet Military Administration in their zone. This was announced by Marshal Sokolowsky on the 14th June. The Commission is to direct the economic reconstruction of the zone. Information on its powers is not yet complete but it seems that its orders must be approved by the Soviet Military Administration, and will then be effective over the planning, direction and control of all economy in the zone. According to press reports the Commission is composed of the five Presidents of the Central Administration for agriculture, industry, fuel and power, transport and commerce, together with the Presidents of the *Freie Deutsche Gewerkschaftsbund* and of the *Bauernhilfe*. The five representatives of the Central Administration were originally appointed to their posts by the Soviet Military Administration. The new Commission, unlike the Bi-Zonal Economic Council, is not subject to any parliamentary control and does not provide for representation of federal interests. It is, in fact, a completely centralised economic cabinet consisting entirely of members of or sympathisers with the Socialist Unity Party, but responsible to Military Government. It is to be supported by an economic department, whose composition is not yet known, which will coordinate the work of existing organisations and provide liaison between the *Laender* and the Central Administration. The Commission provides one first direct link between the different members of the Central Administration, although some, *e.g.*, the administrations of Finance and the Interior are not represented. It is not yet certain whether the provision that orders must be approved by the Soviet Military Administration will mean that every detail will be subject to control or whether only larger decisions of policy will be affected, but Military Government intervention is likely to be more direct than in the bi-zonal area. Although this move may be viewed in part as an answer to the bi-zonal economic council, it

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had clearly been contemplated for a long time before the latter's establishment and is a natural step in the zone's policy of centralisation.

During the last week of May Saxony-Anhalt and Thuringia passed laws nationalising mineral resources. In Thuringia this was opposed by both Christian Democrats and Liberal Democrats and in Saxony by the Christian Democrats only. In the former case, there was no provision for suitable compensation. In Saxony, compensation is provided for those who are not politically incriminated, although few are likely to benefit, and CDU opposition to the Bill seems to have been due to their belief that it should have granted the workers some association in the management of State enterprises. A Brandenburg draft socialisation law was recently rejected by the Soviet Military Administration because it did not expressly exclude foreign property, but mines in this State and in Saxony have already been removed from private ownership. A Trade Pact was signed on the 27th May between the Soviet zone and the Netherlands. Goods which the Soviet zone is to export include potash, timber, chemicals and even newsprint as well as iron and steel products for which the Netherlands will supply raw materials. Such scarce commodities as machines for the agricultural and food industries are mentioned. The Soviet zone will get in exchange such goods as rubber and fish. A Trade Agreement was also signed at the end of May between the Soviet zone and Sweden while in April pacts were concluded with Czechoslovakia, Denmark and Yugoslavia.

A law directed against cartels has been promulgated in the French zone. According to press reports of the 13th June, it states that no organisations may, without special permission, employ more than 10,000 workers or have a capital exceeding 50,000,000 R.M. The limit on the number of workers is the same as that in the U.S. zone law introduced this spring and appears likewise to be somewhat more mandatory than that of the British zone. The latter laid down that firms employing 10,000 or more workers must be "examined" as "*prima facie* evidence of an undue concentration of powers." The limit on capital is peculiar to the French zone. The firms most likely to be affected such as branches of the Degussa, Daimler-Benz and Mannesmann works have been held under French control since the early days of the occupation.

A draft land reform law, drawn up by the British authorities, was submitted for consideration to the Zonal Advisory Council on the 11th June. It is considered as an economic and social measure which is not connected with proceedings against militarists or Nazis. Land belonging to such persons has already been expropriated without compensation. The present Draft provides that nobody may own land of more than 150 hectares or worth more than 200,000 R.M. if this is the greater. All land affected will come under the control of a technical commission in each *Land* composed of persons with practical knowledge of land and farming. All acreage in excess of the permitted amount will be expropriated, but the owners will be compensated. The Commission has to see that food production is not interfered with and may require the former owner to run the land until it is distributed. The land will eventually be leased to persons approved by the Commission who will have an option to buy at the end of three years if they have farmed satisfactorily. Special consideration will be given to refugees. Forests will normally be transferred to the *Land*. Detailed application of the law will rest with the Governments. The Zonal Advisory Council had been consulted last autumn and its many differing recommendations were later borne in mind. The present Advisory Council, however, is differently constituted, being more representative of party views, and it has shown considerable resentment because it believes it has not been sufficiently consulted. It has now been given one month to study the proposals. At the meeting on the 11th June, Communist and Social Democrat speakers displayed particular opposition and they are likely to recruit support from the Centre Party and even the left wing of the CDU in demanding that the permitted acreage should be cut to 100 hectares and that the Commissions should include party representatives. In the Soviet zone all estates of over 100 hectares have been expropriated without compensation. The U.S. zone law provides for distribution of land on a sliding scale but it is so vaguely worded and contains so many loopholes that it is still doubtful whether much land will be divided. The French zone law is not yet complete.

The decay of Four-Power Government in Berlin has not yet been arrested. The latest compromise reached in the Control Council on the 10th June is more of an acknowledgment of the deadlock than a means of removing it. It was agreed that the Assembly and not the *Magistrat* (Government), as the Russians had wanted,

should be asked to elect a new Lord Mayor. It was also agreed that his appointment would require the prior approval of all four Allies although the British and U.S. representatives insisted that this did not mean that they accepted the general principle of prior approval. This represents a considerable triumph for the Russians, who can continue to exercise their veto, and it must weaken the tactical position of the Western Powers in future debate on the subject. General Clay first proposed the arrangement, and in doing so is understood to have acted against the advice of his staff. The Social Democrats feel very strongly that they have been let down. Their most probable candidate for the mayoralty, Reuter, is unacceptable to the Russians presumably because he left the Communist party in 1921 and is opposed to Russian ideas. The most likely outcome is that Frau Louise Schroeder will eventually be elected. She is not an outstanding personality, she will be kept under close party control and is unlikely to be able to do much to strengthen the reputation of the Berlin Government.

Eight weeks after the British zone election cabinets have at last been formed in N. Rhine/Westphalia and Lower Saxony. In N. Rhine/Westphalia, Arnold, representing the left wing of the Christian Democrats, is reported to have succeeded in forming a coalition which only the Free Democrats have refused to join. All other members are believed to be prepared for some measure of Socialisation. Despite considerable friction a split between the left and right wings of the Christian Democratic Union was avoided. On the 3rd June, the Zonal Committee sent a letter drafted by Arnold's friends, but signed by Adenauer the right-wing leader, which empowered him to continue his negotiations to form an all-party cabinet. It was announced on the 12th June that the provisional cabinet of Lower Saxony would consist of 4 Social Democrats, headed again by the previous Prime Minister Kopf, 2 Christian Democrats, 2 Lower Saxon Party, 1 Communist, 1 Free Democrat and 1 member of the Centre Party. This gives a left wing majority of only one, but it is not yet known what attitude the two Christian Democrats will take towards socialisation.

Corrigendum

Last week's *Summary*, p. 2, col. 2, line 44, for "This is being studied" substitute "Herr Luebke was informed that if he wished his suggestions to be studied they should be submitted to the bi-partite authorities."

AUSTRIA

A political storm of the first order broke on Austria on the 9th June with the disclosure, in the U.S.-controlled *Wiener Kurier*, that secret talks relating to possible Government changes had been held between the Communist Deputy, Ernst Fischer, and leading members of the People's Party (OVP), including the Chancellor. This revelation, which was made by the Foreign Minister, Dr. Gruber, immediately gave rise to a spate of statements, accusations and rumours. The *Wiener Kurier's* version stated that Fischer had threatened Soviet refusal to sign a treaty unless the Austrian Government was drastically reconstructed. This has been flatly denied by Ernst Fischer, who has also sought to give the impression that the talks were held on the initiative of the OVP and also that the Chancellor said he was willing to resign. Dr. Figl has stated categorically that the interview was persistently sought by Herr Fischer; he himself had never said he would resign, or that there was any question of new elections before the constitutional term. He admitted that economic questions, including the German assets, had been discussed, but emphasised that he had only intended the meeting to be private and "social."

Privately, Dr. Figl has expressed great annoyance that his Foreign Minister should have given publicity to such highly secret talks. The disclosure has, of course, aroused keen Socialist resentment against the OVP for excluding the SPO, and particular exception has been taken to the fact that the Head of the Government should have implicated himself even in a private capacity. The OVP has defended the Chancellor's action on the grounds that the talks were expected to be "purely social" and that it was Herr Fischer who overstepped the mark in raising matters of far-reaching importance. Rumours of Dr. Gruber's resignation have been officially denied. Herr Fischer and the Communists have been most vociferous in their condemnation and have demanded both his resignation and an official enquiry into the "leakage." They have also condemned as "outrageous" the Socialist failure to demand the resignation of both the Foreign

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Minister and the Chancellor. The OVP, solidly behind the Government, has stressed that the country will not be intimidated by a small minority.

A parallel between the Austrian crisis and the situation in Hungary has been drawn by spokesmen of both the OVP and SPO. Dr. Gruber, in a private conversation, expressed the opinion that the Austrian political storm was a development of the Soviet political offensive which had begun in Hungary. An SPO Deputy, in the Parliamentary debate on the 11th June, voiced his regret that the Chancellor had given to the outside world the impression of being about to involve the OVP in a disaster similar to that which had recently befallen the Smallholders Party in Hungary. The reality of the four-Power occupation in Austria does not, however, appear to justify such extreme fears.

No Russian reaction to the situation has so far been noted. Lord Pakenham, speaking in the House of Lords on the 11th June, emphasised that His Majesty's Government regarded the present Austrian Government as fully representative of the state of public opinion as revealed by the 1946 elections; His Majesty's Government would regard any step to make the Austrian Government unrepresentative, and not corresponding to the declared will of the people as expressed at the elections, as dictated by pressure from outside and not as representing the wishes of the Austrian people.

After a week's adjournment the Austrian Peace Treaty Commission reassembled on the 11th June. Two days previously the Soviet Delegation had tabled a new proposal which, in the opinion of the two leading British experts, represents an appreciable advance on the previous Soviet position and an improvement on the latest French proposal (see last week's *Summary*). The new Soviet proposal suggests that the Commission shall begin by discussing in the framework of Article 35 the various categories of potential German assets. Having established these categories, the Commission will proceed to study the question of what sort of concrete facts it is necessary or useful to ascertain in regard to them. The actual field to be investigated would be oil, the Danube Steam Shipping Company, financial institutions and State property. The Commission would refer to the Committee of Experts questions which require special investigation in the light of facts. The procedure envisaged still runs largely counter to the original U.K. proposals for the respective rôles of the Commission and the Committee, but the U.K. experts consider that the new Soviet conception is not wholly unreasonable. One week's work on independent fact-finding has tended to bear out Soviet apprehensions that, unless the scope of enquiry is limited to specific tasks, the Committee might get lost in a mass of unco-ordinated detail. The U.K. experts consider that quadripartite fact-finding is beginning to appear not only impracticable but perhaps even undesirable. Important U.K. and U.S. amendments to the Soviet proposal were, however, rejected by M. Novikov on the 12th June. In particular, M. Novikov denied the right of any one delegation to secure discussion of facts which it regarded as important, claiming that the Commission must decide whether or not such facts warranted consideration. He also put up strong resistance to all attempts by the U.S. member to provide for a reasonable rotation of discussion, and blamed the other Delegations for having blocked discussion of concrete facts. He has also again accused the U.S. delegate of wanting to revise the Potsdam decision.

After a month's work the Commission is thus still wrangling over procedure and local Austrian opinion is said to be showing signs of restiveness at a deadlock which is not wholly ascribed to Soviet obstruction. Pessimism as to the outcome of the Commission's work was reported from the British zone in the latter half of May. Opinion of the political parties in Styria was that the issues at stake were too great to be discussed at Deputy level. In Carinthia, few people were expecting tangible results, but there was said to be much talk of a possible permanent partition of Austria into an Eastern and a Western zone, should the November Conference of Foreign Ministers prove a failure. Headlines in the Vienna press have indicated pessimism and impatience.

A British resolution setting out objections to the activities of USIVA (Administration of Soviet property in Austria) was supported by the U.S. member at the Allied Control Council's meeting on the 13th June. The Soviet member refused to take part in the discussion though he remained present. The object of USIVA is to operate within Austria, but outside Austrian jurisdiction, an individual organisation of the firms classed as German assets, the products of which are used mainly to supply Soviet home requirements. This is a flagrant violation of previous Allied Council decisions which

recognise Austria's right to control her indigenous resources and allocation of industrial goods. An article in the Communist *Oesterreichische Volksstimme*, 18th May, sought to prove that Austrian concerns taken over by the Russians were being allowed and encouraged to distribute the major part of their products for the benefit of the Austrian economy.

The question of arms for the police was also discussed without success by the Council. General Zheltov refused to consider a British proposal for the arming of the police with a certain number of revolvers and attempted to confuse the issue by alleging that there were some 3,000 Nazis in the police and gendarmerie, and that the budgetary provisions for these forces had been exceeded. An interim Control Council decision to arm the police with wooden truncheons has been described by a Communist press article as an indignity for the population.

CZECHOSLOVAKIA

Relationships between the Czechoslovak Communists and the Slovak Democrats are again in the forefront of interest. On 11th June all parties within the National Front met to discuss the position of the Slovak Democrats. The Slovak Communists, spurred on, no doubt, by their Czech counterpart (M. Gottwald, the Communist Prime Minister, re-asserted the presence of a "pact" between the Democrats and the Hlinka elements) pressed for a purge of the Democrat ranks. Dr. Lettrich rejected all criticisms of his Party, saying that the only "pact" had been that made between the Catholics and Protestants within his Party in support of that very same national solidarity which they were now accused of disrupting. The negotiations terminated when all Parties resolved to co-operate in amicable accord, to solve as soon as possible the question of the new Constitution, and to eradicate reaction. It remains to be seen, however, how "amicable" this co-operation—hitherto uneasy—will remain.

The Czech National Socialist Party recently celebrated in Prague its fiftieth anniversary. The Party was founded in 1896 to compete with the Social Democrats for the votes of the newly enfranchised workers of Austria, and it endeavoured in a moderate programme to "group together a section of the working class and a section of the lower categories of public and private employees, as well as of the artisans and intellectuals." Hence it developed, along with the major current of social democracy in Czechoslovakia, as a subsidiary, non-Marxist socialist party with a reformist and evolutionary programme—a programme which still forms its political platform. After the 1918 revolution it changed its name to the Czechoslovak Socialist party, but returned to the old name in 1925 long before the Hitlerite brand of national socialism attained any significance. Much of the party's strength is due to the influence of President Beneš, a former member, and to the fact that he was—and is—such an earnest disciple of President Masaryk's political outlook. At the first general election after the Liberation (May 1946), the party was second in strength to the Czech Communists.

Reviewing its development, Dr. Zenkl, a deputy Prime Minister and Chairman of the Party, said that the Party, whose strength lay in its policy of humanitarian democracy and Czechoslovak socialism fully endorsed the ideas of President Masaryk and President Beneš. Reaffirming the Party's loyalty to socialist doctrine, Dr. Zenkl stated that it rejected any concept of socialism which "aims at realising the class demands of merely one part of the community."

On 16th June, a Cultural Agreement was signed between the United Kingdom and Czechoslovakia. The signatories on behalf of the former were Mr. Bevin, H.M. Principal Secretary of State for Foreign Affairs, and Mr. Tomlinson, Minister of Education; on behalf of Czechoslovakia, Dr. Stránský, Minister of Education, and M. Kratochvil, Czechoslovak Ambassador to the Court of St. James. The Agreement is important because it is the only one of its kind which His Majesty's Government at present contemplate with any country in Eastern Europe. The Agreement, which will operate for five years, provides for the exchange of teachers and students, mutual visits for holiday courses, the showing of films and the establishment of additional professorial chairs in both countries.

The first conference of the General Council of the World Federation of Trade Unions has just ended in Prague. The Congress was attended by delegates from 53 countries. Deputy Zapotocký, Communist Chairman of the Czechoslovak Trade Union Movement, in his opening address exhorted the unions in every country to be on their guard against possible reactionary counter-attacks. Broadcasting from Prague, Mr. Walter Deakin, President of the W.F.T.U., described his

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impressions of Czechoslovakia with the following words: "We have been able very briefly to look at the two-year planning and it certainly inspires one with very great confidence in the Republic's future."

The annual Congress of the International Journalists' Organisation ended recently in Prague. By a majority of 13 votes to 8, the Bohemian capital was selected as the permanent seat of this organization; Mr. Archibald Kenyon (U.K.) was re-elected Chairman. The Congress was significant as furnishing a battleground for the clash of "eastern" and "western" ideologies.

SOVIET UNION

M. Molotov's answers to Sir Maurice Peterson's request for information on the Hungarian situation in their interview of the 9th June were unsatisfactory. Ignoring Sir Maurice's specific points concerning Soviet intervention in the sphere of Hungarian economics, particularly the attempt to gain control over the Credit Bank, M. Molotov concentrated on the need for refraining from intervention in Hungarian internal affairs, trying to turn the tables by accusing His Majesty's Government of this interference. With a demeanour even more imperturbable and uncompromising than usual, M. Molotov painted a picture of complete Soviet righteousness and never even made any attempt to justify his Government's actions on security grounds. He insisted that Great Britain would not increase her prestige in Hungary by attempting to defend M. Nagy. Interference could only have a negative result; the Hungarians must be left to decide their own internal questions for themselves. Recent events in Hungary did not, according to M. Molotov, threaten the interests of any Allied Power and particularly not those of Great Britain. Although he did not give the information for which Sir M. Peterson had asked, he strenuously denied the charges of Soviet secretiveness towards their Allies. The Soviet authorities assisted the Allied Control Commission over matters which concerned them; the present events emphatically did not.

The communiqué put out by the Ministry of Foreign Affairs of the U.S.S.R. on the 14th June reporting the conversation gave a fairly accurate précis of M. Molotov's remarks, but did no justice to the points put forward by Sir Maurice, who is to see M. Molotov again on the 17th June. Meanwhile General Sviridov in Budapest has rejected the letter of the American representative of the Control Commission, General Weems, asking for a Three-Power Commission to investigate the Hungarian situation.

Soviet press comment on the crisis has not been extensive; *Pravda* dragged in the familiar argument that the plot was evidence of the struggle being waged by the united forces of reaction against the young Hungarian democracy, and accused the United States of taking drastic action such as the suspension of credits "even before receiving any information on the state of affairs." The proposal of the group of Senators headed by Mr. Vandenberg to bring the Hungarian question before the United Nations showed that the main task of U.N.O. was supposed to be "the combating of democracy." *Pravda* concluded by quoting Senator Eastland to the effect that if the U.S.S.R. should leave U.N.O. the United Nations might become "a military organisation." Did not this show the real meaning of the clamour raised round events in Hungary?

M. Vyshinsky, from his retreat at Karlsbad, has sent greetings to the Hungarian democracy "the more so because now you have such a likeable Premier." It is of interest that so far no Soviet comments have been received on the Bulgarian crisis, nor on the tension in Roumania and Austria, though there have been brief Tass accounts of events in the different countries.

A week after the report circulated by the Chinese Central News Agency of an attack by Outer Mongolian troops supported by aircraft bearing Soviet identification marks on a Chinese military unit in eastern Sinkiang, Tass (Ulan Bator, the 15th June) transmitted an official and circumstantial denial from the Mongolian Minister of Foreign Affairs of the Chinese version of the incident. There was also a direct Tass *démenti* from Moscow two days earlier. According to the Mongolian account the district in the Baitak Bogdo range of mountains where the clash is alleged to have taken place is fifteen miles across the frontier of the Mongolian People's Republic and not within the boundaries of Sinkiang. The aggressors are therefore said to be the Chinese and not the Outer Mongolian troops who only "took measures to drive the raiders out of their country" when the Chinese had ignored their request "to clear out of Mongolian territory. . . . . In this action, the Mongolian frontier guards did not cross the border on to Chinese territory." The account contains some gruesome details of the mutilation by the Chinese of several Mongolian frontier guards and the Mongolian negotiator "killed in a barbaric manner in violation of the commonly accepted principles of international relations." Finally the Ministry of Foreign Affairs of the Mongolian People's Republic makes a sharp protest to the Chinese Government and reserves the right to demand the punishment of the offenders and compensation for the damages suffered by the Mongolian Republic. It may be recalled in this connection that according to the Soviet-Mongolian Treaty of February, 1946, in the case of a military attack on one of the contracting parties, the two Governments undertake to render each other every assistance including military assistance. (See also under "Far East.")

The Mufti Ishan Babahan, Chairman of the Moslem Council of Central Asia, has returned to the Soviet Union after a 45 days' pilgrimage to Mecca. This is the third pilgrimage made by the Mufti to the holy places of Islam. In a broadcast in Arabic over Moscow wireless (the 13th June), he paid tribute to the attention paid him by the authorities and the people of Mecca and said he had had some valuable talks with religious dignitaries there.

The Jewish settlement of the remote autonomous province of Birobidzhan, which has long been quiescent, is now apparently being revived and exploited in Soviet propaganda designed to deprecate the British-sponsored Palestinian experiment. According to a broadcast in Yiddish (the 8th June) for the U.S.A., the second transport of resettlers from Vinnitsa has departed for Birobidzhan. It was stated that the builders of the Jewish Autonomous Province were carrying out a great and honourable task as well as a great historic mission, the creation of the only Jewish Socialist State in the world.

The unification and revision of the Soviet penal Codes inaugurated by the decree abolishing capital punishment of the 27th May (see *Summary* No. 394) is proceeding and new decrees have now been published on—

(*a*) Thefts of public property;
(*b*) Thefts of private property;
(*c*) The Defence of State Secrets.

The decree dealing with thefts of public property, *i.e.*, State, collective farm or other Communist property, is mainly concerned with the penalties for these offences which range from five to twenty-five years' detention in a correctional labour camp, with or without confiscation of property. The text of the decree does not define the amount of the theft, appropriation or embezzlement incurring either the maximum or minimum penalties. A large margin of discretion is thus left to the judicial authorities. It is also decreed that failure to inform the authorities of a known theft of State or communal property either under preparation or already committed, is to be punished by imprisonment for two or three years or by deportation for five to seven years. A similar decree was also passed at the same time "with the aim of strengthening the protection of citizens' private property," and was directed against individual theft (punishable by detention in a correctional labour camp with confiscation of property. gang of thieves (punishable by detention in a correctional labour camp for 6–10 years); and banditry, that is, assaults or the threat of violence with the object of appropriating other people's property, punishable by detention for 10–15 years in a correctional labour camp with confiscation of property. If the assault endangers the life or health of the victim or causes grievous bodily harm, the penalty is raised to 15–20 years' detention with confiscation of property. Penalties of up to 2 years' imprisonment or banishment for 4–5 years are also announced for failure to report a robbery "known to be under preparation or known to have been committed." Apart from the fact that the death penalty has been abolished for the most serious form of assault and robbery, the penalties for ordinary thefts established by the above decrees are heavier than those previously enforced according to the penal code. The new legislation confirms the Soviet authorities' determination to stamp out post-war lawlessness and thieving, the large-scale proportions of which have hitherto caused them much concern.

The text of the decree "On the Defence of State Secrets" showed that its purpose was "to unify legislation and to increase penalties" in respect of the various classes of offence falling under this heading as defined in a following decree (see below). The punishments prescribed consisted of confinement in "correctional labour camps" for varying periods, the maximum possible sentence of 20 years being reserved for any disclosure of "information of a military nature." It was made clear that the Decree stopped short of dealing with offences of such gravity as to amount to "high treason or espionage." One clause stated that the penalty for disclosing secret discoveries or technical improvements would apply not only to offences committed from within Soviet territories, but also to

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those committed abroad by "U.S.S.R. citizens sent there by the State." Finally it was notified that all cases arising under the decree would "come within the jurisdiction of Military Tribunals." This decree was followed by another containing a list of items of information constituting a state secret and classified under the following headings:—(*a*) Information of a Military Nature; (*b*) Information of an Economic Nature; (*c*) Geological resources and the extraction of non-ferrous and rare metals; (*d*) Miscellaneous Information; (*e*) State ciphers and contents of coded messages; (*f*) Any other information which the U.S.S.R., Council of Ministers may describe as not subject to disclosure. The above decree enumerates the items classified under the heading of State Secrets in far greater detail than the previous enactments of the Council of People's Commissars of **1926**, **1925** and **1924**, which it supersedes. It throws the net so wide that Russian nervousness about contacts with foreigners—already extreme—has noticeably increased.

The Soviet attitude of dislike and distrust of the proposed International Trade organisation as expressed in recent comment on the Geneva trade talks is a natural corollary of the fact that fundamentally the Soviet Union prefers the principle of bilateralism to any multi-lateral trade framework, and that her interest in foreign trade is strictly limited. She is indeed only interested in international trade so as to obtain essential products, if possible on credit for the realisation of the current five year plan, but relies mainly upon her own resources for the reconstruction and development of the Soviet Union. It should be noted that she does not regard international trade as a means for promoting world co-operation or of prosperity and in general has no interest in increasing commercial exchanges between the nations with the exception of trade between her satellites. The Soviet Union is a country whose currency has no value or meaning abroad and her financial transactions are largely made through a clearing house account, except with some of the satellites, notably Finland, which is expressed in dollars and conducted on that basis.

The Presidium of the Supreme Soviet of the U.S.S.R. has released M. Sergei Lukin from his duties as Minister of Light Industry of the U.S.S.R. "owing to ill-health." M. Nicolai Chesnokov who was appointed in his place was Deputy Chairman of the Council of Ministers of the R.S.F.S.R. and was in charge of the Textile and Light Industries.

SCANDINAVIA

Norway

The Ministry for Foreign Affairs announced on the 3rd June that, following negotiations, the Government had declared itself prepared to receive a Spanish *chargé d'affaires*, thus regularising the diplomatic relations between the two countries. Hitherto the relationship has been entirely one-sided, with a Norwegian representative in Madrid, while Norway's unconcealed reluctance to receive a Spanish diplomat has more than once been the cause of complaint by General Franco. The Government's decision is in keeping with the revised attitude towards Spain cautiously outlined by M. Lange, the Foreign Minister, before the *Storting* earlier in the year (see *Summary* No. 383), but the fact that the Spanish *chargé d'affaires* will reside in Copenhagen and, at least for the time being, be attached to his country's Legation there may be taken as a measure of the very strong feeling which many sections of the Norwegian public entertain against the present Spanish régime. Even so, the announcement was debated in the *Storting* on the following day, when the Communist member M. Vougt accused the Foreign Minister of having broken his promise to keep the assembly informed of future developments. M. Lange refuted the statement by saying that the Foreign Affairs Committee had been fully informed of the Government's intentions.

Finland

At a press conference after his return from Moscow M. Kaijalainen, the Minister of Communications, disclosed the terms under which Finland will be allowed to utilise the railway through the Porkkala area. The Finns may run five trains—passenger or goods—daily in each direction, but these will be pulled by Russian locomotives along the stretch of approximately 40 kilometres through the territory of the Soviet naval base. The train personnel during this part of the run will also be Russian, and the blinds of all passenger coaches must be drawn. The Soviet Union is to receive by way of payment five-sixths of the total annual profit of the Finnish State Railways derived from the operation of the service between the two border stations of Köklax and Täkter. This, according to preliminary estimates, will amount to about 19½ million finnmarks. The agreement is for one year only, but it is understood that it will automatically be renewed, though doubtless renewal will

be conditional upon internal political developments. The Finns, nevertheless, profess to be pleased with the arrangement and are hoping to inauguarate traffic along this line between Helsinki and Turku in the near future. On the subject of transit rights through the Saimaa Canal M. Kaijalainen said that negotiations had not broken down but merely been suspended in order to give the Government time to consider whether under the terms proffered navigation of the Canal would be a paying proposition.

THE LOW COUNTRIES

The Netherlands

The Commissioners-General, Professor Schermerhorn and M. van Poll, left the Netherlands for the N.E.I. on the 8th June. Among those who witnessed their departure were Professor Romme, leader of the Catholic Social Party in the Second Chamber, and M. J. M. Kiveron, Secretary-General of the Ministry of Overseas Territories. Professor Schermerhorn told journalists before he left that he still had "great hope" of a "satisfactory" solution of the Indonesian problem through "joint endeavour." "I cannot make a statement concerning reports which are not yet official," he added. "I do not want to obstruct Mr. Sjarir in any way, and will therefore await the definite reply of the Republican delegation with interest. There has been mention of Republican counter-proposals. It will depend upon their contents whether we can continue the negotiations." Nevertheless, the threat of Dutch military intervention—albeit on a limited scale—remains; and the situation in Java is said to have deteriorated appreciably.

According to an official announcement in The Hague on the 11th June, Dr. van Mook has been refused permission to resign the Lieutenant-Governor-Generalship of the N.E.I. owing to the "present developments in the Indonesian situation," but has been asked to remain in office "in the national interest" until such time as the situation allows his request to be acceded.

Belgium

Two independent visits to London were paid last week by distinguished Belgians. On the 9th June, M. van Acker, Socialist ex-Premier and now Minister of Communications, opened the *Maison Belge* in Regent Street as a travel information bureau. In the course of a short inaugural speech, M. van Acker said that they were gathered together to celebrate "an event of some importance in the history of Anglo-Belgian relations." In the *Maison Belge*, information about the national railways, the State shipping lines and the tourist services would be "assembled under one roof, to promote touring relations between the two countries." On the 10th, a Belgian Parliamentary Delegation of twelve, headed by M. van Cauwelaert, President of the Chamber of Representatives, and M. Gillon, President of the Senate, was officially received at the House of Commons by Mr. Eden, who welcomed the Delegation in the name of the British group of the Inter-Parliamentary Union. A meeting of the British group, with Major Milner, the Deputy Speaker in the chair, was later addressed by one of the delegates, M. H. Fayat, a Socialist Deputy for Brussels, who gave his audience a detailed account of Belgium since 1940. Perhaps the most interesting parts of his address were those which related to the *question royale* and the problem of Wallonia. After observing that, in 1940, the Belgian Army was "twice the size" of the B.E.F., and that "never again" should the British or the U.S.A. "allow the same unpreparedness to become a threat" for their "freedom-loving friends," M. Fayat said that the Allied military collapse on the Continent had had "tragic results" for the Belgian Army and its Commander-in-Chief, King Leopold. "Surrender after brave fighting," continued M. Fayat, "was never a dishonour; but the cruel consequence was that, in the midst of these disastrous events, our King, ill-advised by his personal assistants, acted contrary to the unanimous advice of his Ministers." "Much nonsense" had been talked about the *question royale* both at home and abroad; and the "least sensible" people were, "as usual," the royalists themselves. The point was that the nation wanted to be "reasonably sure" that the Head of the State would "behave as a constitutional, parliamentary monarch"—that is, one who would act upon the advice of his responsible Ministers, rather than upon that of "irresponsible personal assistants." They had been fortunate, however, in finding a willing helper through that "painful period" in the person of Prince Charles. Belgium owed a great deal to the dynasty founded 116 years ago by Leopold I. Speaking of the Walloon

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problem—particularly in relation to the total population of Belgium—M. Fayat said that, although the total population had remained almost stationary between 1938 and 1946—8,386,000 in the former year, 8,388,000 in the latter—the striking factor was the "growing change in the relative strength" of the three parts of which Belgium consisted. Thus, while the Flemish population—already substantially larger than the Walloon population—actually increased from 4,410,000 to 4,510,000, the Walloon population fell from 3,030,000 to 2,928,000. By contrast, the bi-lingual Brussels area shewed little change—a slight increase from 946,000 to 950,000. "The significant fact," said M. Fayat, "is that there are only two Walloons to every three Flemings, and there is a tendency towards still more Flemings." A group of Walloon members of the Chamber had sponsored a private Bill to reorganize Belgium on federal lines—a Walloon and a Flemish region and a Brussels area, each with a separate Government and "well-defined powers"—so as to prevent a Flemish majority from "dictating policy" to a Walloon minority; but there was "no reasonable prospect"—constitutional difficulties apart—of this Bill's ever becoming law. "Special attention" would be devoted to this problem; and one of the delegates present, M. Harmel, a Christian Social Deputy for Liége, had sponsored a Bill for the establishment of a research institute on Flemish-Walloon relations. The solution was not to be sought in separation, nor in advising Walloons to "compete" with Flemings in producing "more and more" children.

FRANCE

The French Government are deeply interested in the speech made by the U.S. Secretary of State at Harvard (see last week's *Summary* under "United States") which offered U.S. help to those European countries which could draw up a concerted programme of their needs for reconstruction. The Government therefore welcomed Mr. Bevin's proposal that he should go to Paris to discuss the matter with them and he left for Paris on the 17th June. Mr. Bevin had said in a speech to the Foreign Press Association on the 13th June that "France, Great Britain and the United States—almost in direct line geographically—have a great common interest . . . . We have decided to consult her (France) and other European nations to see how best we can take advantage of this great proposal of the United States." The French Government were equally quick to react and sent an outline of their views on Mr. Marshall's proposal to His Majesty's Government and to Mr. Marshall himself. They realise the need for speed in drawing up a European programme of requirements and therefore suggest that *ad hoc* committees of experts should examine each country's needs in essential materials and equipment, considering how far they can be satisfied by exchanges within Europe and drawing up a final deficit for presentation to the U.S. The main difficulty which will face the French Government in this matter is the attitude of the Communists. The French Government asked the Soviet Government for its views on Mr. Marshall's proposal but no reply has yet been received and the hostility which is already apparent in the Soviet press will certainly determine the attitude of the French Communists.

The acceptance by His Majesty's Government of the new boundaries given to the Saar territory by the French authorities, subject to the decision of the final peace settlement (see last week's *Summary* under "Germany"), has given great satisfaction to the French. The question of the adjustment of France's reparations claim still remains to be considered.

Agreement in principle has now been reached on French recruitment of German labour from the British Zone of Germany, and the agreement will be embodied in an exchange of letters. The details will be settled in Berlin where a Franco-American agreement on recruitment of German labour will also be concluded on parallel lines.

The French railway strike was finally settled in the early hours of the 12th June and the Government's honour was "preserved" by the railway unions agreeing to issue an appeal to the men to return to work before the actual conclusion of the new wage agreement. The extra cost to the Government will be 10 milliard fr. for the rest of this year, instead of the 13 milliard demanded by the railwaymen, and it will no doubt be covered by an increase in rail fares. On the other hand the Government has announced that while it will leave the question of production bonuses for private negotiation between employers and workers, these bonuses must not exceed a fixed amount and they must not have the effect of raising prices. This decision is not likely to please the C.G.T. and the Government may be forced to retreat from it. The railway settlement and that also concluded with the gas and electricity workers represent a considerable retreat from the Government's original position. M. Ramadier, however, is facing the situation bravely and he had another parliamentary success when he addressed the Assembly on the 10th June. He spoke of the damage to the country which was being caused by the railway strike and urged the trade unions to adopt a more responsible attitude. He laid particular emphasis on the fact that the present disputes were not between labour and capitalist employers but between labour and the State and said that they gave the impression of being attempts to overthrow the authority of the Republic and the policy of nationalisation.

(See also under "Italy.")

SWITZERLAND

On the 7th June a Compensation Trade Agreement with Finland was signed at Helsinki. The value of trade involved is 20 million Swiss francs in each direction, and the period covered is 1st June, 1947, to 31st May, 1948. Swiss imports from Finland under the agreement include sawn timber, pulp paper and paper products, wall-paper and glassware. Swiss exports will be mainly electrical machinery and equipment to a value of 10 million Swiss francs, chemicals, pharmaceutical products, textiles, clocks, watches, precision instruments, ball bearings, rolling stock and automobile spare parts.

An agreement concluded with Switzerland for the reciprocal abolition of visas for Swiss and British subjects will come into force on the 24th June. Permits are still required, however, before a subject of either country can take up employment in the respective foreign country. The agreement also applies to Liechtenstein nationals and to British visitors to Liechtenstein.

Federal arbitration proposed to settle the dispute with the building industry, which included reduced working hours, higher pay and improved holiday facilities, has been rejected by both employers and employees. As a result, local strikes have occurred.

Labour troubles have also resulted in a strike in a rayon factory at Stekborn, affecting nearly 500 workers.

Zurich doctors refused to accept panel patients as from the 1st May. Health insurance offices have now agreed to increased rates, and the medical service has been resumed.

Official figures show that the wage index rose by 2·5 per cent. in the first quarter of 1947 to 170·3 (January–August 1939=100), as compared with a cost of living index of 155·3.

ITALY

On the 13th June the French National Assembly by a unanimous vote, though with about 80 abstentions, authorized the Government to ratify the Peace Treaty with Italy. During the debate which preceded the vote M. Bidault dwelt on the desire of France to restore good relations with Italy and maintained that the French were making peace in a spirit devoid of any motive of reprisal. While it is true that, in comparison with the loss of Trieste and of the Navy, Italy's loss of territory to France is a small matter, it has, nevertheless, created a sense of grievance, even of injustice, in Italy; and wiser Italians have been distressed by the fact that the French appeared to value the acquisition of this small piece of territory more highly than the establishment of friendly relations. The Italians have, in fact, found it hard to see in this annexation any other motive than that of reprisal, repudiated by M. Bidault last Friday. The area involved is a small one, but it does contain important hydro-electric power-stations which are of great value to any country, particularly at this time of universal coal shortage. In this connexion it is possible that France is adopting a more conciliatory attitude, if the report in *Il Tempo* of the 5th June is correct in saying that the Italo-French economic negotiations include a proviso by which France will not take over the Roja valley power-stations for 15 years.

The reference by M. Bidault in the same speech to the provision in the French Constitution that there should be no addition to French territory without the consent of the population involved, coupled with his promise that a referendum would be held in the Briga-Tenda area, is most interesting. The proposal to hold a referendum suggests a most satisfactory solution, and should do more than anything to further a *rapprochement* between France and Italy. But Italy should not be too optimistic about the results of the referendum, for French influence in the area has been and still is very strong. There is no clear evidence as to the desires of the population, though the French maintain that the inhabitants are anxious to become French citizens.

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The life of the Constituent Assembly, due to be dissolved on the 24th June, has been prolonged until the 31st December by a motion adopted by 279 votes to 155 on the 14th June. It has been obvious for some time that it would be impossible for the Assembly to finish in the short time available its main task of producing a new constitution for the Republic. But the decision of the Government to ask for such a long extension aroused bitter hostility on the part of the Socialists and Communists, who have insisted that the change in Government must on no account involve a postponement of the elections beyond the autumn. It will now be impossible to hold elections before the spring, unless steps are taken to reverse this decision in the meantime. The decision was taken by secret ballot, but there can be little doubt that it was the vote of the small, left-wing parties, particularly the Saragat Socialists and the Republicans, who need time to consolidate their position, which turned the scale in favour of the long extension. The view of Socialists and Communists alike is that the new Government does not represent the view of the electors as shown in the elections of June 1946, and that the rights of the workers are being ignored. Signor De Gasperi's speech to the Constituent Assembly on the 9th June was in the main a reiteration of what he said immediately after his resignation. He dwelt on the economic problems of the country and on the new Government's determination to solve them with the help of their economic experts like Professor Einaudi. He emphasized again the need for foreign loans, particularly from the U.S.A., and it is probable that the hope of obtaining such loans will affect the actions of even the more extreme Socialists and Communists, who realize the urgent needs of the country even when they reject the idea of "foreign interference."

Errata

In Summary number 394, page 14, line 12, for "yesterday" read "on the 2nd June."

In Summary number 395, page 11, line 12, for "15" read "75."

SOUTH-EASTERN EUROPE

Hungary

His Majesty's Ambassador in Moscow has been instructed to seek a second interview with M. Molotov who refused the legitimate British request for information, as provided in the statute of the Control Commission, and replied to our enquiries concerning Russian activities in Hungary with counter-charges of British intervention. The Soviet Government likewise bluntly set aside the views contained in the United States Note and refused the request for the appointment of a tripartite committee of investigation. (See also under the "United States" and "Soviet Union.")

The differences between the U.K. and U.S. approach are noted by the London correspondent of the Social Democratic newspaper, *Népszava*, in an article published on the 8th June. This writer points out firstly that in the U.K. official judgment on the parts played by the various political groups will be withheld until full information becomes available. In the second place the U.K. does not intend to exercise economic pressure on Hungary. On the contrary, she is desirous of fostering economic relations with South-Eastern European countries even if she disapproves of the Governments concerned.

Lord Vansittart has received a letter from M. Nagy recording the development of recent events in Hungary. The Hungarian ex-Premier has now arrived in the U.S.A. where, it appears, he will be shortly joined by Fr. Varga and M. Auer. MM. Auer, Szegedy Maszak and Gordon are said to have offered to place the assets of their respective legations at his disposal.

According to an unconfirmed report, M. Nagy, assisted by Fr. Varga, will form a free Hungarian committee under U.S. auspices, a proposal on these lines having been made to him by the U.S. Minister in Budapest in anticipation of the coming trouble.

The allegations of his loquacious and not always accurate Secretary, M. Kapocs, have further implicated M. Nagy in the conspiracy. M. Kapocs charged his former Chief with attempting to establish a right-wing *bloc* which was to include the followers of the Social Democrat, M. Peyer, but to exclude the genuinely progressive sections of the Workers' Parties. In addition M. Kapocs affirmed that M. Nagy had planned the liquidation of the Political Police, obstructed the course of investigations, been a party to the escape of M. Kovacs and issued instructions for the detention of Government funds in Switzerland. All the Hungarian Missions abroad, M. Kapocs stated, contained at least one member of the conspiratorial clique, and M. Nagy's son had gone to the U.S.A. with the purpose of contacting M. Eckhardt.

M. Sulyok's spirited denunciation of the Communists has broken the cautious silence which greeted the news of the *coup* in Hungary. M. Sulyok referred to his country as a police-ridden state without any kind of freedom, and, while attacking M. Nagy for deserting his post, he acclaimed him as representing the peasants. M. Ries, the Social Democratic Minister of Justice, has already accused M. Sulyok of high treason in consequence of the latter's demand that foreign observers should supervise the election, but there is a chance that M. Sulyok's criticisms may be tolerated for a time, if only to prove the reality of Hungarian democratic institutions. M. Zsedenyi, the first President of the Republic after the liberation, also protested strongly against the electoral law now under discussion and called for the establishment of a Parliamentary Commission to investigate the facts of the plot.

M. Dinnyes has denied Soviet influence in connection with his nomination to the Premiership and refuted the report that he intended to govern by decree. In his speech at the opening session of the Assembly on the 10th June he emphasized the legality of the Governmental changes which had taken place and urged that the Coalition should continue. The peasantry, he said, would participate increasingly in the administration and the Police Force and a new corps of Army Officers was to be trained. Plans for nationalization included the banks, bauxite and electricity. Foreign loans were essential for reconstruction and would be acceptable under certain economic conditions. A comprehensive programme of assistance for agriculture had been prepared. There would be further air agreements with neighbouring states and a review of newspaper licences. Friendship with the Soviet Union was the foundation stone of Hungary's foreign policy, but she desired close co-operation with the U.K. and the U.S.A. too.

M. Boldizsár, the editor of the National Peasant Party newspaper, *Vjmagyarország*, is mentioned as a possible candidate for the post of Foreign Minister which M. Mihalyfi still holds provisionally. M. Bartok, the Hungarian Minister to Vienna, has resigned his office and his Hungarian citizenship.

Roumania

The British Representative at Bucharest has issued an interesting summary of the new attitude of the Tătărescu Liberals. It has been clear since early April that Dl Tătărescu was not feeling happy about the Communist direction of the Government. He had promised six months ago that as long as he remained in the Government the Industrial Boards Bill would not become law. But it has become law with very little amendment, and although Dl Tătărescu and his party abstained from voting, the leader remains a member of the Government. He has, however, issued a memorandum calling attention to the failures of the Government and the deplorable state of the country. The exact motivation of this apparently courageous gesture, from so astute and cynical a politician, is not clear. It is of course true that the country as a whole would welcome any change from the present Communist domination. The Groza Government has earned a reputation for incompetence, subservience to Russia and disregard for Roumania's interests, which has made it as unpopular with the Socialists as with the farmers who have lost their lands, and the middle classes, ruined by inflation and scarcity.

Meanwhile, indiscriminate arrests continue. In a private conversation Dl Pătrăşcanu, the Minister of Justice, admitted that that was part of a deliberate attempt to intimidate the country in view of the fear of a wide-spread peasant rising.

A great deal of agricultural land having been broken up into very small holdings, the discovery is now being made that larger holdings are necessary. Those who have interested themselves in this subject will not be surprised to learn that the proposed cure is the "setting up of cooperatives of production." This of course, is exactly what was done in Russia, and later in Roumania by the Germans, and it is a system which the Roumanian peasant detests above everything else.

During the past few months there has been increasing censorship of British newspapers, periodicals and films. Steps are being taken to make public the character and extent of this nuisance. It seems likely that, here again, the trouble is as much Russian as Roumanian, as here and there it is marked by an almost incredible childishness which is more Russian than Roumanian. For example, the Censor has prohibited the showing of the film "Blythe Spirit," "*on account of its mystical and religious significance.*"

A draft bill is being considered by the Minister of Justice to authorise certain courts to deal with war criminals. The excuse for such a measure is that it will enable the Government to deal with offenders under Article 6 of the Peace Treaty, that is, those who are guilty of crimes against peace and humanity and collaborators with the enemy. In effect, it would give the Government power to victimise its political opponents at will. The draft has

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been submitted to the King, who is opposed to it as being unnecessary. A party of six Roumanian men and two women have made a clever escape from Roumania by plane and have landed at Istanbul. They have been interned. According to the Ankara Radio they stated that there was no longer any freedom in Roumania and that the economic conditions were deplorable. The people could not even get bread. The methodical pillaging of the country and the removal of machinery to Russia had "transformed Roumania into a Red Hell."

Yugoslavia

The British Book Exhibition in Belgrade was opened on 12th June by the Secretary of State for Air, who was welcomed in Yugoslavia with unusual cordiality. Marshal Tito held a luncheon in his honour and surprised even his colleagues by making a speech in English—an unprecedented event. Mr. Noel Baker discussed with the Ministers of Foreign Affairs and Communications questions of trade, compensation for nationalised British property and civil aviation. The Yugoslavs not only professed their desire for an improvement of relations in general, and for the development of trade relations in particular, but even made concrete suggestions for the speedy settlement of the property question and for the opening of negotiations for an air agreement. It would seem therefore as if the urgent need of the Yugoslav Government for trade with this country in order to enable the operation of their five-year plan has at last outweighed their natural hostility. Whatever the reasons may be, the visit of a figure of such high standing as Mr. Noel Baker seems to have provided the Government with an opportunity for a change of attitude which they have been quick to seize; but it would be rash to suppose that any fundamental change in policy has taken place. Pending further evidence, this gift-bearing mood of the Yugoslavs must be treated with due caution.

Rumours of a reunion of MM. Molotov, Vyshinsky and Georgi Dimitrov in Belgrade, to discuss a Balkan Federation, have been officially and emphatically denied in Belgrade and Sofia. The Roumanian Foreign Minister has, moreover, informed H.M. Representative in Bucharest that no such subject, nor even that of a Romano-Yugoslav customs union, was discussed by Dl Groza in Belgrade. The official communiqué published after his visit (see *Summary* No. 395, 11.6.47) announced that a possible treaty of friendship, a cultural agreement, which would shortly be ready for signature, economic collaboration and the formulation of a common policy on Danubian navigation, had been under consideration. According to Hungarian and Czech reports Marshal Tito has been invited to pay a reciprocal visit to Bucharest—to sign the proposed treaties, no doubt.

Bulgarian and Czech Military delegations have also visited Yugoslavia.

The Greek Military Attaché, who was recently declared *persona non grata* in Belgrade has been involved in some rather clumsy espionage. Five of his Yugoslav agents have been sentenced to penal servitude. Nor have other members of the Greek Legation helped to improve the difficult and disagreeable position of the Greek Minister, to whom the Yugoslav Government are now openly discourteous. One of his staff has committed bigamy and all of them have been engaged on the black market in no small way.

Marshal Kvaternik, Dr. Košak and four other members of Pavelić's administration have been sentenced to death.

Two recent decrees, of importance to the expansion of foreign trade, authorise foreign firms to set up foreign technical, commercial and commission agencies in Yugoslavia, subject to the control and consent of the Ministry of Foreign Trade.

A trade agreement has been concluded with Egypt.

Greece

It has been announced that the U.S. Government are in favour of an increase in the Greek Army by 20,000 men in order to allow the release of older age groups. This announcement followed closely upon several press reports which made it clear that the existing military forces are wholly inadequate to deal with the rebels. Since the raids on Florina (see *Summary* No. 394) troops have been withdrawn from some frontier posts and outlying districts in the general area of Prespa in order to prevent them being overrun. As a result it is impossible to prevent the rebels crossing and recrossing the frontier in this area. Meanwhile another attack on Grevena has been reported: on the 11th June forty mortar shells are said to have exploded inside the town. The attack was successfully repulsed.

Owing to the Army's heavy commitments elsewhere, it has been impossible to strengthen units in the Peloponnese where the situation is causing anxiety. A band 250 strong recently attacked Exokhori in Central Peloponnese. The 57 gendarmes defending the village fought until their ammunition was exhausted. They were then overpowered by the bandits; 30 gendarmes were massacred and 13 others are missing. The question of the Government's failure to restore order in the Peloponnese was raised by several deputies in the Chamber on the 6th June who tried to ascribe it to the rivalry between the Minister of War and the Minister of Public Order. This was denied by M. Tsaldaris who claimed that there was united leadership in the anti-bandit drive.

The Greek press has carried persistent reports that large-scale troop-movements are taking place in Yugoslavia along the Greek frontier from Istip to Gevgheli. These, it is alleged, are being staged to facilitate the entry into Greece of the reported International Brigade being formed to assist the rebels. There is, however, no reliable evidence to support the report that large-scale troop-movements are in fact going on. According to information reaching the Greek Government, a force of 2,500 men has arrived at Split on their way to the Greek-Yugoslav border where they intend to cross into Greece.

For the second time the United Nations Sub-Commission have been refused entry into Bulgaria in order to investigate the Angistron-Lipa and Kapnotopos incidents. They have sent a report of Bulgaria's obstructive attitude to the Security Council, and have now asked the Yugoslav Government to grant them facilities to investigate two incidents near Lake Doiran when bandits being pursued by the Greek Army are said to have crossed into Yugoslavia protected by the Yugoslavs.

Mr. Dwight Griswold has been appointed Head of the U.S. Mission to Greece.

Bulgaria

When searching the house of the Opposition leader, Nikola Petkov, after they had arrested him, the Communist-run Militia came across the written resignations of other Agrarian Party Deputies. The discovery gave the Government a chance too good to lose. The Militia handed the resignations of twenty three prominent Deputies to the Assembly and the Government press started a violent campaign against Petkov as a party Fuehrer and "a perfumed Western agent." The Opposition Agrarian Party submitted a letter to the President of the Assembly pointing out that these resignations had been handed in to the Permanent Presidium of the Agrarian Union and not to Petkov personally, under the regulations of the Agrarian Parliamentary Group which had laid down such procedure since 1919. The letter contended that the Militia had no right to send the documents on to the Assembly. The twenty-three Deputies also individually cancelled their letters of resignation but on the 11th June, were deprived of their mandates by the Assembly. By these means of doubtful legality, therefore, the government have got rid of the most active and effective of the Agrarians, including Asen Stamboliski (who acted as leader after Petkov's arrest) and the organising secretary. If it is true that the authorities have also got hold of the resignations of the principal remaining Opposition Deputies, the Government will no doubt take advantage of this to reduce them to impotence.

Communist control of the country thus seems one degree more complete. On the 11th June the Foreign Secretary expressed in the House of Commons the British Government's serious anxiety lest the last vestiges of liberty should be extinguished in Bulgaria. On that same day the Bulgarian Prime Minister adopted a truculent tone when receiving a delegation of the Union of Textile Workers. He warned them against fantastic rumours to the effect that American or British forces would arrive and that the Fatherland Front would disappear. Georgi Dimitrov continued that, although it had been said that the Americans and British would not permit the elections of November 1945, nor allow the Fatherland Front Government to sign the treaty, nor recognise that government, the elections had in fact been held and the Fatherland Front Government had both signed the treaty, and been recognised. That Government ruled to-day and only they could rule in the future.

The trial of Petr Koev, another leading member of the Opposition who was arrested on trumped-up charges (see *Summary* No. 380), has ended in his condemnation to twelve and a half year's imprisonment. This means the elimination of yet another influential opponent of Communist totalitarianism.

Turkey

The deep concern caused in Turkey by the Soviets' coercion of Hungary was clearly reflected in the Turkish press. The United States and Britain, which failed to foil Soviet intrigues in Roumania, Bulgaria and Poland, would, it was felt, have to adopt a much more drastic policy

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if they were to check Soviet designs on Greece, Austria and Czechoslovakia—and even on Italy and France. The moral drawn for Turkey was the need of unity.

Fortunately that unity exists for, so far as foreign policy goes, the Democratic (Opposition) Party supports the Government to the full. It is true that the President, when he addressed the rising generation at the annual Youth Festival on the 19th May, denounced extremism whether of the Right or of the Left. This was perhaps a warning to students who have lately been inclined to start witch-hunts against professors of Leftist sympathies. It may be taken as certain that, though Panturanianism seems lately to have been given a little extra rein, the Government have the Panturanians, no less than potential Communists, well under control. Neither of these small minorities is likely to weaken the Government's hand in foreign affairs.

President Inönü also spoke, as he had done in a press interview a few days earlier, of the Government's firm intention to continue the introduction of democratic institutions. This was no doubt intended to catch the ear of the West, particularly of the United States. But it was perhaps primarily addressed to the Democratic Party in Turkey who insistently demand more freedom for the press to criticise the Government, less power for the police to make arrests and domiciliary searches, and fairer electoral methods. To mark their dissatisfaction with the dishonest counting of polls the Democrats declined to contest the recent elections of village headmen and town wardens.

(See under "Middle East" for ratification by Iraq of Turco-Iraqi treaty.)

THE MIDDLE EAST

Egypt

The *Fawziah* affair has lost its interest for the public, and the last reference seen in the press (*Le Journal d'Egypte*) on the 12th June, merely refers to the vessel's expected arrival at Alexandria with two mine-sweepers from Malta. It is possible that the Government, realising the inopportuneness of antagonizing France when they will need all possible support for their case before the Security Council, have directed the press to drop the subject.

There is still no news that Egypt's case is ready for presentation. Injudicious interference by Palace officials—on the King's instructions, it is believed—is now thought to be holding up the preparation of the necessary material, but there are reports also that the delay is deliberate and that Nokrashy Pasha wishes to avoid appearing before the Security Council until July, when the President is no longer a Frenchman. Speaking in the Chamber of Deputies on the 9th June, Nokrashy said that he could not leave for the Security Council until he felt more easy about the supply position in Egypt. Questioned by journalists about a despatch sent by the Cairo correspondent of the *News Chronicle* to the effect that submission of the Egyptian case had been postponed indefinitely, Nokrashy said that the appeal would be sent "about the middle of June," by which time Parliament's examination of the budget should have been completed. The general indications are that Nokrashy would gladly accept any safe way out of his difficulties, but that he will now be forced to appear before the United Nations and will hope for their ruling that direct negotiations should be reopened with His Majesty's Government. (See also under "Arab League.")

On the 11th June the press published a manifesto by the Wafd signed by Nahas Pasha, which begins by criticising the Government's delay in dealing with the Egyptian question, and alleging that it constitutes an open conspiracy against the nation to enable to present Government to remain in power. After arguing that Nokrashy's view of the meaning of the "unity of the Nile Valley" coincides with that of Mr. Bevin, Nokrashy is asked why, in these circumstances, it is necessary to go to the United Nations at all. The manifesto then criticises the statement may by Mamduh Riaz Pasha, the Minister of Commerce and Industry, in which he told the delegates to the Inter-Parliamentary Conference (see *Summary* No. 388) that the presentation of Egypt's case should not be regarded as a hostile act against Great Britain, and then argues that the fact that the nullity of the 1936 Treaty and the 1899 Agreement have not already been declared proves that the Government agrees with that statement. Allegations follow that the Government is waging a strong campaign to mislead the Egyptian people, and, as evidence, the celebrations staged on the evacuation of the Cairo and Alexandria barracks are cited and the welcome given to the appointment of Sir Robert Howe to the Sudan, which was represented as evidence of a change of policy there, whereas, in fact, no such change had taken place—rather had the former policy been affirmed.

Allegations are then made that the present administration is stifling the liberties of the people and seeking to destroy the opposition. Nahas declares "in the name of the Egyptian people" that the sons of the Nile Valley will not be bound by any treaty forced upon them. In conclusion, he announces that the Wafd will get into touch with the democratic nations and see that they fully understand the Egyptian question and the demands of the Egyptian people. There is little doubt that this manifesto is a prelude to a communication from the Wafd to the Security Council saying that the Egyptian delegation is not representative of the nation, and that the people will not accept responsibility for anything which the delegation may do at the Security Council's meetings.

The American-owned Metro cinema in Cairo, which is still closed for repairs after the bomb outrage of the 6th May, has received a threatening letter warning the management that another bomb will be placed in it unless more Arabic films are shown and Arabic music is played in it. Similar threats have been made to other cinemas in Cairo and Alexandria, although in these cases the flying of the Egyptian flag and the playing of the Egyptian National Anthem before and after each show are demanded.

The accused in the Alexandria bomb incident have now been sentenced. The two ringleaders of the gang were sentenced to ten years' imprisonment, and others to lesser terms. Two were acquitted. (See *Summary* No. 392.)

The Minister of Defence, Lewa Ahmed Attiya Pasha, has given an interview to the new Government paper *Assas* in which he states that a new plan to modernise and expand the armed forces is ready. The plan will call for a capital outlay of between seventy and eighty million pounds, in addition to an annual outlay of twenty-two million pounds for the three services. Egypt's present budget is ninety-five millions on a ten-months' basis, and her budget for 1938–39 was forty million pounds.

Palestine

After a meeting on the 8th June the Arab Higher Committee issued an appeal to all Arabs to boycott the United Nations Special Committee on Palestine, and to the Arabs of Palestine to observe a general strike on the 16th June, when the opening session of the Committee was expected to be held. Amongst the reasons given to show why the Arabs should boycott the Committee were that Great Britain was seeking international sanction for her policy of Judaizing Palestine, and that a new and dangerous factor had been introduced in the inclusion in the terms of reference of mention of the rights of the three world religions, an innovation which foreshadows trusteeship.

It is clear that this policy of boycott does not command universal support in Palestine; the success of the efforts of the Higher Committee to enforce it upon the local Arab community will be a measure of its hold on public opinion and of its ability to enforce "national discipline." (See also under "Arab League.")

The Jews have spent the past week in diligent preparation for their appearance before the Committee. Ben Gurion and Shertok will lead on the political side, and other experts will present the economic and other aspects of the Zionist case. The Vaad Leumi has decided to invite Dr. Weizmann to appear. According to the Jewish Telegraphic Agency report of the 11th June he had already completed the draft of the evidence he will give, although he may not accept the invitation unless he is satisfied that a considerable part of the Yishuv favours his appearance.

It is believed that Dr. Weizmann regards Ben Gurion's statement at the session of the Elected Assembly as an ineptitude, and opponents of partition all criticize it. Nevertheless, there is a substantial body of public opinion which endorses it.

There have been sporadic acts of terrorism during the week, and on the 13th June Reuter's office in Tel Aviv was entered by an armed gang who stole a typewriter, an accounting machine and the office telephone. Extensive damage was caused on the same day by a bomb which was exploded in a Jewish dairy in Haifa. Another bomb, placed on the window-sill of a Haifa Jewish firm, caused only slight damage to the premises.

The language of the Stern Group and the Irgun Zvai Leumi increasingly echoes the phrases of communist propaganda. Their reaction to the death sentences passed on three of the five Jews caught after the attack on the Acre prison remains to be seen.

Jamal el Hussaini has defined the immediate programme of the Arab Higher Committee as:—

(*a*) the merger of Youth Organisations;
(*b*) the union of all National organisations in support of Beit et Mal (the Treasury of the Arab Higher Committee);

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(*c*) the establishment of National Committees;
(*d*) the holding of general elections to select a new Arab Higher Committee.

A message from the Mufti was read in Jerusalem in the Haram ash Sharif and in other principal mosques in the country on the 16th June. In it Haji Amin appealed to Palestinian Arabs to sink their differences, to unite in opposition to "tyranny," and to make sacrifices to redeem the lost areas of Palestine.

The Special Committee under the Chairmanship of Dr. Sandström held two meetings in Jerusalem on the 16th June. The factual evidence of the Palestine Government was presented by the Chief Secretary, Sir Henry Gurney. The Chairman broadcast later to the people of Palestine and held a press conference, when some dissatisfaction was expressed at the fact that the day's sessions had been held *in camera*.

Syria

General elections are to be held on the 1st July under the new Electoral Law, which provides for one-degree elections, and differs from the former law in certain other respects.

The Arab League

The feeling seems to be general amongst the States members of the Arab League that Egypt is making a grave mistake in going to the United Nations. The Lebanese Prime Minister would like to see direct negotiations re-opened between Egypt and Great Britain, and feels that if the other Arab countries cannot persuade the Egyptians not to go to the United Nations they should work for an appropriate recommendation by the Security Council in favour of re-opening negotiations. Ibn Saud and his advisers are convinced that Egypt cannot now withdraw, but are equally certain that, if the United Nations recommend new Anglo-Egyptian discussions, the Egyptian Government would be only too happy to bow to this ruling. There is no likelihood of the Sa'udi Arabians taking any initiative at this stage. The 'Iraqi Foreign Minister (who is acting under direct instructions from the Regent and the Prime Minister) promises to see Nokrashy Pasha and to urge him to ask Sir Ronald Campbell whether discussions could not be renewed. It is difficult to believe that they can imagine that such a move would be successful.

On the Palestine question the Arab States appear to be unable to agree on a common policy, but the majority seem to favour co-operation with the Special Committee.

Iraq

The Iraqi-Turkish Treaty, signed in Angora in March 1946 (see *Summary* No. 334 of 6th March, 1946, under "Turkey"), was passed by the Chamber on the 7th June by 88 votes to 13, but has not yet been ratified. The full text of the treaty was published without sanction in the press in the middle of May, and legal action is being taken against the offending newspapers. The treaty is one of friendship and good neighbourliness, and contains no particular innovations. The first clause states that the two countries undertake to respect each other's territorial integrity and common frontiers as defined in the 1926 Treaty. In the second clause it is agreed that the two contracting parties will follow a policy of non-intervention in each other's affairs. The fourth clause states that both parties will refer threats of aggression to the United Nations. Attached to these political articles are six Protocols dealing in great length with the control of the waters of the Tigris and Euphrates and their tributaries; mutual assistance on matters of public security; co-operation in educational and cultural matters; postal, telegraphic and telephonic communications; economic matters and, finally, frontier questions. There is also an Extradition Convention and Judicial Assistance Convention. No active steps are yet known to have been taken to implement these Protocols and Conventions.

The treaty has been the subject of much adverse criticism in the press and some opposition in the Chamber. The chief grounds for objection are that it ties Iraq's hands over the Hatay question and conflicts with the Arab League Covenant.

Persia

The visit of three American warships to the Persian Gulf between the 14th and 17th May has been the subject of considerable criticism and misgiving in the Persian press. The destroyer *Hyman* visited Abadan, the destroyer *Dixon* Basrah, and the cruiser *Toledo* Ras Tanurah. This is the first occasion on which American warships have visited the Persian Gulf, and is part of the United States "shewing the flag" policy in the Middle East. The cruiser *Toledo* was

flying the flag of the Commander-in-Chief, United States East Atlantic and Mediterranean Fleet, Admiral Conolly, who flew to Tehran and called on the Shah and the Prime Minister.

According to press reports, fierce fighting is in progress between Mulla Mustafa Barzani's followers (see last week's *Summary*) and Persian Government troops near the Perso-Soviet frontier. 1,000 Barzanis are reported to have fled into Russia, but 500, with Mustafa in command, are holding out although surrounded by much larger forces.

A change in the administrative set-up of the Mekran district in East Persia has been sanctioned by the Cabinet. A new province called Baluchistan is to be formed, with headquarters at Zahidan, consisting of four sub-districts (bakhsh) and three Governorates.

The abolition of the death penalty in the U.S.S.R. has been given much prominence in the press. An article in *Mard-e-Emruz* (Centre) of the 31st May states that this news is "as striking and important as that of the atom bomb." It then suggests that if social injustice in Persia continues, the people in the north (*i.e.*, the Azerbaijanis) might be driven to seek shelter in the Soviet Union, in the same way that the southerners had migrated into India, Iraq and Kuwait. (See also under "Soviet Union.")

THE FAR EAST

China

The general situation continues to provide the Nanking Government with cause for considerable anxiety and uneasy suspense. The stern measures applied by the authorities in Shanghai and the larger towns (see *Summary* No. 395) have so far successfully restrained the student fraternity from indulging in further demonstrations. Nevertheless, the Government have an uncomfortable feeling that, added to the support they already enjoy from the professors, the students are steadily gaining public sympathy which may quite possibly encourage them to seize any opportunity that may present itself to air their views and grievances once again in public.

Although monitoring reports have attributed to Dr. Hollington Tong the report that the Communists have "rudely" rejected the peace offer extended to them by the People's Political Council on 2nd June, which later received favourable consideration from the State Council, there is no official confirmation of any reply having been received.

The Times correspondent at Peiping reports that the civil war in Manchuria and north China is growing in intensity. He paints a gloomy picture for the Nanking Government of Communist disruption of communications by the destruction of numerous bridges on all the more important railway lines, thereby greatly assisting the staging of strong Communist attacks against several important towns in the Peiping and Tientsin areas. Official reports indicate, however, that the situation remains virtually unchanged from last week. In Manchuria Government reinforcements are reaching Mukden, but the Communists are reported to be intensifying the weight of their attack on Szepingkai. Further to the south the Communists are also reported to be attacking in force and to be meeting with general success, although it is uncertain at the moment whether the important town of Antung has actually fallen to their arms.

The Chinese press has given widespread and almost certainly officially inspired publicity to a report that on or about 5th June a force of Outer Mongolian cavalry, supported by motorised units and four aircraft bearing Soviet emblems, had entered the province of Sinkiang and attacked the Chinese garrison at a place called Peitashan. The Government troops were forced to evacuate the town, but later reports state that they have succeeded in recapturing it.

In Nanking the spokesman of the Ministry of Foreign Affairs declared that this was "no ordinary incident" and that the Chinese Ambassador at Moscow has been instructed to lodge a protest with both the Soviet Government and the Government of Outer Mongolia through the latter's representative in Moscow. Although the spokesman neither confirmed nor denied the press report that the Mongolian troops were supported by planes bearing Soviet markings, he is said to have expressed the opinion that the U.S.S.R. "had a responsibility for the attack." According to a later report issued by the Chinese Ministry of Information, the Government have instructed the Minister of National Defence, General Pai Chung-hsi, to proceed to Sinkiang to deal with the matter.

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There is some doubt as to the exact position of Peitashan, where the attack is understood to have taken place. Chinese reports place it to the north of Chitai and claim that it is some considerable distance on the Chinese side of the border. Mongolian reports, on the other hand, declare, probably rightly, that Peitashan is the Chinese name for the mountain range of Baitak Bogdo which, the Mongolians claim, is situated within the territory of the Mongolian People's Republic. In this connexion it may be remarked that the boundary has never been officially delimited.

Observers are watching the situation with considerable interest and the possibility that the incident is being capitalised to support Nanking Government suspicions of Soviet designs upon frontier regions and assistance to the Communists has not been lost sight of. It is also thought that the Chinese Government may be exploiting the incident to disguise what is in fact another local revolt; or that possibly it is an attempt to play to the gallery in the United States in the hope of hastening, through public sympathy, the granting of the much needed dollar loan.

(See also under "Soviet Union.")

Indonesia

Disturbed by the gravity of the situation in Indonesia and fearing that the Republican Government might reject the terms set out in the Commission-General's Note of the 27th May, the Netherlands Cabinet decided to ask the good offices of the United Kingdom and United States Governments in representing to the Indonesians the desirability of accepting, in the main, the Dutch proposals.

It was thought that parallel representations undertaken separately might achieve the desired result with less publicity than would be the case if joint representations were made. As a matter of fact, it so happened that the instructions concerning the representations the United States Government intended their Consul-General in Batavia to make at Jogjakarta arrived too late and were subsequently cancelled by agreement with the Netherlands Government.

H.M. Consul-General in Batavia, however, was instructed to fly to Jogjakarta and, unobtrusively and in as friendly a manner as possible, to dwell on the world economic aspect and to urge upon Dr. Soekarno and the Indonesian leaders the desirability of reaching a solution without further delay. H.M. Consul-General, whose visit to Jogjakarta was not welcomed by the local Dutch officials in Batavia, despite the receipt of specific instructions from The Hague, was warmly received by the Republican leaders.

Dr. Soekarno said that in view of the message conveyed to him from H.M. Secretary of State, which he much appreciated, he was inclined to accept the proposals as a whole. He promised that his reply would be conciliatory and positive, but he pointed out that there were some points on which discussion and/or clarification seemed desirable—*e.g.*, military co-operation and foreign representation. He said that there could be no practicable understanding without mutual trust which, in turn, was impossible so long as Dutch military officers indulged in threatening and reactionary talk, the more especially since he felt that Dr. van Mook was able to exercise little, if any, control over General Spoor.

The Indonesian reply to the Dutch Note was delivered to Dr. van Mook on the 9th June. For the most part, it follows the lines generally anticipated. But, although it accepts, in principle, most of the chief points raised by the Commission-General, it is a somewhat argumentative document of extreme length, containing a number of counter-demands.

Briefly, the reply accepts the proposal to form an Interim Government, agrees in general to demilitarisation and joint policing of the demarcation areas, as well as to the Dutch economic proposals. But in each case acceptance is qualified by reservations and any underlying suggestion that the delay in the implementation of the Linggardjati Agreement is the fault of the Indonesian Republic is denied.

This being so, the Indonesian Government expect the Netherlands Government to undo the military measures taken at Modjokerto, Buitenzorg, Medan and other places. Furthermore, far from the complaint of lack of order in the Republican area being admitted, the Dutch are accused of breaches of democratic principles in their own controlled areas.

The Republic is prepared to recognise East Indonesia but criticises the manner of its formation. It also demands an equal voice in determining the status of Borneo and contends that New Guinea should be brought within the state of East Indonesia.

Similarly, the reply contains a demand that immediately on the establishment of the Interim Government the Netherlands Government will take steps to propose Indonesia as a member of the United Nations and separate overseas representation of Indonesia shall begin.

As regards the maintenance of defence, while the participation of a foreign army is not excluded, the responsibility should be resigned to a national army and a national federal army, therefore, should be constituted.

Within the Republic, maintenance of law and order is claimed as the province of the Republican police and not of the Netherlands army. Formation of army in non-Republican states of Indonesia should be arranged between Federation States and the Netherlands.

The treatment of all Indonesia as one economic unit is accepted in principle, but the method of transition during the interim period is debated. Establishment of uniform Customs legislation for all Indonesia is accepted with reservation. It is also agreed to regard Indonesia as one Customs region, but each state to retain duties levied by it; and Dutch proposals for Customs control by management of foreign exchange fund are rejected.

As regards foreign property, that should be returned (except such of it as is to be nationalised against indemnity), but operators are enjoined to return free from "Colonial mentality." Proceeds of sale of estate products in the meantime to be subject to production expenses incurred by the Republic.

A change in the title of the Lieutenant Governor-General is suggested (possibly to that of High Commissioner); but in the interim period it is desired that: no change be made in the *de facto* recognition of the Republic; half the members of the Interim Government to be Republicans; and, on the formation of the Interim Government, areas occupied by Dutch military units, or where Republican authority has been weakened (presumably action by the Dutch army subsequent to the Linggadjati Agreement is indicated) to be restored immediately to the Republic.

In Batavia the immediate reaction to the Indonesian reply was one of disappointment and irritation. Dr. van Mook's view that it is dictatorial in tone and quite unacceptable is shared by the local Dutch community as a whole, who believe that only a choice of evils now remains—the least of which being in the application of force. They are convinced that, were this course adopted, the Dutch could depend on quite a large measure of support from certain elements within the Republican camp—a possibility, indeed, over which the Indonesian leaders themselves are more than a little worried. It is said that the other States and the more moderate section of the Republic would welcome a settlement by some form of limited Dutch military action; that they are sitting on the fence in an intensely nervous mood; and that if the indications are that the Republican leaders have scored a victory over the Dutch, they are likely to throw their weight irretrievably on the side of the Republic. Be this as it may, the situation in Java is intensely critical and Dutch military preparations and recruitment are reported to provide strong indications that military action is contemplated. Clashes have been numerous in the last few days, but it is not thought that General Spoor will attempt to embark on large-scale operations without official, or at least semi-official, sanction.

In the meantime Professor Schermerhorn and M. van Poll have returned from The Hague. They arrived in Batavia on the 12th June, after spending a night in Singapore. In Singapore Professor Schermerhorn expressed his determination to find a solution without resorting to force and said that, while he was not able to express any definite opinion until he had examined the Indonesian reply, at first sight the position "did not seem too bad"; the Indonesians had accepted the important economic proposals, and the Dutch were prepared to meet Indonesian wishes on proportionate Republican representation. It is most unfortunate, therefore, that on the day following his arrival in Batavia Professor Schermerhorn should have come to the conclusion that no peaceful settlement is possible and that he can see no way out except by force. He said that the more he re-read the Republican reply, the more clearly he realised its intransigeance and intention to play for time. He has been greatly shocked by the exposure of the exchange of Republican telegrams with Batavia and Sumatra, indicating that Dr. Soekarno is now dominated by the extremists in his Government, who are resolved to prevent any form of co-operative settlement with the Dutch and are aiming at Dutch surrender. Professor Schermerhorn now feels that to give way to the Indonesian demands, or even to continue discussions, would be to play into the hands of extremists and weaken still further the position of M. Sjarir and the more moderate Republican faction.

At The Hague, too, the atmosphere is one of extreme depression. The Indonesian reply in its full text is held to have gone far beyond the Linggadjati Agreement and to hold no hope of a peaceful settlement. It seems evident, therefore, that the Dutch are near the conviction that drastic action is the only course now open to them. However, a decision is not expected until the

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whole question has been ventilated at a Cabinet Meeting.

None the less, His Majesty's Government are of the opinion that the situation, if taken in hand immediately, is not entirely without hope and that an indication that the Indonesians are prepared to make some further concessions is provided in the admission to H.M. Consul-General at Batavia by an emissary of Dr. Sjarir that the Republican reply was in part "too firm and provocative." In discussing the position with the Netherlands Minister for Foreign Affairs, therefore, H.M. Ambassador to The Hague urged that the Dutch and Indonesians should get round a table once again to thrash out their differences and to discuss the implementation of the points on which they agree. But the Minister seemed to think that this method afforded little hope of progress. He gave an assurance, however, that the Dutch troops would take no concerted action, although they would be bound to defend themselves if attacked.

The signature of a Treaty of Friendship between Egypt and Indonesia on the 10th June, and talk of direct diplomatic relations is regarded by the Netherlands Authorities as a breach of the Linggadjati Agreement and, as such, a further proof of Indonesian bad faith.

THE UNITED STATES OF AMERICA

Mr. Marshall's Harvard speech (see last week's *Summary*) has been welcomed by all shades of opinion in the United States, and the Secretary of State has been praised for his "sound" and "realistic" approach to European economic problems. Only the *Daily Worker* has (not unexpectedly) condemned the policy which it outlines on the ground that it represents "unabashed dollar diplomacy." The speech is seen by the majority as a more mature phase of the "Truman doctrine," although it is generally agreed that the extent to which it will produce "concrete results" will depend upon the ability of the European countries themselves to respond in the requisite manner. In this connexion, the decision of Mr. Bevin to discuss the new American approach to Europe with the Prime Minister and Foreign Minister of France has been warmly applauded.

Senator Arthur H. Vandenberg, on the 13th June, was the first of the Republican leaders to comment on Mr. Marshall's plan. While endorsing "the importance of facing this problem on an overall basis," he called for the establishment of a bi-partisan advisory council drawn from America's "ablest and most experienced citizenship" to calculate the total needs of Asia as well as Europe and make an "inventory" of American resources such as would "determine the latitudes" within which these needs might be considered. (Mr. Benjamin V. Cohen, the State Department Counsellor, had intimated on the 12th that "Europe's rudimentary rehabilitation needs" might require as much as 5,000 to 6,000 million dollars a year for another three or four years.) An even more guarded opinion was given by ex-President Hoover in a letter to the Chairman of the Senate Appropriations Committee published on the 15th. While conceding that assistance must continue to be given to peoples abroad who are in need, Mr. Hoover insisted that the United States "must prevent excessive exports and by so doing reduce excessive prices." It must also estimate periodically the goods and services which it can safely export and limit purchases of its commodities "by limiting gifts and loans." The present "rate of giving and lending" was causing the country to over-export goods to an extent which, at the existing level of production and consumption, might have "evil consequences" for American economic stability. Mr. Hoover, who is a leading oracle of the Republican party on foreign relief questions, thus subscribes to the thesis that the "huge dollar funds" already made available abroad inevitably increase the pressure of inflation at home. This thesis has recently been advanced with some vigour by Senator Robert A. Taft (see last week's *Summary*), who is apparently as inimical to what he calls "heavy spending abroad" to-day as he was when he led the fight against the Bretton Woods Agreements in July 1945.

As long ago as last March Mr. Vandenberg had apparently decided to sound Mr. Marshall out on the idea of a United States of Europe within the framework of the United Nations as endorsed in a Senate concurrent resolution sponsored by Senators Fulbright (Dem., Arkansas), and Thomas (Dem., Utah). In a reply, published on the 10th June, the Secretary of State expressed himself as being "deeply sympathetic towards the general objective" of this resolution, the object of which, as he understood it, was *inter alia*

to encourage the nations concerned "to co-operate together to promote the economic recovery of Europe as a whole." At his press conference on the 12th, Mr. Marshall made it clear that his proposal for American aid to Europe embraced both the United Kingdom and the U.S.S.R. It would, however, be difficult on present showing for the Soviet authorities to convince Congress that they were not "manœuvring to block the recovery of other countries" and therefore *ipso facto* ineligible for consideration under the conditions laid down at Harvard on the 5th.

Mr. Truman's address to a joint session of the Canadian Houses of Parliament on the 11th June, during his three-day State visit to the Dominion, has been widely interpreted as putting the Presidential stamp of approval on Mr. Marshall's recently expounded views. Mr. Truman pointed out that "Canada and the United States emerged from the war as the only major sources of the industrial products and the food upon which much of the world depends for survival." Emphasizing that "we of the United States are deeply conscious of our responsibilities to the world," he stated that it was the purpose of the United States "to restore the world to health and to re-establish conditions in which the common people of the earth can work out their own salvation by their own effort." He added that the United States intended to invest its substance "in promoting world recovery by assisting those who are able and willing to make their maximum contribution to the same cause" and "to support those who are determined to govern themselves in their own way, and who honour the right of others to do likewise."

One or two competent political observers continue to feel uncertain regarding the possible reaction of Congress to the Administration's latest proposals. The public was reminded of potential divergences of opinion between Congress and the Administration on questions of economic foreign policy this week when Mr. Marshall openly expressed his disappointment at the action taken on the Wool Bill. In reply to a question at his press conference on the 12th June, Mr. Marshall suggested that the final acceptance of the Wool Bill would greatly complicate the Geneva trade negotiations. Senator George D. Aiken (Rep., Vermont), a prominent member of the joint Senate-House Conference Committee which was obliged to yield to the overwhelming pressure of the House of Representatives for the imposition of "import fees" on foreign wool (see *Summary* No. 394), at the same time ruefully admitted that "there is a drive within this country to isolate the United States economically." The temptation to "play politics" with financial measures having a bearing upon foreign relations will probably not have diminished as a result of Mr. Truman's decision on the 16th June to veto the 4,000 million-dollar income tax reduction Bill (see *Summary* No. 394)—a decision which the Republican Chairman of the House Ways and Means Committee has already described as "coldblooded politics" on the part of the President. In his message rejecting the Bill Mr. Truman reminded Congress that the country continued to be confronted with "great responsibilities for international relief and rehabilitation" and that common prudence therefore demanded "the realistic and conservative management of fiscal affairs." The House of Representatives failed by two votes on the 17th to override the Presidential veto.

Political developments in South-Eastern Europe continue to cause grave concern to the United States Government. On the 11th June, the State Department made public the text of a strongly-worded note which Brigadier-General George H. Weems, the United States representative on the Allied Control Commission for Hungary, had been instructed to deliver to the Commission's Soviet chairman, General Sviridov. The note protested against the "unilateral action in violation of the Yalta agreements and [the] Soviet interference in Hungarian political affairs" and hinted at action through the United Nations if the American request for "the expeditious establishment of a three-power commission to examine the situation as a matter of urgency" were not complied with. Senator Vandenberg has publicly supported the idea of referring the Hungarian affair to the United Nations, but the majority of thoughtful observers take it for granted that, apart from rallying world opinion against Russia, action along these lines would have no practical effect. Despite widespread criticism of his previous hastiness in "first shaking a fist and then a finger" at the new Hungarian Government, President Truman, when signing the four satellite peace treaties on behalf of the United States on the 14th June, ventured publicly to express his regret that the Governments of Hungary, Roumania and Bulgaria "not only have disregarded the will of the majority of [their] people,

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but have resorted to measures of oppression against them.'' Mr. Dean Acheson, in an address to students of the Wesleyan University at Middletown, Connecticut, referred to '' the cynical and barefaced *coup d'État* in Hungary '' and accused the Soviet Union of obstructing World recovery by pursuing '' policies diametrically opposed to the very premises of international accord and recovery.''

On the 11th June the State Department also issued a statement criticizing sharply the action of the Bulgarian Government in arresting the opposition leader, M. Petkov, and concluding '' as he [Petkov] goes on trial in his own country, so will the present Bulgarian régime be on trial in the minds of many Bulgarians and certainly in the opinion of all freedom supporting peoples outside Bulgaria.''

In happy contrast to these protests, the United States Government has been able to acclaim the agreement between the British Government and the Indian leaders for the transfer of power in India. In a statement issued on the 10th June the State Department welcomed the agreement as '' a source of much encouragement to India's friends,'' and suggested that it might '' provide an example of co-operation and fair play to all nations of the world.'' The press has at the same time hastened to acknowledge that '' the British have fulfilled their pledges handsomely.'' With unusual enthusiasm Mr. Walter Lippmann declares: '' The Prime Minister, Mr. Attlee, and Viceroy Lord Mountbatten have done a service to all mankind by showing what a statesman can do, not with force or money, but with lucidity, reason, imagination, resolution, sincerity and goodwill. The world needed desperately a demonstration of this kind to renew men's faith in the power of the human spirit.''

LATIN AMERICA

Brazil

According to broadcast reports, a number of soldiers and civilians have been arrested on a charge of attempted revolt. The conspirators appear to include nine soldiers, six of them sergeants, and two members of ex-President Vargas' personal guard.

The Brazilian Minister for Foreign Affairs, Dr. Raul Fernandes, paid an official visit to Uruguay from the 14th to the 26th May. In a number of speeches and interviews, Dr. Fernandes expressed his thesis that the limitations of the United Nations Charter lay in the traditional idea of the unlimited sovereignty of states, and urged that peoples should realise that a state is sovereign only in respect of its own affairs.

Chile

According to broadcast reports, the National Convention of the Radical party has approved a motion authorizing the Party to co-operate with parties of the right, so long as the co-operation was not '' of an exclusive nature.''

The transport strike in Santiago was reported to have been settled after military intervention, when President Gonzalez Videla received the Communist leader of the Chilean Labour Federation to negotiate for a settlement. However, on the 12th June there were street disturbances during which the armed forces opened fire, killing three persons and wounding twenty. The province of Santiago was at once declared an emergency zone under military control for a period of 30 days.

Dominican Republic

At the Presidential elections held on the 16th May, President Trujillo was re-elected by a handsome majority. According to the official returns of the 779,263 votes cast, the President and his Dominican Party received 721,164, while the candidate of the National Democratic Party accounted for 29,302 and the candidate of the National Labour Party 28,797. The only district in which there was sizeable opposition to the President was San Francisco de Macoris, where the Dominican Party took 19,761 votes and the Labour Party 10,403. In fact, both opposition candidates were little more than tools of President Trujillo.

THE UNITED NATIONS

Freedom of Information

The Sub-Commission on Freedom of Information recommended an agenda for the World Conference on Freedom of Information. A number of concessions were made to the ideas of the Russian member, in the hope of reaching agreement. For instance, when the Conference discusses Censorship,

it shall '' pay due regard to the requirements of national security and public order.'' Again, the right of people to receive information is to be considered '' with due regard to the existing laws of the various countries '': in spite of this, the Russian member opposed the report, and it is not now certain whether the Soviet Union will take part in the Conference, where the issue fundamental to all human rights will be raised—who is master of the mind of man?

The provisional agenda for the Conference follows the outline of the U.S. proposals, with the addition of the points from Mr. Cruickshank's paper which the U.S. draft had not covered, *e.g.*, the general discussion of the principles of freedom of information, Government information services, encouragement of professional journalistic bodies to develop their own standard and disciplines. Of the six main headings of the Agenda, 1 and 2 provide for general discussion; 3 and 4, the problems of foreign correspondents, rights of entry, access to information, censorship, freedom from arbitrary arrest, etc.; 5, a detailed study of what restrictions Governments impose on the flow of information to their citizens, the best ways of improving the quantity and quality of the information, and how best to counteract the spreading of false information; 6, breaches of press conventions, &c., and how they can be treated within the framework of the United Nations.

Economic Commission for Europe

The first session of the Economic Commission for Europe ended on the 15th May at Geneva. The meetings were almost wholly taken up with questions of procedure, and it is difficult to predict at this stage what its future scope will be apart from continuing the allocation of coal and taking over some of the functions of E.C.I.T.O. and E.E.C.E. The emergency organisations will all be wound up before the end of the year. All European members of the United Nations were represented (except Iceland, which will, however, be at the second session, beginning 5th July). The U.S.S.R. and her satellites all attended, and the former made it clear that the liquidation of the emergency organisations on which they had not been represented was their main preoccupation. On the whole, however, there was less of a clash between East and West than might have been expected, the only important point of principle put to the vote being whether Portugal should be invited to send an expert to the Conference of Transport Experts (which was held in Paris at the end of May to decide the functions of the Commission's subsidiary body on Inland Transport). The decision was in Portugal's favour by 8 votes to 7. Discussions were however invariably strenuous and protracted.

Many of the more difficult procedural problems remain to be discussed at the second session of the Commission, beginning on the 5th July. Among these are: the association of non-United Nations European countries with the work of the Commission, the relationship with the control authorities in occupied territory, with the specialised agencies and with non-governmental organisations. The recommendations of the conference of transport experts will have to be studied. A decision will have to be taken as to what functions of the E.E.C.E. are to be taken over. Among present activities which E.C.E. will most probably continue are those of the present sub-committees on fertilisers, timber, alkalis, public utilities and (possibly) housing. It is too early to say at this stage in what way the E.C.E. will be associated with the Marshall plan. In the early stages at any rate, the Secretariat of the Commission is unlikely to be able to handle the work involved in such a large scale but urgent project.

The Russians wanted E.E.C.E. to be ended at once, but the Commission agreed to end it 45 days after the close of the second session, thus ensuring continuity. E.C.I.T.O. will end not later than the 27th September, by which time the new transport organisation of E.C.E. should be ready to take over. E.C.O. will probably continue to make coal allocations up to and including the first quarter of 1948.

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EUROPE

GERMANY

Mr. Marshall's speech on the economic revival of Europe has evidently aroused keen interest in Germany, but comments in the press have so far been somewhat uncertain. It is not yet clear to the Germans how far Germany will be affected, and comment seems subdued by the fact that they do not feel in a position to take any active steps themselves. Many of the papers in the Western zones were content to report the speech and to quote from foreign press comments without additions. *Stuttgarter Nachrichten*, a non-party daily—less enthusiastic than Mr. Bevin—called it "perhaps one of the most important announcements of the last two years." It saw this as a blow against isolationism, but was also inclined to regard it as a veiled weapon against Russia, and even to fear that the offer might prove to have conditions attached which would be detrimental to a final solution of the European problem. *Fraenkische Landeszeitung* related the speech more closely to Germany which, it claimed, "is suffering the most heavily under the economic collapse" of Europe. It concluded that Marshall's speech "may be the final appeal which warns the suffering peoples away from the mouth of chaos and perhaps preserves them." An unenthusiastic acceptance of the idea was given by the Social Democrat *Telegraf* nearly a fortnight after the speech. This it describes as "no ideal solution but . . . . the only opportunity of mitigating the present suffering speedily. Germany is so poor that she cannot choose." Communist organs writing prior to the Russian agreement to meet Mr. Bevin and M. Bidault were cynical but did not reach their usual standard of abuse. Leipzig Radio of the 12th June, for example, doubted the purpose behind the plan and said that Germany could accept the foreign help which she needed only if treated as a single nation with a single economy and if the only condition attaching to loans was payment of a normal rate of interest. The doubts in the commentator's mind were

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revealed more clearly by *Berliner Zeitung* which related the whole plan to an American desire to use European poverty for the benefit of "big business."

H.M. Government are already taking steps to assess the practical needs of the British zone which might be met if there were to be direct American assistance. The possibility of such assistance comes at the moment when the Allied Bi-Zonal Authorities had presented to their Governments for the first time demands for essential food imports which are clearly in excess of the financial resources at present available. The food situation in the Bi-Zonal area showed no substantial improvement during the past week. In Cologne a five-day strike which began on the 18th June temporarily paralysed all factories and workshops except the railways.

An agreement in principle was reached on the 9th June for the financing, import, processing and sale of cotton and textiles in the joint U.K./U.S. zone of Germany. This is important as the first real initiation of private financing in the import-export trade of the bi-zonal area. An American Cotton Supply Corporation of New York City is to be established in which American exporters can belong and which will provide short-term drafts for the purchase of cotton—normally repayable in dollars and within nine months. The joint import-export Agency continues to authorize exports and gives a general undertaking to provide the cotton corporation with funds to pay the drafts when they mature.

Additional details are now available about the Economic Commission of the Soviet zone. The members are to include the head and his deputy of the supporting economic department. A new Central department of inter-zonal trade, not to be represented on the commission, will be headed by Josef Orlopp, who is already on the staff of the Central Administration. He is a former Social Democrat, now an active Socialist Unity Party man and had wide economic experience as a member of the Weimar Economic Council. When establishing the Commission Marshal Sokolowsky released the news of an agreement concluded on the 10th February between the individual Central Administrations and the Laender. (Reference to this was made in the special article on the Soviet zone in *Summary* No. 391.) The reason for the delay in publication is not clear. It gives the Central Economic Administrations responsibility for the planning and control of economy throughout the zone, but makes the reservations that the agreement is valid in the first instance only until December 1947, and that orders, before being submitted to the Russians, "must be agreed on with the *Laender*." It is doubtful whether in practice either of these restrictions will much affect the work of the Centre. It is not yet known whether they apply also to the new Commission. A statement issued by the SED on the 16th June is at pains to point the differences as they see them between the Commission and the Bi-Zonal Economic Council. The latter is described as violating decisions taken at Potsdam, the former as according fully therewith. The Commission is pictured as a working committee for promoting economic development while the inter-zonal trade department strengthens bonds with the West. The limits placed on the agreement of the 10th February show, says the SED, that there is no attempt by the Commission, as there is by the Bi-Zonal Council, to set up a Government leading to the dismemberment of Germany. Finally, a contrast is offered which would hardly have occurred to the Western observer—"the Commission is a German creation formed by the free decision of responsible German authorities, while the direction of the Bi-Zonal Economic Council was decided and ordered by the Occupying Powers."

Dr. Buschmann, who resigned from the Presidency of the Central Administration for Trade in the Soviet zone because of his opposition to political trends, is touring the British and U.S. zones by official invitation to study the food situation. He is peculiarly well-placed to comment on developments in the Soviet zone. At a press conference in Stuttgart, Dr. Buschmann said that farm delivery quotas in the Soviet zone were smaller than in the U.S. zone, but they were being collected. If milk quotas were not fully surrendered, livestock was confiscated, but if there was surplus food, the farmers used it to buy domestic articles. There was no black market like that in the Western zones. The U.S. zone News Agency reported Buschmann as stating that reparation deliveries of food were "quite considerable," but he was not more specific and in the past the only reliable evidence has been of the delivery of some shipments of sugar to the East.

The system of bonuses in the Soviet zone is not restricted to farmers. Recent reports show that high-placed German officials who are considered to have served particularly well are being rewarded by order of the Russians with suitable gifts in cash or kind—including bicycles and wrist watches. Great efforts are still being made to encourage German specialists to work in the Soviet zone, and there is little doubt that they make full use of Communist members in the other zones to help them and even to use their influence to see that a desired specialist is treated leniently by the local denazification panel. By contrast to the lot of these privileged classes conditions among prisoners in Sachsenhausen internment camp, who are reliably reported to include a number of children, continue to be extremely bad. A statement on political arrests was made by Major Sokolko on the 17th June, when he spoke at the Soviet House of Culture, in Berlin. His conception of Soviet zone trends was interesting, since he referred to those arrested as "counter-revolutionaries" and stated that "to-day no nazis display the swastika but disguise themselves for preference as Social Democrats." "As long as Germany does not show that she will take steps against her reactionaries we must act for her." Three days earlier the Berlin City Council had resolved to request the Allied Control Council to publish the names of all persons arrested by the Occupying Powers and to permit them to correspond with relatives.

The United States Government have sent a non-committal reply to the French Government on the subject of the recent changes in the Saar. They do not intend to protest against—although they do not specifically approve—the alterations in the boundaries and the introduction of the new currency; they confirm that these steps do not prejudice a final decision on the limits of the Saar to be taken at the Peace Settlement. *Neues Deutschland*, organ of the Socialist Unity Party, has violently attacked the new currency as a gift to the Saar capitalists whose investments in Nazi business will yield splendid profits.

The Social Democrats in Schleswig-Holstein, who formed the first non-coalition government in post-War Germany, are making determined efforts to prove their efficiency. Although they are not allowed to legislate on land reform they have prepared a Draft Law, which is far more drastic than that of Military Government. A firm line is also being taken with the Danish Minority. The Government's statement on the 8th May said that the South Schleswig Association would be granted full rights as a minority if similar rights were accorded to the German minority in North Schleswig. There is now good reason to believe that a campaign is to be launched against members of the SSA who are considered to be opportunist "new Danes" and not genuine members of the minority. It is perhaps unfortunate that this, very natural, step should be taken at a time when Denmark's fervour about the problem shows signs of abating. A special effort is being made to see that German children are not enticed to Danish schools by offers of better school meals. 2,000 children in Flensburg came out on strike on the 3rd June as a result of a Government decree that German children might not be transferred to Danish schools. The parents have held a number of protest meetings and are preparing to appeal to Military Government. A Committee composed of Military Government, the German Government and Danish minority representatives has not yet reconciled opposing school claims. At the moment it has been decided that new Danish private schools may be set up if ten children desire it, but that public Danish schools must become private schools after April, 1948 unless a different agreement is reached before then.

AUSTRIA

At its twenty-first meeting on the 18th June, the Austrian Peace Treaty Commission finally reached agreement on the procedure of work to be followed by the Commission and its Committee of Experts. The final formula provides that (1) the Commission shall begin discussion of the question of the basic types of German assets and in this connexion shall examine the proposals of the different delegations regarding important concrete facts; (2) the Commission shall examine the oil industry, Danube shipping, financial institutions (including insurance companies), industry, and State property; no one subject will, however, be examined at such undue length as to delay examination of another problem; and (3) the Commission will refer to the Committee such questions relating to the establishment of concrete facts as it may consider necessary.

This compromise agreement satisfies the Soviet desire to keep the main discussion in the hands of the Commission and to limit the scope of the Committee of Experts; it also goes some way towards meeting the wishes of the U.K. and U.S. delegations in regard to the weight which should be attached by the Commission in its decisions to the fact-finding work of the Committee. The hard bargaining which

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has been necessary to secure agreement has naturally resulted in the recording in the minutes of a number of agreed "interpretations" and reservations by the various delegates, and the U.K. representative has made it clear that he has only accepted the present formula on the understanding that M. Novikov will abide by certain important assurances he has given. These include declarations that the Soviet Delegation will not attempt to prolong unduly discussion of any one item at the expense of another, or to delay reference by the Commission to the Committee. M. Novikov has also stated that the Russians are prepared to give up any genuinely non-German assets (whether or not claimed by the Allies) which they have taken over in their zone. Sir George Rendel has privately proposed to M. Novikov that the chief U.K. expert should draw up from his own information a list of assets taken over by the Soviet authorities in their zone which are considered by the U.K. delegation to be (*a*) indisputably German, and (*b*) doubtful; a third list—of assets definitely regarded as not German—may also be added. These lists would be communicated unofficially to M. Novikov with a view to learning Russian reactions. The Russian argument against providing such a list themselves is that it would imply that the Soviet Government were answerable for their actions to other Powers. It is the view of the U.K. representative that the production of an agreed list of indisputably German assets would greatly contribute to the solution of the treaty problem.

With the breaking of the deadlock, the Commission has now been able to get down to its real work, and its meeting on the 19th June was devoted to initial discussions on the oil problem. The Commission then adjourned until the 23rd June in order to allow the experts time to prepare the relevant material. In the interval the U.K. representative intends to explore, in conjunction with the Americans, the best means of securing the reversion of the maximum amount of oil to the Austrian State. The main concern of the U.K. is, of course, to ensure Austria's independence, and economic viability; Soviet suspicions that the U.K. Delegation is mainly concerned with the protection of British commercial interests, particularly in regard to oil, do not yet appear to have been dissipated.

On the 21st June the U.S. authorities in Austria renounced their claim to occupation costs after the 1st July. After that date they will compensate the Austrian Government by payments in dollars for their requirements in Austrian Schillings; special dollar credits will be granted to the Austrian Government for this purpose. The U.S. authorities estimate that Austria will thus receive about twenty million dollars annually, but Austrian financial experts set the figure at about ten million. The U.S. decision has received a warm welcome in Austrian official circles both for its financial implications and as a proof that the U.S. intends to treat Austria in actual fact as a liberated country. It has been pointed out that Austria will now be able to import urgently needed goods and also that a considerable amount of property requisitioned by the U.S. forces will, as the result of economies, be released for the population. The official *Wiener Zeitung* has denied that this friendly gesture has anything to do with "so-called monopoly capitalism"; the Communist *Volksstimme*, no doubt with precisely this suspicion in mind, has inferred that the measure will be of little benefit to Austria, the Socialist *Arbeiter-Zeitung* has greeted the step as being mainly the result of Socialist agitation. It will be recalled that demands for the reduction or cessation of occupation costs and for the de-requisitioning of property for Austrian use figured prominently in the Austrian Socialists' "appeal to the world" early in May 1947 and in the Memorandum submitted to the Allies by the Austrian Trades Union delegation a few weeks later.

The U.S. decision is reported by the British press to have taken the three other occupying Powers completely by surprise. Allied occupation costs have hitherto been decided by the Allied Council. At the beginning of 1947 they were reduced from 25 per cent. to a maximum of 15 per cent. of the Austrian Federal budget. In varying degrees the Soviet authorities have received a larger share of this allocation than the three Western Powers, whose own share has been apportioned equally between them.

Dr. Guido Schmidt, the Austrian Foreign Minister at the time of the *Anschluss*, was acquitted of the charge of high treason on the 12th June. The following day the Minister of the Interior announced that, at the request of the Socialist Party Executive, immediate proceedings would be instituted against Dr. Schmidt under the denazification law as a collaborator. Dr. Schmidt's acquittal has been sharply criticised in the Austrian Communist press, and the Socialists, while admitting the legal correctness of the verdict, have reiterated their demand for the

arraignment of the Schuschnigg Government; the People's Party newspaper *Kleines Volksblatt*, on the other hand, has insisted that the trial produced no evidence to show that the then Austrian Government failed in the struggle against Nazism —Dr. Schmidt's guilt lay in his desertion of the Austrian cause after the *Anschluss*. Evidence in favour of Dr. Schmidt was given (by deposition) by former Chancellor Schuschnigg. Dr. Schmidt's main line of defence was that he had followed the only course possible for Austria at a time when Germany was rearming and the West was unwilling to give any assistance against her.

CZECHOSLOVAKIA

Following upon the recent meeting of the National Front which was convened in order to investigate the Slovak problem (see last week's *Summary*) the Executive Committee of the Democrat Party have decided that certain "appropriate measures" should now be introduced. What these "measures" entail is not yet known, but it appears probable that a purge of the Democrat ranks—long advocated by the Communists and their supporters—will shortly be carried out under the supervision of either the National Front or the Government. For the present at least the position has become much easier; the results of the inter-party meeting are reported to have been received calmly in Slovakia and the press campaign has been toned down. It may now be hoped that the widespread criticism of the Democrat attitude, allied to the pungent warnings which the President has uttered on the score of Slovak intransigence, will bear full fruit, and that a period of renewed tranquillity will ensue.

Another hopeful augury during this period of unrest has been the conference which the Executive Committees of the Czech and Slovak Social Democrats held earlier in the month. The conference, over which M. Laušman, Czech Minister for Industry and Vice-Chairman of the Party, presided, unanimously resolved to defend national unity: with emphasis on the need for a united yet decentralised administration which would function throughout the State both branches of the Party criticised the present irresponsible trends in Slovakia and rejected all reactionary attempts to sabotage the Republic's solidarity. The most important result of the meeting, however, was agreement on the desirability of amalgamating the two branches into one single party. Such a step will strengthen the bonds of Czech-Slovak co-operation, thereby helping to create the pre-requisites for agreement on the thorny question of the new Constitution. No final decision is to be made, however, until the whole question of fusion has been tackled at the forthcoming party convention.

Encouraging, too, is the fact that negotiations between the Foreign Ministry and the American Embassy in Prague have finally resulted in agreement on the transit fees payable by Czechoslovakia for the transportation of goods across the American Zone of Germany. The agreement covers transit fees between the end of the War and the 1st March, 1947, after which date the fees shall be paid in Czechoslovak goods instead of dollars: the arrangement, circumventing Czechoslovakia's dollar-shortage should give a much-needed fillip to her exports to the West as well as having favourable internal political repercussions. Czechoslovakia has also successfully negotiated the purchase of considerable quantities of flour from America and Canada. Commenting upon UNRRA aid, M. Fraštacký, Democrat Vice-Chairman of the Slovak Board of Trustees, stated that Slovakia alone has received assistance amounting to 3,000,000,000 Crowns "without UNRRA's noble aid," he said, "reconstruction in eastern Slovakia would have been impossible."

The first batch of 900 Roumanian workers has arrived in Czechoslovakia: 8,000 workers from Moldavia and 7,000 from Transylvania are also expected to take up employment in the Republic, mainly in Bohemia and Moravia. The Czechoslovak Government have renewed their Trade Agreement with Roumania.

Czech business firms are maintaining lively contacts with the Latin American States. This month Czechoslovak Chambers of Commerce will be opened in Mexico, Uraguay, and Argentina; others will be opened later in the year.

Erratum

Last weeks *Summary*, final paragraph.

With reference to the International Journalists' Congress, omit "permanent" and re-read "by a majority of 13 votes to 7 the Bohemian capital was selected as the seat of this organisation for the next 2 years."

POLAND

So far as the Polish press gives indication, reactions to the Marshall Plan and Mr. Bevin's advocacy of it are, on the whole and on the surface, unfavourable—

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" on the whole " because it is reported that the Socialist paper, *Robotnik*, refrained from commenting on the Foreign Secretary's Parliamentary statements on the subject. This is a reminder that there is not complete unanimity of view with the Communists on all points of foreign policy, and of the difficulties existing between the two leading parties of the Government. The difference is largely one of emphasis, however; the Socialists tend to speak encouragingly of signs of British interest in the Slav countries, such as the visit of Mr. Noel Baker to Belgrade and Prague, and the willingness of Great Britain to buy goods outside the dollar *bloc*. They see " American imperialism " as attempting to drive a wedge between Great Britain and the U.S.S.R. The Communists react more violently, and profess to regard Britain as the willing servant of American reactionary policy. *Tygodnik Polski*, the official London Polish Weekly, regretted that no comparable organisation under United Nations control had been set up to replace UNRRA, and criticised American policy, as exemplified by the Truman doctrine, for attempting to attach unwelcome political conditions to loans for devastated countries.

Influenced by the deeply-rooted fear of Germany, suspicious and uncertain of the intentions and possible effects of the Marshall plan, and conscious always of the Russian attachment, the Polish Government are bound to be cautious, to say the least. On the other hand, there is no downright condemnation, and the reasons for this are perhaps mainly economic. Before the war Polish foreign trade was an important factor in the European situation; Polish food imports were a considerable item in the feeding of Britain, while its coal became a competitor from the time of the General Strike, particularly in the Scandinavian market. Polish foreign trade was mainly with the West and North of Europe, and with America; Danubia apart from industrialised Austria and Czechoslovakia, was too similar in character to play a big role. The complex problems arising out of the war combined to change temporarily the character and orientation of Polish trade. The 1946 figure showed that Polish trade had declined—a Polish expert calculated by 50 per cent., excluding UNRRA—and was mainly with Russia, which had regained the position lost by the political hostilities of the 1914–1939 period.

The economic reconstruction planned by the Government calls, however, for a large increase in foreign trade, and in particular with Britain, as the great market for its normal agricultural surplus. Coal is now urgently required by Western Europe, while Poland needs the machinery, raw materials and consumer goods produced by the West. Further, Poland and Czechoslovakia are aiming conjointly at filling the vacuum left in the Danube Lands by Germany's downfall; Poland, now in full possession of Silesia, is in a more favourable position to fulfil this task.

Polish trade is in fact already showing signs of re-entering the Western sphere, as physical conditions improve. Towards the end of 1946, the amount taken by the Soviet Union declined. By agreement the Soviet quota of Polish coal was reduced, allowing more to enter the channels of Central and Western Europe. On the 9th June, letters were exchanged between the President of the Board of Trade and the Polish Ambassador in London accepting the trade proposals worked out for the next three years. By this Agreement, the excess in British exports to the value of about £12 million will be made up by a contribution from Poland to the value of £4·2 million, and one from the United Kingdom of £7·5 million; Poland will draw on Polish credits in the United Kingdom and upon the Polish gold deposited in London, and will deliver £800,000 worth of coal to Britain in 1947–48; Great Britain will provide credits through the Export Guarantee Department. The Polish gold mentioned above becomes available to the Polish Government under the Anglo-Polish Financial Agreement, which was ratified in London on 19th June—under this Agreement the Polish Government are entitled to choose surplus stores in the United Kingdom up to a value of £6,000,000. The Poles are taking over £1,000,000 worth of raw wood under this heading.

It is significant that the President of the Board of Trade should refer in his letter to the proposals as being designed " in particular to restore the traditional pattern of trade between the two countries."

Robotnik, on the 10th June, described the Agreement as " not only an economic but also a political achievement." The whole complex of problems involved will be very profoundly affected by the outcome of the meeting of the British, French and Soviet Foreign Ministers in Paris on the 27th June.

As a background to these events Warsaw has seen the latest meeting of the All-Slav Committee. M. Barcikowski, Deputy-Speaker of the Sejm, described the meeting as a protest against " German barbarism, and the resurrection of Germanism by its

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new Allies." General Gundorov, the Soviet delegate, remarked, nevertheless, that, " we do not cut ourselves off from other democratic and peaceful nations of the world."

Stop press news indicates that, following the Russian move, the Polish Government has been quick to announce its willingness to join in discussions on the Marshall plan.

SOVIET UNION

The acceptance by the Russian Government of the Anglo-French invitation to a Three-Power Conference in Paris, announced on the 23rd June, has not come as a complete surprise. Comment on " the Marshall plan," even though in the main hostile and suspicious, had been reserved and not at all in the grand tradition of Soviet invective. Mr. Marshall's purpose in announcing the extension of the original scheme was said to be mainly to disarm the criticism levelled at the Truman doctrine by progressive people in the U.S.A., and no new trend in American policy was held to be indicated. The Anglo-French exchanges concerning the proposals were described as an attempt to reach agreement behind the backs of the U.S.S.R. and other European countries. The main burden of the complaint, taken up by M. Molotov in his interview with Sir Maurice Peterson, was that the U.S.S.R. had been kept in the dark; and this was presumably put out by way of a retort to Anglo-American complaints of lack of information on the Hungarian situation.

Sir Maurice Peterson's second interview with M. Molotov on the 17th June on the subject of Hungary was even less fruitful than his first, M. Molotov this time giving signs of active wrath instead of merely stolid passive resistance. He categorically rejected the proposal for a Three-Power Commission, stated that the arrest of Kovacs had already been satisfactorily explained and did not take at all kindly to Sir Maurice's suggestion that Marshal Voroshilov, as Chairman of the Allied Control Commission, should be sent to Budapest to clear up the situation. At the time, M. Molotov refused to give an immediate answer to the *aide-mémoire* handed to him by Sir Maurice, but he gave an official reply to it five days later. The Soviet *aide-mémoire* contained nothing new. It simply dismissed the British note as a repetition of the " slanderous fabrications " concerning Soviet pressure on the Hungarian Government and reaffirmed the Soviet refusal to consider a Three-Power Commission on the ground that it would lead to " inadmissible foreign interference in Hungary's internal affairs."

Although the political situation thus remains tense, considerable activity is proceeding on the economic front. Professor Gunnar Myrdal, Secretary-General of the Economic Commission for Europe, was received by M. Molotov on the 18th June, and the British trade delegation, headed by Mr. Wilson, Secretary for Overseas Trade, reached Moscow two days later. A delegation of Danish tobacco experts is to leave shortly for Moscow where they will advise on the building of a tobacco factory. The Roumanian Minister of Industry and Trade and the Minister of Agriculture are also at present in Moscow with a delegation. The first Soviet commercial transaction with Chile has been concluded in the shape of a purchase of £225,000 of Chilean wool and hemp. *Tass* has put out a more than usually vigorous refutation of the report appearing in *Le Populaire* and repeated in the Prague organ *Lidova Democracie* to the effect that negotiations for a Soviet-Spanish trade treaty were proceeding in Madrid. The report was dismissed as " a vicious provocative fabrication meant for credulous simpletons."

Soviet-Dutch negotiations for a joint air service are proceeding, but the Dutch have apparently broken them off on discovering that they are to be no exception to the usual Soviet rule of refusing to allow foreign air services to Moscow while claiming the right to land in the capital of the other contracting party.

A large-scale evacuation plan is apparently on foot for repatriating Greeks from the Caucasus to Greece, involving a total of over a thousand families. The Greek Embassy in Moscow is asking for transit visas for them through Haifa at the rate of about fifteen families a week. These Greeks are presumably Soviet citizens, and it is curious that the Greek Government should be willing to accept them. In the inter-war period there had been one or two small waves of emigration to Greece of Soviet citizens of Greek origin who became on their return pillars of the Greek Communist Party.

Meanwhile the Greek Ambassador in Moscow, M. Politis, has been unable to secure an exit visa for his Russian wife and had to leave alone on the 11th June. The case has been taken up strongly by the Chinese Ambassador, as doyen of the Diplomatic Corps, but he was told that to grant the request of Madame Politis might create a precedent and lead to requests for exit visas for the other Soviet wives of husbands of other than Soviet nationality.

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SCANDINAVIA

Denmark

Feelers put out by the Social Democrats in order to ascertain the attitude of the Radical Party towards a possible change of Government have led to a variety of interesting speeches and press polemics. M. J. Jørgensen, leader of the Radical parliamentary group, replied cautiously to these advances by asking for a clear statement of the policy which the Social Democrats intended to follow. He added that no co-operation was feasible on the basis of the "Future Denmark" programme drawn up by the Socialists in 1945. What the Radicals desired was not doctrinaire Socialism or doctrinaire Liberalism, but a "social-liberal" policy adapted to the demands of the present age and constantly striving to translate into practice the principles inherent in democracy for the improvement of the standards of the humbler classes of the community.

M. H. Hedtoft, Chairman of the Social Democratic Party, delivered his reply in a speech at Aalborg on the 14th June. M. Jørgensen had evidently not appreciated, he said, the fact that the "Future Denmark" programme was not definitive but was merely intended to serve as a working basis. How many or how few of the principles embodied would eventually be applied, naturally depended upon the political possibilities at any given moment. The time had now come, however, for all progressive groups in Denmark to unite in overthrowing the present Government. The formation of a coalition Government, as far as the Social Democrats were concerned, was, nevertheless, out of the question until fresh election to the Lower Chamber had been held, as only an election could clear the air and make possible the work of reconstruction which the Kristensen Government had neglected.

M. Hedtoft's references to his Party's programme are interpreted as meaning that he is prepared to let the nationalisation programme sink into abeyance as the price of support by the Radicals. In a later speech M. Jørgensen also revealed a willingness to compromise when he said that, though the ultimate goals of the two parties were not identical, there were times in the lives of nations when principles had to give way to practical solutions which could count upon the support of the majority of the population.

The realistic attitude adopted by the two politicians augurs ill for the present Government, and the trend of events certainly points towards the holding of new elections after the *Rigsdag* reassembles in October. Should such an election take place one of the main issues will undoubtedly be the South Schleswig question.

Following an operation, M. E. Kjaer, Minister of the Interior, died suddenly on the 18th June. His successor has not yet been appointed.

On the 17th June Mr. Marshall discussed the American bases on Greenland with the Danish Ambassador, M. Kauffmann (see *Summary* No. 394). Though the Americans maintain that actual negotiations have not yet started, the Danes are reported to be pressing for the immediate termination of the Treaty. The United States, however, insists upon safeguarding the American continent, and it is thought that some Danish support could perhaps be secured if proposals are advanced placing the bases under the auspices of the United Nations Organisation. In an interview M. Kauffmann admitted that there were strong reasons why Greenland should be included in an all-embracing inter-American defence system, but pointed out that Denmark, on behalf of Greenland, was not a party to the Chapultepec agreement.

Finland

The laboriously erected dykes against the rising tide of inflation appeared to have been breached when at the end of May the Government announced new wage increases for almost all workers in other than nationalised industries—but excluding agriculture. The decision was taken after strong pressure from the S.A.K. (the equivalent of our T.U.C.), and after the Employers' Federation had declared that a refusal would almost certainly lead to widespread industrial chaos. Other factors contributing to the unfavourable development are recent increases in rents and the release of timber from price control with effect from the 1st June. This will inevitably cause a sharp rise in the price of fuel next winter, and house-owners are already complaining that the higher costs have gone a long way towards cancelling out the increases in rents. The same observation might well be made by the wage-earners with reference to their alleged gain.

The S.A.K. congress opened on the 15th June with 171 Social Democratic delegates and 129 representatives for the Folk Democrats. In his opening speech the Chairman, M. E. Huunonen mentioned the renewed danger of inflation and said that, although the S.A.K. had pursued a moderate wage policy, the hoped for stabilisation had not materialised despite higher production. The trades union movement could not be held responsible for this.

To a large extent the new inflationary wave is directly due to the shortsightedness of the Government who under pressure from the Agrarians, and, be it noted, with the tacit support of the Folk Democrats, released meat and certain other agricultural produce at a time when an unbridgeable gap existed between supply and demand.

An embarrassing incident took place on the third day of the congress when in a matter of the greatest delicacy one of the Communist delegates turned for support to the Soviet trade unionists who were among the foreign guests. The question concerned the execution of Russian P.O.W.s during the hostilities. It was only through the timely intervention of the Chairman that a major "incident" was avoided.

Erratum

In *Summary* No. 395, page 9, line 14, for "Copenhagen Compositors' Union" read "National Printers' Union."

THE LOW COUNTRIES

Belgium

On the 19th June, Professor Jacques Pirenne, King Leopold's secretary, handed to the Prince Regent, in the presence of M. Spaak, the Prime Minister, the report drawn up by a committee of nine distinguished jurists, who had been requested by King Leopold nearly a year ago to inquire into his attitude and policy since October 1936, when Belgian independence in the sphere of foreign affairs was first proclaimed. Professor Pirenne also gave copies of the report to M. Spaak himself, the Belgian Attorney-General, and the Presidents of the Senate and Chamber. (It was at the suggestion of the two last that the inquiry was undertaken.) The general tenor of the report is an *apologia* for the King. In view of its international importance, an English text is to be issued.

There are 170 pages of text, followed by 270 of documents. Seven main points are covered, viz.: (i) The pre-war policy of neutrality, announced in October 1936; (ii) King Leopold's defence preparations; (iii) the conduct of operations during the 18-day campaign in Belgium in May 1940; (iv) King Leopold's attitude at the time of the Belgian Army's capitulation; (v) his attitude during the occupation (including his interview with Hitler at Berchtesgaden in November 1940); (vi) his marriage to Mlle. Baels in December 1941; (vii) his removal by the Germans to Germany before the liberation of Belgium.

On the first point the report emphasises that the pre-war policy of neutrality enjoyed the full approval of M. Spaak, and points out that this policy was ratified by Parliament in April 1940—only three weeks before the German invasion. Right up to the day of invasion the King did not cease from preparing the country for the possibility of war, and was in touch with the British and French General Staffs, to whom he gave documents revealing a plan for a German attack in the region between the Sambre and Meuse. He also told the French General Staff of his conviction that the Germans would attempt a breakthrough in the Givet–Longwy sector—a prediction which proved to be correct. At no time did he ever conceal his intention to defend Belgium against German aggression: indeed, he had informed the German Military Attaché in Brussels (Colonel Pappenheim) that the whole nation would "rise in arms" in the event of a German invasion.

In dealing with the King's conduct of the campaign in Belgium, the report draws freely upon the text of the messages sent by the late Lord Keyes (at that time King Leopold's special liaison officer), and shows the King as dutifully obeying the Supreme Command's orders, adding that the Belgian Army fought to the point of exhaustion, with the sole object of allowing the embarkation of the British Army at Dunkirk. Had the King abandoned his forces on the 25th May (as suggested by his Ministers), says the report, "the Belgian Army would have been broken, and not a single British soldier would have crossed the Channel." On the 27th May, 1940—the day before he signed the capitulation order—King Leopold was urged by Admiral of the Fleet Sir Roger Keyes (as he was then) to accompany him to England, but he refused, saying that he preferred to remain with his people. Organised French resistance, he thought, would be at an end within a fortnight; and what then, he asked Lord Keyes, did England propose to do? On Lord Keyes assuring him of Great Britain's determination to continue the struggle, King Leopold replied that he was "certain of that," and added: "You will win, but not without going through a hell of a time." According to the report, capitulation was forced upon the King, because of the British Command's inability to spare enough troops to give him the assistance he needed: allegations that he surrendered to the Germans were, therefore, "entirely false." That King

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Leopold had never contemplated a separate peace with Germany is shown, it is claimed, by a letter which he sent to King George VI on the 25th May, 1940, in which he declared his intention of staying with his people in order to prevent their being associated with any action against Belgium's late allies. His refusal to support his Ministers, who were then in France, in their desire to sue for an armistice with the Germans, was due solely to his regarding himself a prisoner-of-war; and later, during the occupation, he had also opposed the "solicitations of certain politicians and high officials" who wanted to replace the exiled Pierlot Government by a new Government in Brussels.

With regard to his visit to Berchtesgaden in November 1940 the report says that the King had twice asked for an interview before Hitler agreed to grant his request. [For details of the interview and of the Senate debate which followed their publication, see *Summaries* Nos. 318 and 319 of the 7th and 14th November, 1945.] In approaching Hitler he had been actuated by the wish "to avoid reprisals which the Germans would have taken against the Belgian people had he persisted in refusal." The King's principal requests at the interview had been for the release of Belgian prisoners-of-war, and for more bread for his people. He had refused to discuss politics with Hitler, who afterwards expressed himself dissatisfied with the interview, and vowed to "get rid of King Leopold." When later the King refused to collaborate with Germany, he was warned that he might be deported to Germany. A second warning followed his protest against the deportation of Belgian workers. He himself was eventually deported on the 7th June, 1944. The report stigmatizes as defamatory suggestions that his removal to Germany was "a comedy pre-arranged with the Germans." On the question of his marriage of Mlle. Baels, the report asserts that, "according to constitutional principles," this marriage "could not have any political consequences. His wife could not become Queen, and descendants born of the marriage could not claim the rights constitutionally reserved for Princes of the Blood Royal."

The Belgian Press has naturally devoted considerable space to the report. Its findings are welcomed by the Catholic *La Libre Belgique* with the comment: "Nothing now remains of the malicious accusations thrown out against the King"; and by the Catholic *La Nation Belge*, which declares that it is "impossible not to be struck by the scruples and constitutional loyalty of the King," and that "one must regret that so many criticisms have been uttered wrongfully against the King." The Socialist *Le Peuple*, however, inevitably takes the opposite view: the King's "faults and mistakes," it says, "make it impossible for him to return to the Throne."

FRANCE

Mr. Bevin's visit to Paris (see last week's *Summary*) resulted in a joint communiqué issued by the U.K. and French Governments on the 18th June. This stated that Mr. Bevin and M. Bidault had examined the statement made by Mr. Marshall at Harvard and "welcomed with the greatest satisfaction the thoughts he expressed about the organisation of economic co-operation between the countries of Europe and the help which the U.S. Government could envisage to make such co-operation effective." The communiqué emphasised the need for measures to restore Europe's productive capacity to its pre-war level, and proposed that comprehensive programmes of requirements should be drawn up by all those countries which were willing to participate in the scheme "in liaison with the appropriate organs of the United Nations." A joint invitation was sent to M. Molotov proposing that a meeting of the three Foreign Ministers should be held this week to discuss the whole question.

M. Molotov's affirmative reply to this invitation has lessened the anxieties of the French Government and may cause the Communist paper *Humanité* to moderate its tone. This paper attacked the Marshall plan as an extension of the "Truman doctrine," acceptance of which would make France economically and politically dependent on the U.S. For most of the press, however, the plan represented a hopeful chance of increasing French production and saving the franc. M. Blum, writing in *Le Populaire* (18th June) said that the Marshall plan was of more immediate importance than any other matter and urged that France should accept it without delay. He emphasised the effect on American opinion that would be obtained by presenting a united European front. M. Francois-Poncet, former French Ambassador in Berlin, writing in *Le Figaro* of the same date, remarked on the inevitable necessity of Anglo-French collaboration in this, as in all matters touching Europe. Both he and M. Blum put the case for entrusting the work of drawing up a list of European needs to the Economic Commission for Europe. The problems of securing Soviet collaboration and of deciding on the rôle to be allotted to Germany were, however, fully appreciated by both commentators.

M. Vincent Auriol, continuing his campaign for investing the office of President of the Republic with more authority and dignity than it used to possess, gave a warm welcome to Mr. Marshall's statement, in a speech which he made to the Foreign Press Association. M. Bidault made a short report to the Assembly on the 18th June, emphasising his desire and that of Mr. Bevin to make the scheme for European co-operation as wide as possible, and his hope for speedy agreement between France, the U.K. and the U.S.S.R. The Communists were, however, the only party not to applaud his speech and they requested an immediate debate. This request was refused by the Government.

The French Government are particularly anxious to make a success of Mr. Marshall's plan in view of their own parlous financial position. During the last week it has been revealed that the Treasury will soon be unable to meet all the demands for funds made upon it, unless drastic action is taken. This situation arises from the fact that large quantities of Treasury bonds are now falling due for repayment while private lenders are unwilling to take up new bonds owing to their own difficulties (increase in the wages bill and rising costs) and to a crisis of confidence. The Government are being obliged to raise by 100 milliard fr. the limit of advances made to them by the Bank of France. They also intend to release gold amounting to 250 million dollars from the reserves of the Bank to meet the heavy deficit in the balance of payments.

In addition to these stop-gap measures the Government have asked the Assembly to agree to a series of budgetary cuts and tax increases. The proposals of the Minister of Finance, M. Schuman, are mainly orthodox and were most unpalatable to many members of the Government. M. Ramadier was in fact near to resigning on this issue, but the visit of the Secretary of State, with its demonstration of the necessity for united action in face of the Marshall plan, enabled him to bring his colleagues to heel. The Radicals accepted the financial proposals through fear of precipitating a Government crisis which would mean the return to power of the Communists; the M.R.P., with some misgivings, made the best of M. Schuman's proposals; and the Socialists finally upheld M. Ramadier in spite of their embarrassment at the violent campaign carried on by the Communists and the C.G.T. against the financial proposals. The finance committee of the Assembly, which at first turned down the plan, was induced to accept it after a debate on the 23rd June, in spite of well-organised workers' demonstrations outside the Chamber, and the Assembly itself adopted it the same night. The Government's majority was, however, only 61 votes, and the opposition included a number of Radicals as well as the Communists and the *Parti Républicain de la Liberté*.

The financial measures mark the end of the policy of price reduction, as M. Blum has himself acknowledged. They include a series of measures which will relieve the budget by allowing prices to rise; these consist of the abolition of the subsidies on bread and milk and the removal of the deficit of the State railways and postal services by an increase in fares and rates. The price of tobacco and matches (which are state monopolies) will also be increased. These measures will bear hardly on the working class and in partial compensation family allowances and old age pensions are to be raised. The richer classes will be made to contribute by means of a 25 per cent. increase in the tax on capital, a tax on new businesses and on private cars, and by limitation of distributed profits. State expenditure will be reduced by a further decrease in the staffs of Government offices and by cuts in military expenditure. Finally, controls will be taken off in the case of various commodities including textile goods and wine. These measures thus represent a move back to more normal conditions, but they cannot in themselves provide a solution to France's economic and financial difficulties.

SWITZERLAND

The delay in implementing the Washington Agreement of May, 1946, concerning the liquidation of German assets in Switzerland continues to be the subject of prolonged discussion between the British, American and French signatories. The main issue is still the advisability or otherwise of placating the Swiss to the extent of fixing the rate of exchange at some pre-liquidation figure. The French appear to favour the adoption of the pre-war German-Swiss clearing rate, which is also

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acceptable to the Russians, but which the Swiss are almost certain to reject. In spite of suggestions in some quarters that M. Stücki, personally, is the main obstacle to Swiss acceptance of the Allied proposals, there appear to be good grounds for believing that he has his Government solidly behind him.

Recent Swiss-Polish economic discussions terminated in the signature at Warsaw on the 10th June of a series of Agreements supplementary to the Agreement of March, 1946. Ratification by both Governments is still required. The new Agreement, which will be valid for two years from the 1st July, provides for the delivery to Switzerland of 600,000 tons of Polish coal per annum, at a price to be determined at discussions between the two countries next October or November. It is calculated, however, that, since Switzerland is required to supply against the Polish coal goods to the value of 60,000,000 Swiss francs, the price will probably be about 50 Swiss francs a ton at the Swiss frontier. In addition to the transaction in coal an agreement has been reached providing for other trade to a maximum of 40 million Swiss francs on each side, spread over a period of two years.

No progress has yet been made on the subject of compensation for Swiss property nationalised in Poland. The Swiss Government have already rejected a Polish suggestion that Switzerland should provide an inter-governmental credit out of which Swiss nationals could be compensated. The Polish Government have promised, however, to accord friendly consideration to claims for the recognition of Swiss ownership of small agricultural holdings.

SPAIN AND PORTUGAL

The Spanish Government have set the stage for endorsement by "the popular will" of the Bill of Succession passed by the *Cortes Españolas* on the 7th June. Spaniards of both sexes over the age of 21 will have "the right and duty" to record a straight vote for or against the Bill. The ballot will be secret, and the enfranchised for this occasion will be all who qualify for the Electoral Census as ratified in May 1946. Those who have been deprived of political rights or have at any time been detained for trial by the Military or special political tribunals (*e.g.* the tribunal for the suppression of freemasonry) are excluded. (The number of these "outlaws"—apart, of course, from Spaniards living in exile—is estimated at some two million persons.)

The text of the Bill as amended and approved shows no fundamental alteration from the original drafts: where the wording has been changed, it is in every case with a view to strengthening the powers of the present Head of the State, Generalissimo Franco, and his régime. Thus, for example, any future King or Regent is required specifically to swear loyalty to the principles embodied in the National Movement, as well as undertaking to observe and preserve the "fundamental laws." A new article lays down the order of succession to be followed once the Crown has been re-established; and another empowers the Head of the State, in consultation with the Council of the Realm, to propose to the Cortes "the exclusion from the succession of those persons of royal blood lacking the necessary capacity for leadership, or those who on account of their well-known aversion from the fundamental principles of the State or by their acts, deserve to lose the right of succession established by this law." This is dotting the i's and crossing the t's with a vengeance; it is tantamount to locking the stable door on a horse which was never inside! Nevertheless, General Franco will presumably get his plebiscitary backing,—for what it is worth.

Señora de Peron has had a very full programme. When she attended a bullfight in Madrid the crowd gave here a tremendous reception—and the Caudillo also. Apart from official dinners and gala theatre performances, a visit to the University City was arranged for her so that she might address the students, and she also made a characteristic and entirely successful speech to a workers' gathering organised by the *sindicatos*. After visiting the Escorial, Toledo, Segovia and Avila she made a trip to Galicia and ended her tour in Barcelona, with General Franco in attendance to see her off. Youthful, glamorous and *simpática*, she does not seem to have put a foot wrong, and she has evidently won the hearts of many Spaniards who were disgusted by the propaganda exploitation of the visit.

It has now been officially announced that Manuel Aguirre de Carcer has been appointed Delegate of the Spanish Government in Paris in the place of Don Miguel Mateu, who resigned some weeks ago. Señor Aguirre de Carcer is a senior member of the Spanish diplomatic service, with special knowledge and experience of Morocco. Towards the end of 1944, it may be remembered, Señor Mateu, President of the Hispano-Suiza Company and mayor of

Barcelona, accepted the post of Special Envoy to France (following her liberation). General de Gaulle's Government treated him shabbily by refusing to give him the opportunity of presenting his Letters of Credence, and, since the rupture of relations at the end of February 1946, he had been still more left out on a limb. No wonder he has given up the unequal struggle. He was no more successful when employed as a mediator in the early period of General Franco's efforts to attach Don Juan to the régime.

Portugal

An official Note issued by the Portuguese Cabinet on the 15th June announced the dismissal of Vice-Admiral Jose Mendes Cabeçadas Junior and of ten Army officers on the charge of subversive activities against the State. More than a dozen university professors and lecturers have also been compulsorily retired on similar charges. The Note stated that investigations following the military revolt at Mealhada in October 1946 and more recent incidents—in particular the wrecking of 20 military aircraft at Cintra had disclosed evidence implicating the dismissed officers. The Government had not at first wished to take extreme measures, hoping "that commonsense would prevail and experience show these people the futility of their efforts." But, parallel to these revolutionary attempts, disorders had occurred in Lisbon and other parts of the country. A strike had started in the shipyards and had spread to various factories. Then university students had joined in and held demonstrations as a protest against police measures which were quite unconnected with academic life. A number of professors and their assistants had backed the agitators and taken part in the demonstrations, thus showing themselves to be more interested in idealogical controversies than in carrying out their proper duties. The Government had therefore taken steps to remove from public office those individuals who had given unequivocal proof of their active opposition to the fundamental principles of the Constitution.

ITALY

On the 21st June Signor De Gasperi's new Government obtained a vote of confidence by 274 votes to 231. The Communists, Socialists and small left-centre parties voted against the Government. It is clearly going to be difficult for Signor De Gasperi to govern with such a narrow majority, and the Qualunquists who command thirty votes have already stated that they will give only a limited credit to the Premier. The left-wing of the Christian Democrats under Signor Gronchi is also showing signs of being troublesome. Meanwhile the mass of the population will judge the new Government by any concrete steps that it may take to cope with the increasingly disastrous economic situation.

A new constitutional crisis is already looming ahead, precipitated by the decision to prolong the life of the Constituent Assembly. On the 25th June President De Nicola officially resigned on grounds of health from his post as provisional head of the State, and his message of resignation was read to the Constituent Assembly. As he is very highly respected by all parties it will be unfortunate if he cannot be persuaded to reconsider his decision and remain in office until the Constituent Assembly has completed its work and a new Parliament has been elected. Dr. De Nicola is, however, 70 years of age, in indifferent health, and the cares of office lie heavily on him. It would not be an easy task to find a suitable successor. Already the names of such elder statesmen as Orlando (87), Nitti (78) and Bonomi are being mentioned as possible successors. Dr. De Nicola is evidently willing to hand over the reins to any one of these, but the decision will of course be in the hands of the Constituent Assembly.

The Italian police have made a swoop on a neo-Fascist organisation in Rome and other cities. Numerous arrests have been made including that of Pizzirani, who took part in the Fascist march on Rome in 1922, and was a luminary of Mussolini's Fascist Republic of 1943–45. Carlo Scorza, one of the most ruthless and primitive of the Fascist *Ras*, is reported to have been one of the leaders of the movement. The aim of the organisation is described as being to encourage the "cult of the Duce," to plan revenge on "traitors of Fascism," to sabotage the present political and civil life of the country, and, ultimately, to engineer the return to power of a Fascist régime. Although the strength of the movement will probably be found to be relatively slight, its very existence demonstrates the dangers of economic and social chaos in the country and the disastrous effect of the too-wide amnesty, granted on the proclamation of the Republic a year ago, which undid much of the work of the purging Committee.

It is reported that Count Carandini has resigned his post as Italian Representative in London and will be returinng to Italy after the visit to this country of Count Sforza.

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SOUTH-EASTERN EUROPE

Hungary

References to Hungary during the Foreign Affairs Debate on the 19th June revealed the uneasiness felt on both sides of the House at recent developments in Hungary.

The situation has not been improved by a White Paper published on the 22nd June in which the Hungarian Government accused the U.K. and the U.S.A. of collaborating with the conspirators to obtain information directed against the U.S.S.R., and stated that M. Nagy had received promises of financial assistance through the U.S. Commercial Counsellor in Budapest. M. Jarmay, a police official and former bodyguard of M. Kovács, is said to have been sentenced to a term of imprisonment for supplying two British officers, Captain Clark and Major Hanley, with details of the organization of the Political Police and the political affiliations of various of its members.

According to a Reuter correspondent in Washington, M. Nagy, who is charged in the White Paper with attempting to turn Hungary into a political and economic base for the U.S.A., has now admitted willingness to accept U.S. aid in order to establish an Hungarian democracy on the Western pattern.

If Hungary's case comes before the United Nations, M. Ries asserts that his Government will produce such evidence as will alienate U.S. public opinion from M. Nagy. Meanwhile another Smallholder, M. Jekely, principal adviser to M. Tildy and recently appointed Minister to Belgium and the Netherlands, has decided to follow M. Nagy into exile. The reasons for M. Jekely's step are not yet clear, for in view of his political untrustworthiness and sinister personal reputation it is impossible to believe that he has acted disinterestedly, or merely, as he himself affirms, "to continue with M. Nagy the struggle for the freedom of a democratic Hungary." By virtue of his former office, however, the significance of M. Jekely's resignation, tendered in Berne on his way to Brussels, must not be overlooked, and the Smallholders from whose Party he is now expelled have lost a leading, if altogether disreputable, left-wing member. Their thinning ranks are further reduced by the flight to Austria of yet another prominent Deputy, Count Dessewffy, whom enlightened left-wing opinion esteemed as a man of good will, though not as a statesman of the highest order. M. Rosti-Forgacs, Hungarian Minister to Prague, has also refused to continue in office under the present Government, and has left Czechoslovakia for Switzerland.

M. Tildy has denied the intention of resigning attributed to him by M. Jekely. He likewise maintains that he is not under house-arrest at Balatonlelle. He nevertheless admits that he is unable to keep closely in touch with developments either through M. Dinnyés or the rest of the Cabinet, while his statement that he could have seen papers bearing on Government policy, but "just did not seem to be interested in the crisis" hardly suggests that he anticipates remaining long in his present position. Both M. Nagy and M. Tildy were, it is alleged, helped to power by the Hungarian Community, which during the war functioned as a resistance organisation, but was also anti-Semitic in tendency—a fact which the President and ex-Premier professed to ignore.

In an interview with a representative of the Social Democratic newspaper, *Népszava*, Mr. Tiffany, a Labour M.P., visiting Budapest, testified to the exaggerated version of the case which "the foreign reactionary Press" presented. There had, he said, been no disorders, and he promised to portray the situation more impartially on his return to London. The Communist organ, *Szabad Nép*, launched a bitter attack on *The Daily Herald* for the emphasis which the latter placed on M. Sulyok's criticisms. M. Sulyok's Party so far remains the only one which has ventured to challenge the new régime. Disillusionment with M. Nagy appears to be widespread among the Smallholders in Hungary.

As reported in an article published in *Népszava* on the 17th June, the Social Democratic Party maintains that Hungary ought not to intervene in differences of opinion arising between the Great Powers. The attitude is interesting for its relative independence in contrast to the whole-hearted Communist backing of Soviet Russia. *Népszava* likewise repudiates on a somewhat irritated note the advice offered by *Szabad Nép* to the effect that Hungarian Social Democrats should dissociate themselves from their sister parties in the U.K., France and Austria.

The trials of MM. Mistéth, Jaczkó and Hám, among others, are in progress. M. Hám is the first of the conspirators to allege torture by the Political Police.

(See also under "Soviet Union.")

Roumania

M. Tătărescu in conversation with H.M. Minister in Bucharest has stoutly denied the current rumour that in his present stand against the Government he was acting by arrangement with the Soviet Ambassador. His memorandum is still under discussion, but there is little chance that he will achieve more than a meaningless compromise. Four votes out of sixteen were cast against the draft bill dealing with war criminals which was approved on the 19th June; M. Tătărescu's Liberals thus seem still to be making a stand wherever possible.

Negotiations concerning gold claims against Roumania are continuing. The latest report from Swiss sources indicates that the Roumanian Government are preparing to move two or three tons of gold from Switzerland back to Roumania. It is of interest that the Governor of the National Bank of Roumania, Professor Mosoiu, should have been attending the recent meeting of the Bank of International Settlements in Basle. Apparently he is anxious to come to this country on a courtesy visit to the Bank of England after visiting Paris and Brussels.

M. Gheorghiu-Dej, Minister of Industry and Commerce, and M. Savulescu, Minister of Agriculture, are at present in Moscow with a view, according to the official communiqué, to obtaining cereal imports.

A Roumanian delegation left for Belgrade on the 17th June to reach an agreement on air transport with the Yugoslav Government. The Roumanian Government apparently desire an air line through Yugoslavia to Italy, while the Yugoslavs wish to secure two lines through Roumania to the U.S.S.R.

An agreement on direct railway communications between the U.S.S.R. and Roumania was signed in Moscow on the 12th June. The detailed provisions are not yet known.

(See also under "Yugoslavia and Czechoslovakia.")

Yugoslavia

It has now been decided that Major-General Maclean will visit Belgrade on or about the 25th June to discuss with the Yugoslav Government the problem of displaced persons, and to see Marshal Tito at Bled. Meanwhile, the Yugoslav Government, through the mouth of an official of the Embassy in Paris, have again threatened to take "energetic diplomatic action," if there is no immediate change in the British and American attitude to this problem. Since all Yugoslavs who are detained by the Allied authorities in Italy pending a decision on their eligibility for forcible repatriation will after the 30th June, become the responsibility of the Italian Government, it has been suggested that they should be transferred to Germany before that date, provided the United States Government agree.

The Anglo-Yugoslav compensation negotiations in Belgrade have now been adjourned to enable H.M.G. to consider a global offer made by the Yugoslav Government for the payment of £3,000,000 sterling over a period of five years, and for the conclusion of an economic agreement covering an exchange of goods, in which Yugoslav exports would exceed imports by five per cent. annually, the balance being used to meet the compensation settlement. Such an agreement could benefit both countries, since Yugoslavia, where harvest prospects this year are good, can offer foodstuffs and timber in return for materials necessary for the implementation of the Five-Year Plan.

New air lines connecting Belgrade with Tirana, Bratislava and Prague were opened on the 16th June by the Yugoslav Air Transport Service. Belgrade is beginning to assume the appearance of a centre of South-East European air routes. Negotiations are also reported to be in progress between Yugoslavia and Roumania, which desires facilities for operating air routes with Russia and Italy respectively. Meanwhile the Yugoslav Government now appear anxious to conclude an air agreement with His Majesty's Government, although only a few weeks ago they claimed to be afraid that such an agreement would constitute a precedent for a similar arrangement with the United States, which in their eyes, might be the thin end of the wedge of "capitalist" domination over Yugoslav economy.

Greece

On the 20th June the text of the United States–Greek agreement on aid to Greece was issued. On the previous day publicity had been given to the correspondence between M. Tsaldaris and the U.S. Ambassador in Athens about the administration of the U.S. aid. It is proposed (*a*) that all exports and imports, both Governmental and private, shall be controlled by a Greek organisation with a U.S. head and Greek and American technical staff; (*b*) that a U.S. Economic Mission shall approve all expenditure involving the use of American aid and shall approve the allocation of foreign exchange; and (*c*) that the present Currency Committee with

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its Greek and foreign advisers shall be retained but that its functions shall be modified to accord with those of the U.S. Mission. Meanwhile the newly-appointed head of the U.S. Mission has not yet arrived in Greece and the members of the British Economic Mission can obtain no information as to which (if any) of them he may wish to retain.

On 12th June a bandit attack in Greece close to the Yugoslav frontier, near Lake Doiran, was repelled by Greek forces with the help of artillery and aircraft. On the 14th June an official statement was published in Belgrade complaining of the bombardment by Greek artillery of the Yugoslav village of Nikolić near the frontier, and of an aerial attack, early on 13th June, on a frontier post, in which the commanding officer was killed and two guards wounded. The Yugoslav Government asked the Security Council for an immediate investigation on the spot. Their own investigating commission, which was at once despatched to the area, announced the discovery of spent British cartridges at Nikolić. The Greek Government have denied any violation of the frontier, which is clearly enough marked in this area for a mistake to be unlikely. Nevertheless, there is doubtless a close connection between the bandit attack, which almost certainly originated in Yugoslav territory, and the incidents of which the Yugoslavs complain.

The United Nations Sub-Commission's request to the Yugoslav Government for facilities to investigate the two incidents near Lake Doiran has not yet been granted. The Yugoslav Government seem to be adopting the same delaying tactics as did the Bulgarian Government over the Angistron and Kapnotopos investigation, and it may be that, in this case also, the Sub-Commission will have to carry out its investigations on the Greek side of the frontier only. The main Commission have now assembled in New York in order to present their report to the Security Council.

There has been little news during the week of operations against the rebels, except for a report that a large band which was trying to penetrate into Attica has been defeated on Mount Helikon. For some weeks this band had been active in the mountains North of the Gulf of Corinth; they recently attacked Delphi. It is now claimed that the remnants of the band are being chased towards Parnassus.

Leontios, the Bishop of Paphos, who recently led a delegation to London to press upon H.M. Government the claims of Cyprus to union with Greece, has been elected Archbishop of Cyprus.

Bulgaria

The Foreign Secretary, speaking in the House of Commons on 19th June, condemned the suppression of liberty in Bulgaria at Soviet instigation. There was a determination, Mr. Bevin said, to wipe out every Opposition party.

The Opposition remains blunted if not broken. Both its papers are still suppressed. The attitude of the head of the Printers' Union appears to be that the printers are not going to let *Svoboden Narod* appear again, whatever the Bulgarian Foreign Minister may say. The number of people called up at the beginning of June for compulsory labour, on the pretext that they were not usefully employed, was about 30,000.

The Bulgarian treaty, having now been ratified by the United States, only needs ratification by the Soviet Union and the deposit in Moscow of the British, American and Soviet instruments of ratification, to be brought into force. Although ratification by Bulgaria is not necessary it is desirable, but the Bulgarian Government shew signs of being in no hurry to ratify, even after the Soviet Union has done so. On the 20th June they introduced a bill for the approval of the treaty, and on the same day the Grand National Assembly adjourned till the 16th September. It can, however, be recalled.

Tsankov, the arch-collaborationist who tried to start an *émigré* government when the Germans were thrown out, was sentenced on the 9th June *in absentia*, with nine of his chief military followers, to be hanged. Accomplices who are under arrest were given relatively short terms of imprisonment.

On 16th June the bread ration was reduced for a fortnight—to 300 grammes for ordinary people. In view of the damage done by drought the people are being urged by the Government to harvest their crops as required by decree.

Turkey

It is reported that, making hay while the American sun shines, the Turks have voted an extraordinary defence credit of approximately £10 million sterling and have given contracts to two American firms to build new airfields at Angora and Adana and modernise the Yeşilköy airfield outside Istanbul, at a total cost of £1 million.

Turkish broadcasts on the European situation have been pointing a contrast between Soviet action and Anglo-American

talk, while comparing the firmness of the United States with a hesitancy—attributed to weakness—on the part of Great Britain. The Soviet Government are seen to be aiming at the creation of a Balkan federation, including Roumania, Yugoslavia, Bulgaria, Albania and perhaps Transylvania and Macedonia. An immediate tactical aim of the Kremlin, it is plainly stated, is to undermine the Truman policy of aid for Greece and Turkey—described as the only obstacle to Soviet domination of Europe—by spreading the idea that the President's policy is responsible for increased international tension.

On 18th June, after a deputy had reported in most appreciative terms on the Turkish parliamentary visit to the United Kingdom, the Grand National Assembly approved with unanimous applause a proposal of the President that the House of Commons should be invited to send a delegation to Turkey.

THE MIDDLE EAST

Egypt

The French Government has been kept fully informed of the intentions of His Majesty's Government with regard to the *Fawziah*, which is to land supplies in Tripoli (see last week's *Summary*). As notice of the visit was given in the customary form and with due previous warning (which was not the case when the vessel went to Tunis) no objection is being made to it. Although press references to the *Fawziah's* trip have been much moderated or have ceased altogether, the Cairo police received a warning on the 18th June from a so-called "Committee of Egyptian Nationalists" saying they had "declared war on all French interests" as a reprisal for the *Fawziah* incident.

Reports that the Egyptian note to the Security Council had been submitted were published in the *Ahram* and the *Journal d'Egypte* on the 18th June, but were promptly denied by the Prime Minister in the Sa'adist paper the *Assas*. Nokrashy is reported to have given no reply when questioned later by journalists about a statement of Mamduh Riaz that the Egyptian delegation would leave between the 25th and 27th June; the latest news is contained in press reports that the Cabinet approved the terms of the Egyptian appeal on the 22nd June.

Palestine

The Arab boycott of the Special Committee is being maintained, and is supported by the Arabic press who take the line that national discipline must be preserved and, accordingly, have sent no representatives to the Committee's meetings. The strike ordered by the Arab Higher Commitee for the 16th June took place without incident.

Mr. Shertok opened the Zionist case in open session on the 17th June by stressing that he proposed to give a factual introduction to the studies of the Committee from the point of view of the Jewish Agency, and that that could not be regarded as the opening of the Jewish Agency case. He did, however, refer to the restriction on Jewish purchase of land, and claimed that Jewish settlement had not resulted in Arabs becoming landless. He protested against the reversal of policy contained in the provisions of the 1939 White Paper, gave a short account of Jewish enterprise and spoke of the urge of immigrants towards the soil, complaining that "the Jews were almost completely disregarded in the Palestine Government's distribution of State lands for cultivation."

The Vaad Leumi have decided to identify their political claims with those of the Jewish Agency, but will send their own representatives to appear before the Committee.

Three Jews were sentenced to death on the 16th June for participation in the attack on Acre prison on the 4th May. Two others, found to be under 18 years of age, were sentenced to long terms of imprisonment. The sentences have not yet been confirmed by the General Officer Commanding.

An appeal from the relatives of the three condemned to death was addressed to the Chairman of the Special Committee, and resulted in a cable to the Secretary-General of the United Nations in which a majority of the Committee expressed concern at the "possible unfavourable repercussions" the execution might have on the Committee's task, and made a reference to the fact that the sentence was pronounced on the day of their arrival in Palestine.

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The Palestine Government has not waited for any official transmission of this appeal, but, in a note addressed to the Committee, refers to the press reports of the Committee's action, and points out that, the sentences not having been confirmed, the matter is still *sub judice*, and, in these circumstances, it is necessary to avoid public comment. The reference to the date of the sentence, the note continues, presumably is not intended to suggest that the court pronounced sentence otherwise than in the ordinary course of business. "There would, of course, be no truth in any such suggestion."

The Arab League

Following a draft decided upon at the meeting of the Arab League Council on the 24th March (see *Summary* No. 387) a letter has been addressed on the subject of Palestine to His Majesty's Representatives in Baghdad and Amman. Shaikh Yusuf Yasin mentioned the document to Mr. Grafftey Smith in Jedda a month ago, but said that he preferred to communicate its contents unofficially since he did not know what the other Arab States were doing, and things had changed anyhow since the text was agreed.

The letter claims that the terms of the Mandate for Palestine were the same as those for other Arab countries separated from Turkey, but that His Majesty's Government violated them by the unwarranted pledge to the Jews and, further, seriously prejudiced the Arab inhabitants, both economically and administratively, by permitting "unlimited" immigration. His Majesty's Government are, accordingly, requested to put a stop to immigration, and to go to the United Nations on the basis of the termination of the Mandate and the declaration of Palestine's independence as an Arab State. Failure to accede to these requests, the letter says, will throw on His Majesty's Government the responsibility "for the present critical situation in Palestine and for whatever effects may ensue from it, either inside or outside Palestine."

Iraq

It is reported that the five opposition parties—Hizb al Istiqlal (Independence), Hizb al Watani al Demokrati (National Democrat Party), Hizb al Ittihad al Watani (National Union Party), Hizb ash Sha'ab (People's Party) and Hizb al Ahrar (Liberal Party)—held a secret meeting on the 8th June at which an oath was taken pledging concerted action against the Cabinet. However, the links which bind these parties together are extremely tenuous (see *Summary* No. 394) and, as is general with the minor political coalitions in Iraq, their weakness and lack of organisation are hidden beneath a façade of bombast and truculence. But while the achievements of the opposition parties have been negligible to date, and the prospect of their taking concerted action against the Government appears remote, they are already beginning to build up a dangerous spirit of unrest among the masses and to foster an unbalanced outlook among nationalist and, in the main, anxious to see the initation of the social reforms so badly needed in his country, the young Iraqi is easily convinced that no true progress will be possible whilst the present Government and the British deny him a hearing.

While criticism of the Turco-Iraqi Treaty (see last week's *Summary*) continues, the more moderate leftists are now prepared to accept it, provided that the *status quo* in the Sanjak of Alexandretta is not recognised; that Iraq will not support Turkey in any dispute she may have with another Arab country; that the Turks are not granted the same customs reduction and other preferences given to the Arab States, and that Turkey is not allowed to interfere in the cultural and educational affairs of Iraq. This attitude reflects the fact that enlightened opinion still considers Iraq's first loyalty to be toward the Arab League (perhaps, more accurately, the States which the League represents), and that non-Arab alliances are of secondary importance.

A petition requesting an amnesty for Rashid Ali and other Iraqis in exile with him has been addressed to the Regent. The signatories include many prominent Axis supporters, such as the ex-Mufti, Hassan al Banna (President of the Ikhwan al Muslimin) and Salih Harb Pasha (President of the Young Men's Muslim Association). This petition, the purpose of which was probably to embarrass Anglo-Iraqi relations, has aroused violent opposition in Iraq, where the memory of Rashid Ali's past misdeeds is still fresh.

Persia

The Cabinet resigned on the 19th June and Qawam as Sultaneh presented his new Cabinet to the Shah on the 21st June. It is composed as follows:—

Prime Minister and Minister of Defence: Qawam as Sultaneh.*
Foreign Minister: Anushirwan Sepahbodi.
War: General Ahmedi.*
Health: Dr. Iqbal.*
Communications: Farouhar.*
Finance: Hajir.*
Education: Dr. Issa Sadiq.
Labour and Propaganda: Salman Asadi.
Justice: Mustafa Adl.
Interior: General Aqevli.
Posts and Telegraphs: Seyyid Ali Nasr.
Agriculture: Ahmed Adl.
National Economy: Sadiqi.

Ministers without Portfolio—
Musavizadeh,*
Homayunjah,* and
Ali Asghar Hikmat.

* Indicates a member of the last Cabinet.

The fall of the Cabinet is not surprising: it could hardly be expected to have withstood the full blast of public censure for much longer. It has, in fact, survived for exactly eight months, which exceeds the normal span of Persian Cabinets. Of the new Ministers, Sepahbodi has hitherto been the Ambassador in Paris, General Aqevli was head of the Gendarmerie in 1942 and Chief of the General Staff in Qawam's Cabinet of February, 1946, and Mustafa Adl and Dr. Sadiq have also held previous Cabinet appointments.

The Ministry of National Economy is an innovation. It has absorbed the former Ministry of Industry and Commerce and the Industrial Bank. Qawam's original proposal was that it should absorb the Ministry of Labour and Propaganda as well, but he has been persuaded against this step. The new Minister, Sadiqi, is an ex-Minister of Communications, and was deputy for Azerbaijan in the last Majlis. He has been returned in the recent elections as deputy for Tehran.

In an interview given to a representative of *Le Monde*, published in the *Democrat-e-Iran* of the 16th June, the Prime Minister stated that the only reason why the Majlis had not assembled was that elections were still in progress in Fars and Azerbaijan. By now, however, the voting is reported to be over in Fars, and only the final count awaited. When questioned about the Perso-Soviet Oil Concession Agreement, Qawam stated that he was under an obligation to present the bill to the Majlis, but that circumstances had changed since the original agreement was signed, and that it was not possible for him to impose a particular point of view on the deputies. He then envisaged modification of the Agreement by the two signatories, so that, when put forward, it would be acceptable to both the Majlis and the public. Finally he repudiated the rumour that other countries would be asked to participate in the agreement. This statement shews that he anticipates an unfavourable reception of the bill in the Majlis, but the Russians are unlikely to consent to serious modification of its clauses. Not even Qawam's skilful proscastination will be able to prevent the matter from coming to a head soon.

The latest reports from Kurdistan state that Mulla Mustafa has, as forecast in last week's *Summary*, escaped into Soviet territory. On about the 17th June, after brushes with the Persian troops sent against him, he swam across the Aras (Araxes) River to the north of Maku accompanied by about 650 followers and 6 'Iraqi officers. The Barzanis are reliably reported to have surrendered to a Russian frontier post and to have been removed in lorries. The Jelali Kurds did not apparently help them.

The Shah returned to Tehran on the 11th June, having completed an extensive tour of Azerbaijan and Gilan. At every town and village where he stopped he appears to have been received with great enthusiasm by all sections of the population. Cattle were slaughtered in his honour, and triumphal arches erected (Resht is reported to have put up no less than twenty-six). The approach to Tabriz from Maragheh was, according to the press, decorated with carpets to a distance of five miles. There has been some criticism of these extravagant demonstrations of loyalty in the Tehran newspapers, particularly the left-wing ones, which maintain that the money might have been better spent on improving social conditions. But the tour must have been well worth while. If the Shah implements the promises of improvements made on his visits to schools, hospitals and institutions, the carpets and triumphal arches will have paid a valuable divident. Even if no immediate improvements result—the most likely eventuality—the royal tour will have served to link the peoples of Azerbaijan and Gilan more closely to the Crown and to the rest of Persia, a consideration which, in view of the ever-present possibility of Soviet encroachment, is of the greatest importance for the security of the country.

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THE FAR EAST

Japan

It is possible now to form a clearer picture of the new Cabinet. Besides the Premiership, the Social-Democrats hold the portfolios of Justice, Education, Agriculture & Forestry, Commerce and Industry. In addition Yonekubo, at present a Minister without Portfolio, is "tipped" as the Minister of Labour in the new Department which is to be formed, and the other Social Democrat, Nishio, is Secretary-General to the Cabinet. On their side the Democrats hold the portfolios of Foreign Affairs, Home, and Finance as well as Welfare and Transport while Saito, known as the principal adviser of his party, is one of the two Ministers without Portfolio. Under the old dispensation the Ministries held by the Democrats would have outranked those held by the Social-Democrats, but the Home Office has been shorn of much of its power, and the Foreign Office is at the moment little more than a liaison office. As against this the Social-Democrats hold the posts directly concerned both in the rehabilitation of the country and in the guidance of the coming generation. The People's Co-operatives hold Communications and have one Minister without Portfolio, while the one Independent, Wada, is in charge of the Economic Stabilisation Board.

Party strength in the new House of Representatives is given as follows:—

Social Democrats	... ...	144
Democrats	... ...	132
Liberals	... ...	129
People's Co-operatives	...	31
Independents	... ...	19
Japan Farmers	... ...	7
Communists	... ...	4
		466

It is to be noted that the Democrats are slightly stronger than the "Diehards"—the Liberals.

The Katayama Cabinet has now announced its policy. Since it is a coalition government, nothing startling was to be expected. Its plan to overcome the existing crisis is, briefly, to enforce existing controls "sincerely and boldly," to raise the official prices of certain commodities in order to combat the black market, to control the supply of raw materials to key industries and to introduce legislation for a somewhat nebulous form of "State control" of coal-mining.

It is recognized that not only public finance but also both industrial enterprises and private householders are insolvent, and an appeal is made to the people to strain every nerve to put the country on its feet again. Public opinion welcomes the Government's programme but seems slightly sceptical of their ability to carry it out.

The new Foreign Minister, Ashida, has stirred up a storm in a tea-cup by informing a foreign press conference that "for sentimental reasons" Japan desired the return of Okinawa (Loochoo Islands) and part of the Kuriles and other islands around Japan. The Cabinet's Secretary General Nishio was driven to state that Ashida was expressing his own personal views. The incident has the appearance of a *ballon-d'essai*.

The State Department informed His Majesty's Government on 9th June that they had decided to send a further Japanese whaling expedition to the Antarctic in the 1947/8 season.

In spite of having objections to Japanese whaling outside home waters, His Majesty's Government agreed to the dispatch of an expedition in the 1946/7 season, since the total catch of all whaling fleets is limited to a maximum quota by international agreement, and there were not to be sufficient fleets in the Antarctic in the 1946/7 season to deal with the full quota. Japanese activities would therefore be of assistance in attaining this quota.

The U.S. Government, however, undertook not to despatch any further expeditions without prior consultation with interested Governments, but their announcement of 9th June was made without previous warning to any of the Governments concerned.

His Majesty's Ambassador in Washington has been instructed to protest strongly against this action. No reply has yet been received to this protest, but it appears that the U.S. Government do not intend to alter their decision.

Japanese whaling activity in the coming season will do nothing to increase the world supply of whale oil, and will, in fact, decrease it, since there will be sufficient Allied fleets in the Antarctic to deal with the full permitted quota of whales, and any catch made by Japanese vessels would of necessity have to be deducted from the catch of Allied fleets. Furthermore, Japanese processing methods are much less efficient than Allied methods, and hence the amount of whale oil obtained from the total quota would be correspondingly less.

Korea

The Joint-Commission on the 12th June issued a communiqué on the method of consultation with Korean democratic parties and social organisations. It is provided that they shall submit their views regarding the provisional Government through their central organs only. Sub-commission No. 1 is being required to draw up a list of approved parties and organizations, and the Joint-Commission will convene joint meetings to which representatives of these parties and organisations will be invited—on the 25th June in Seoul for South Korea and on the 30th June in Pyongyang for North Korea. The same representatives will later be invited to individual oral consultation from the 5th July onward. Co-ordinated proposals will then be elaborated by sub-commissions for submission to the Joint-Commission which shall appoint a drafting committee to compile the final text of recommendations concerning the structure and principles of provisional Government and local authorities as well as the Government's political programme.

Foreign businessmen are to be admitted to South Korea as from the 15th July. Trade will continue for the time being under the existing export-import licensing system and certain exports will be disposed of through Government agencies.

Indonesia

Any hopes that the Indonesian reply to the Commission-General's Note might be accepted as a basis for renewed discussion were quickly dissipated. At meetings on the 14th and 15th June between the Commission-General and the representatives of the States of East Indonesia and West Borneo the latter expressed their disapproval of the Republican reply and begged the Commission-General to stand by their original proposals as the only means of preventing the Republicans from gaining complete control over the whole of Indonesia. As a result the Commission-General's attitude towards the situation in general was reported to have stiffened appreciably.

On learning from Dr. van Mook's Chief Secretary of the way the wind was blowing, H.M. Consul-General at Batavia stated his readiness to do his utmost to help in bringing about a compromise through direct negotiation, and his suggestion that he should take immediate steps to meet M. Sjarir informally again and apprise him of the seriousness of the situation was not opposed.

M. Sjarir responded promptly to the invitation and arrived at Batavia on the 18th June. The Commission-General made it clear, however, that, for their part, they were not prepared to talk matters over unless M. Sjarir made a definite statement of acceptance of their terms. This being so, M. Sjarir decided to make an effort to save the situation by taking the initiative into his own hands. Acting with great speed and courage—and without first seeking the approval of any of the other members of his Government—he broadcast a plea for an end to recrimination and mistrust. And he followed this act by forwarding to Professor Schermerhorn a copy of the full text of his broadcast under cover of a letter in the name of the Indonesian Delegation, laying stress on the following points:—

1. Agreement to the establishment of an Interim Government.
2. Agreement to the inclusion in the Interim Government of a representative of the Crown exercising *de jure* authority.
3. Early discussions concerning the form of the Interim Government, in which discussions representatives of East India and West Borneo to participate.
4. The Interim Government to establish the Federal Organisations referred to in the enclosures to the Commission-General's Note of 27th May; and the early establishment of a Federal Economic Organisation is regarded as particularly urgent.

The letter ended with an expression of hope that it might now be possible to attain that degree of mutual co-operation demanded by the Linggadjati Agreement and that the Dutch Delegation might take the necessary steps for the immediate initiation of discussions on the framework of the Interim Government, referred to in point 3.

While this was going on the Commission-General had drawn up and despatched to the Indonesian Delegation an answer to their counter-proposals. It took the form of a lengthy document—couched in a tone of remonstrance and consisting, for the main part, of a summary of their respective points of difference—which concluded by asserting that the Indonesian counter-proposals amounted to a refusal of the Commission's original Note; that their

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claims to the authority to be vested in the Republic went beyond the provisions of the Linggadjati Agreement; that their proposals rejected the basis of co-operation, which should be founded upon reciprocity; and, finally, that no guarantees were given either for the return of those who had been compelled to quit Republican territory, or for the safety of the large number of persons who had co-operated with the N.E.I. Government. The Commission-General thus consider that the Republican Note does not allow of further discussion; and, as provided in the final sentence of their Note of 27th May, they have referred the whole question of future procedure to the Netherlands Government.

This communication crossed M. Sjarir's letter amplifying his conciliatory broadcast; and in acknowledging the latter Professor Schermerhorn pointed this out and informed M. Sjarir that the Commission-General have noted the effort made to bridge the gulf created by the exchange of Notes; but he remarked that the importance of the issue renders it necessary that there should be no uncertainty as to how far the exact wording of his letter of 20th June represents an acceptance of the Commission-General's proposals of 27th May. Professor Schermerhorn then expressed satisfaction that the Commission's requirement concerning the position of the representative of the Crown in the Interim Government has been accepted. Acceptance of this point, however, he stated, does not alter the fact that in other respects M. Sjarir's proposals show no nearer approach to the Dutch requirements. And he went on to intimate that a different conclusion would only be possible if M. Sjarir's letter could be interpreted to mean that the Republican Government agree to the formation of all the Federal Organisations mentioned in the enclosures to the Commission's Note of 27th May, and if the Republican Government also fully accept the definitions and descriptions of those organisations. The letter ended by requiring an immediate reply on those points in order that a conclusion might be arrived at by the Netherlands Government, to which M. Sjarir's letter had been submitted.

Dr. van Mook called on M. Sjarir on 23rd June, and presented an *aide-mémoire*, adding that a reply must be delivered by 27th June at the latest. Dr. van Mook told M. Sjarir formally that the Republican Government's confirmation of his recent concessions must be obtained immediately. M. Sjarir said that he would proceed to Jogjakarta on 24th June and that he hoped to bring back a satisfactory reply by 26th June.

His Majesty's Government, although fully aware of the difficulties that would accompany the acceptance of a request to renew their efforts at mediation, have nevertheless made it clear that they are prepared to place their good offices at the disposal of both parties at any time, should it be thought that they would be likely to help either toward a solution of the problem, or in the prevention of the development of an irretrievable situation. Independently, the U.S. Government have made formal representations to both the Netherlands and the Indonesian Governments. And, in their Note to The Hague, they have pointed out that the use of force, even on a limited scale, would be viewed with disfavour.

THE UNITED STATES OF AMERICA

Considerable interest has been shown in the United States in the Anglo-French conversations on the "Marshall plan" (as the essence of the Secretary of State's Harvard speech of the 5th June has come to be called). An official spokesman described the State Department on the 19th June as being "very pleased" with the way in which His Majesty's Government and the French Government had responded to Mr. Marshall's offer. Some newspapers, led by the *New York Times*, believe the Bevin-Bidault talks to indicate that Europe is at last beginning to shake off the "paralyzing fatalism" into which it had appeared to be drifting since the end of hostilities. At the same time they point out that the next step will depend largely upon how the Soviet Union avails itself of the Anglo-French invitation to join in the task of drawing up a reconstruction programme. It is too early at the time of writing to gauge the full reaction to M. Molotov's formal acceptance of this invitation. (The very fact, however, that the Soviet Minister has decided to reply in the affirmative for once will probably add to the confusion sown by Mr. Henry Wallace, whose recent public-speaking tour in criticism of current State Department policies is said to be causing some concern in orthodox Democratic quarters.)

The note of caution on the subject of economic foreign policy recently sounded by Senator Vandenberg and Mr. Hoover (see last week's *Summary*) has not passed unheeded, and a number of commentators are now at pains to emphasize that a careful evaluation of American resources and capacity to help must precede any more concrete offer of assistance to the needy countries. At his press conference on the 18th June Mr. William L. Clayton, the Under-Secretary of State for Economic Affairs, conceded that Senator Vandenberg's idea of a bi-partisan advisory council to draw up a "total balance-sheet" was a very wise one and that Mr. Hoover had raised a pertinent question in suggesting that the United States was "over-exporting" its resources in attempting to meet foreign relief requirements by present methods.

Meanwhile the Administration has been taking steps to educate the country at large on the nature and purpose of its economic foreign policy. It is thus no coincidence that international problems have provided the main theme of the addresses delivered by State Department and other Government officials at the customary "commencement" or university graduation ceremonies this year. No less a person than the President himself chose the Princeton bicentennial celebrations on the 17th June to remind the American people that their economic resources alone were insufficient to safeguard their friends abroad against the "encroachment of totalitarian pressures" and that military strength would also be needed to maintain "world leadership." Mr. Truman therefore appealed to educational institutions everywhere to support his scheme for "universal military training" (which Congress, with characteristic lack of any sense of urgency, has so far merely expressed a willingness to consider in Committee).

Some influential Republicans have likewise taken advantage of current academic gatherings to draw the attention of thinking Americans to what Mr. Acheson lately referred to as "the facts of international life." Speaking at Swarthmore College, Pennsylvania, on the 16th June, Mr. Harold Stassen said that "delays and evasions" might render American economic assistance to Europe too little and too late, and he urged that consideration be given at once to pressing problems like the British dollar shortage and the necessity of reviving the Ruhr industries. In a similar address to graduates of Northwestern University at Evanston, Illinois, on the 18th Mr. John Foster Dulles, the leading Republican expert on foreign affairs, called for "enlightened judgment" in carrying out the assistance programme abroad so that it would be left to others "freely to decide" whether or not they adopted the "particular economic system" favoured by the United States. He also advocated "moral resistance" to the attempts of the Soviet leaders to impose their will upon other nations which, it seemed to him, would never stop of their own accord.

The Republicans, it has been suggested, are likely to show less relish for the bi-partisan approach to foreign policy as a result of the President's veto of their two favourite domestic measures—the income tax reduction Bill (see last week's *Summary*) and the Taft–Hartley Labour Bill. The pace of party politics is in any case being quickened by the incipient jockeying on both sides for position in the 1948 election. The President's veto of the Taft–Hartley Labour Bill—the most-publicized event in home affairs this week—was overridden by the Senate on the 23rd June by 68 votes to 25. The Senate—like the House of Representatives, which three days previously had overridden the President by 331 votes to 83—was thus unmoved by the strongly-worded message which Mr. Truman had addressed to Congress in returning the Bill unsigned on the 20th. The efforts of a small group of liberal Senators led by Glen Taylor (Democrat, Idaho) and Wayne Morse (Republican, Oregon) to "filibuster" in order to give the President's arguments against the Bill time to be driven home to the public also proved unavailing. In his message Mr. Truman objected in true Jeffersonian fashion to the "clumsy, cumbersome Government intervention" in private economic affairs which the Bill would entail. He said that the measure contained the seeds of discord which would plague the American people for years to come and hinder the unity and productive strength which were essential to the country internationally.

As it now goes on to the statute book the Taft–Hartley Bill bans the "closed shop" and permits the Government to use court orders to stop strikes against the national interest and to postpone any strike by injunction for 80 days. It bans "sympathy" strikes and enables legal action to be taken against unions whose members break their contracts. The Bill also withholds bargaining rights from unions which employ Communists or Communist "sympathizers" as their officials and forbids trade union newspapers to support political candidates.

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LATIN AMERICA

Inter-American Affairs

On the 23rd June Mr. Marshall defended the plan for the standardisation of arms in the western Hemisphere before the Foreign Affairs Committee of the House. His principal line of argument was that co-operation with the Latin American countries had been made difficult because many of them had received equipment and training from Germany and other European countries, and that if the United States plan were not approved by Congress, Latin America would seek help elsewhere.

According to the United States Ambassador in Brazil, the Brazilian Government have agreed to the 1st August as the earliest possible date for the Rio de Janeiro Conference on hemisphere defence, but the State Department now desires a postponement until October.

Argentina

Preliminary results of the Argentine census taken in May give a population of over 16 millions; of these 3,371,000 live in the federal capital. No census had been taken since 1914, when the total population was less than 8 million, and the present count shows that the calculated population based on the 1914 figures was 2 million too low. This is in contrast to the 1940 census in Brazil, which showed that the real population fell considerably short of that estimated.

On the 17th June President Truman announced that Mr. James Bruce, a business man from Maryland, would succeed Mr. Messersmith as Ambassador in Buenos Aires.

Nicaragua

There have been no signs of any active intervention in favour of the deposed President Argüello. The recently declared Provisional President, Lacayo Sacasa, has now decreed the dissolution of Congress and convoked elections for the 10th August. The deputies then chosen will meet on the 29th August as a Constituent Assembly. Presumably General Somoza will not experience great difficulty in arranging the results. The device of a new Constitution would of course effectively settle any future question of the legality of President Argüello's removal.

Peru

The investigations following the murder of Sr. Graña (see *Summary* Nos. 376 and 393), while they have done little or nothing towards revealing the identity of the murderer, have produced a sub-plot, in which Sr. Manuel Seoane, the Vice-President of the Senate and, after Sr. Haya de la Torre, the most prominent of the Apristas, was involved. When the Aprista organ *La Tribuna* raised by public subscription the sum of nearly £2,500 as a reward for information leading to the arrest of the criminal, a certain Arrumátegui, an Aprista chauffeur, came forward with a story which implicated a chief of police under the Prado régime. This story failed to survive investigation, and Arrumátegui confessed that he had been primed by the editor of *La Tribuna*, Carnero Hoke, and by Seoane himself. Carnero was arrested, but subsequently released. While it is widely believed that Carnero's release was due to the Government's reluctance to raise new difficulties by proceeding logically to the arrest of Seoane, *La Tribuna* maintains that both Carnero and Seoane acted in good faith on Arrumátegui's information, and blames the Police Investigation department. This led the Ministry of the Interior to issue a statement to the effect that Carnero had been released because Arrumátegui had made a partial retraction which, it hinted, resulted from Aprista intimidation. It is suggested that the Government's hesitation in arresting Seoane is not due to fear of the Apristas, but to the belief that anything that could be construed as a martyrdom would revive Aprismo from its present decline.

THE UNITED NATIONS

Atomic Energy Commission

Since the Atomic Energy Commission resumed work last March, two aspects of the problem have been under consideration by the two main Committees. Committee 1 has been discusing the Russian amendments to the Commission's Report of last December. The first five of these amendments have now been considered; but the fundamental differences with the Russians remain.

Committee 2 has been reviewing the problem as a whole. It has the task of preparing a Second Report, called for by the

Security Council's resolution of the 10th March, 1947. This Committee split up into a number of groups, each of them working under a Chairman on the understanding that the members would speak as individuals without committing their Governments. It follows, that is to say, the procedure adopted by the Scientific and Technical Committee.

Each group prepares a chapter for the Report. Four have already been completed—on Research and Development, Mining, Processing and Purification of Ores, Nuclear fuel, *etc.* The preamble and two papers remain outstanding in respect of the first half of the Committee's field of study. The second half can, at most, be treated in sketchy fashion before September when the Report may be the subject of debate by the Security Council.

There have been two important developments recently in the Atomic Energy Commission. The first is the clear statement of American views on the powers to be granted to the International Agency. These powers would include ownership of all source material once it has been removed from the ground, of all chemical plants and of some refineries, as well as ownership of the plant engaged in any of the more dangerous processes in the development of atomic energy. The Americans also propose a monopoly of research for the Agency whenever a dangerous quantity of the nuclear fuel is involved. The American contribution is thus in essence a re-statement of the proposals originally put forward by Mr. Baruch in June 1946. It represents an extension of what was contained in the Report of last December—which was agreed to at the time by the Americans. These American proposals go further than the views expressed hitherto by H.M. Government on this matter.

The second important development is the tabling of the Russian proposals for an International Commission established within the framework of the Security Council, its composition, rights, obligations, *etc.*, being determined by a Special International Commission on Atomic Energy which would operate in accordance with the "Convention on the prohibition of Atomic Weapons." The basic principle is that the use of atomic energy may be controlled by granting the relevant Agency certain defined powers of inspection. The Commission, proposed by the Russians, is specifically linked with the other fundamental point in the Russian general scheme, namely, the need of agreeing upon a Convention for the prohibition of weapons of mass destruction—those weapons which M. Gromyko declared in a speech on the 20th May at the American-Russian Institute dinner, "are destined for the extermination, first of all, of peaceful populations."

The Russian proposals state for the first time in detail what powers of inspection they are prepared to agree to and what rights of access they will concede. There is still insistence, however, on the right of veto in respect of any sanctions which the Security Council may wish to apply to a breach of the Convention. Moreover, the Russians are still refusing to accept any form of international management by the proposed Agency in their own country. It is believed, for instance, that they are not willing to agree to air survey flights. Then any inspection such as they envisage would be periodical only, so that its purpose might well be frustrated by suitable window-dressing. Finally "international inspection," as they conceive it, would not mean, it seems, inspection in Russia by international inspectors. In his speech to the American-Russian Institute M. Gromyko, repeating previous declarations, made it clear that control was necessary in their view, only to guarantee the execution of the proposed Convention and that the inviolable rights of national sovereignty forbade all interference in countries producing atomic power for peaceful uses.

When the Working Committee met on the 12th June, some doubt was cast on Russia's motives by her delegate's insistence that Committee 2 should consider her "new" plan. To pass the Russian plan to Committee 2 would mean that work on the Second Report required for the Security Council by September might well be held up indefinitely by interminable debates on the differences between the views of the Soviet and Polish delegations, on the one hand, and those of the other ten members on the other. The U.S. delegate opposed reference of the matter to Committee 2, and the representative of the United Kingdom suggested that Committee 1 would find the Soviet document useful in its discussions on the Russian amendments to the First Report. No decision was taken. The debate continued on the 17th and, as a result of a ruling by the Australian Chairman, Committee 1 resolved to resume its study of the Russian amendments, adding items from the new Russian proposals as they became relevant. In this way M. Gromyko was enabled, on the 19th June, to repeat his views on the

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Weekly Political Intelligence Summary
No. 398

FOREIGN OFFICE,
(RESEARCH DEPARTMENT),
2ND JULY, 1947

Copy No. 143

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Since August, 1946, this Summary has become a more confidential document than it had previously been, and full weight must be given to the label SECRET. The side-lined passages especially must not be divulged to anyone other than the authorized recipients.

GERMANY

Further episodes of the Berlin crisis must be put on record, but no progress can be reported. In previous *Summaries* was recorded the Allied decision that the Kommandatura must approve unanimously the appointment of a new lord mayor before he took office. He was to replace Dr. Ostrowski, who had been forced to resign by his own Social Democratic Party. It was known officially that Ernst Reuter, the SPD's most likely candidate, would not be tolerated by the Russians, presumably because of his anti-Communist and anti-Russian feelings, and that therefore he could not take office. Yet on the 24th June Reuter was elected Lord Mayor by the votes of all groups in the Berlin Assembly except the Socialist Unity Party. This is a remarkably united challenge to the Kommandatura which involves far wider issues than those of the personality of Reuter. His supporters contend that the Allied decision on the veto is contrary both to the terms of the Berlin constitution and to the previous practice of the Kommandatura, and they feel that they are defending the rule of law against arbitrary government. The President of the Assembly, Dr. Suhr, in announcing the Allied decision on the 11th June, criticised it in no uncertain terms. He proposed that the order should be debated at the next meeting. This was done—despite objections by the French and Russians, who attempted to gain support from the other members of the Kommandatura for an immediate reprimand of Dr. Suhr. After the actual election the Kommandatura met on the 27th June and, for lack of agreement, referred the matter to the Co-ordinating Committee at the insistence of the British representative. This seems to be the only means of protest available to the British member, and there is every likelihood that he will eventually have to agree—as the French and U.S. members are already prepared to do—that Reuter cannot take office. Meanwhile Frau Luise Schröder continues as acting Lord Mayor, an unenviable post which she may hold for a long time and which she seems to be handling with tact.

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EUROPE

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A new, if not unexpected, complication over Four-Power Government in the city has arisen. The Russians have protested to the Kommandatura that Great Britain and the United States are trying to include their Sectors of Berlin in the bi-zonal area. This matter has also been referred to the Co-ordinating Committee. The Russians object to small liaison groups which are maintained simply and solely in order that Berlin economic needs shall be known to the Western Zones. Berlin has no vote in the Bi-zonal Council or Committee. Before this protest disquiet had frequently been expressed in the Berlin press about Russian attempts to draw their Sector away from Four-Power Government. In particular papers have commented on the large-scale expropriation of private firms now administered by the "*Deutsche Treuhandstelle.*" This is stated by SED supporters to be only a provisional body, but the fact remains that it has no connection with the Kommandatura or the City Government.

The Bi-zonal Economic Council held its first meeting in Frankfurt on the 25th June. Earlier in the week the members of the council had been elected by the *Laender*. They number 31 from the British Zone and 23 from the U.S. Zone. Although North Rhine/Westphalia has complained that the British Zone is insufficiently represented, the general focus of interest appears to have been along party rather than regional lines. This may have the disadvantage of bringing too many party conflicts into economic affairs, but it would have been naïve to expect anything else in Germany, and it should have the advantage of counteracting the pull of regional economic interests without destroying federal rights. The CDU has 21 members, SPD 20, Liberals of varying titles 5, Communists 3, Centrists 2, Lower-Saxon Party 2, Economic Reconstruction Party 1. The less "progressive" elements—Christian Democrats, Liberals and Lower-Saxons—have a slight majority. In marked contrast the Executive Committee, consisting of one representative from each zone, has six Social Democrats and only two Christian Democrats. The Committee can suggest legislation but has less power than the law-giving Economic Council. The relation of the Committee's members to the *Laender* who appointed them was defined by a U.S. Military Government Officer recently. He said that they should observe the rights of their *Laender* but should not take orders from them. The Economic Council has already sub-divided itself into a number of specialist committees and "A committee of elders." Speakers at the opening meeting all tended to follow similar lines—welcoming the chance for the Germans to better themselves, but demanding also the return of prisoners-of-war, the cessation of dismantling, and a higher level of production and exports, coupled with lower taxes. The Communist Party played its Janus rôle to perfection. After its previous hostile comments on the bi-zonal organisation its spokesman announced that it was prepared to co-operate actively in the bi-zonal council. He warned the other members, however, of the futility of being ruled by two occupying Powers who, he alleged, often failed to see eye to eye on policy.

U.N.R.R.A. ended its work in Germany on the 30th June. The care of refugees and displaced persons in the British Zone will now be undertaken by the Control Commission. An agreement signed on the 28th June with the Preparatory Commission of the International Refugee Organisation provides that the Control Commission will act as agents of I.R.O. who will send a director and staff to supervise the work. A similar arrangement will probably be reached in the U.S. Zone, but the United States bill approving participation in I.R.O. was signed only on the 1st July. General McNarny stated at the end of May, according to the press, that U.S. Military Government would take over if I.R.O. was not established promptly. According to a U.S. intelligence survey for the beginning of June ill-feeling between Germans and displaced persons in the U.S. Zone has increased as the result of uncertainty about the latter's future and German fears that they might become a permanent drag on the country's economy. The Jews are the chief target of animosity and anti-Semitic feeling is stated to be considerable throughout the Zone. Conversely, His Majesty's Government have had to complain about anti-British demonstrations by Jews in the camps of the Zone. By the end of May 13,000 displaced persons had been recruited from the British Zone for work in the United Kingdom. More Polish nationals have been repatriated after the end of the cold weather, but Germans have continued to arrive from Poland. Since the beginning of the year over 35,000 illegal immigrants have been received in the British Zone and, with the 100,000 refugees which His Majesty's Government have agreed to accept from the United States Zone, the Zone had, by the end of May, its full quota of 1½ million Germans from the East.

A discreditable episode in Bavarian history has culminated in the dismissal on the 24th June of Alfred Loritz, Minister in charge of denazification. This follows an attempt by some members of the Economic Reconstruction Party to oust him from leadership. The attempt does not mean any change for the better in the party, which has been described as a "body of middle-class sharks," but it gave an opportunity for the Assembly to vote for Herr Loritz's removal. As Minister he seemed to have no policy except that dictated by personal ambition. He constantly acted against Military Government principles and on the one hand, ordered a greatly extended amnesty for small nazis while on the other hand he instituted in internment camps a form of Security Police (closely reminiscent of the Gestapo), which was immediately dissolved by Military Government. When he received his dismissal Loritz told the Premier of Bavaria "You have thrown down the gauntlet. I accept the challenge and declare bitter war on the Government." He then delivered personal attacks on a number of ministers and walked out of the Chamber after being described by a deputy as "a second Adolf Hitler."

Those Communes of Saarburg which had been returned to Rhineland–Palatinate on the 6th June have organized a referendum, on their own initiative. It has apparently resulted in an overwhelming majority in favour of remaining in the Saar. This is unlikely to affect French policy since the Government knows that His Majesty's Government would not approve of a re-enlargement of the area. Nevertheless, it is rather surprising that French Military Government should have permitted a referendum when they have always refrained from suggesting one in the Saar itself, presumably for fear of stirring up disagreement. The Saarburgers were doubtless prompted mainly by material reasons, and must be feeling acutely the reduction in rations resulting from their return to Germany. The French Government have sought to cleanse the Saar area by expelling some 300 families who have been convicted as active Nazis. A number of Communist leaders have also been expelled, but the party persists in its opposition to French policy. Communists are represented on the new Constitution Committee for the Saar which has been appointed to draft a constitution by the autumn and their first step in the Committee has been to demand a referendum on the future of the Saar. In the rest of the French zone two new Military Government ordinances were issued during June which define the power of Military Government. They ensure *inter alia* that in denazification, demilitarisation, education and anti-combine measures the German Government shall submit draft bills to Military Government before they are even presented to the assemblies for discussion. Military Government retains legislative control over a wide range of economic subjects which they consider require co-ordination between the *Laender*. The ordinances possibly give the Germans more power than in the British zone over demilitarisation, but certainly much less in the economic field, and they prevent any zonal legislation by the Germans themselves. In general the German attitude towards the Occupying Power is reported to be very bitter. In particular the population looks with suspicion on political leaders who co-operate with the French authorities and frequent complaints are still made of inequalities in the purge system and of the exacting economic demands of Military Government. These overshadow the seemingly more favourable aspects of French policy in such matters as education and decartelisation.

AUSTRIA

Hard on the news that the United States forces of occupation in Austria were to pay for their own costs of occupation from the 1st July, 1947 (see last week's *Summary*), came the announcement, on the 25th June, of the signing in Vienna of a United States relief agreement for Austria within the framework of the 350 million dollar post-U.N.R.R.A. General Relief Bill for Europe. The Austrian press has estimated that the sum to be allocated to Austria will be in the region of 85 million dollars, *i.e.*, nearly one-quarter of the total aid for Europe. Goods to be supplied under this agreement will be limited to such necessities as food, medicaments, clothing material, fertilisers, pest destroyers and seeds; distribution, sale and use will be supervised by a United States mission in Austria in order to ensure that all sections of the population receive a fair share. A condition of the agreement is that these goods shall not be used unduly for the maintenance of the (future) Austrian armed forces or in any way for the forces of occupation. No doubt, anticipating suspicion of United States motives from

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the extreme Left, General Keyes has emphasised that the goods supplied under the agreement will be a gift made in part-fulfilment of the United States Government's commitment under the Moscow Declaration to restore Austria's independence and economic viability. Communist sensitiveness in regard to any step savouring in their eyes of "dollar diplomacy" is, of course, well known. The British-controlled *Weltpresse* has pointed out that both Great Britain and the United States have long been resolved to help Austria in the post-U.N.R.R.A. period and that the British grant of £10 million in 1946 serves the same purpose as the present United States grant. The bulk of the British grant is to be expended on coal, food, agriculture and the wool industry. In view of the new United States relief appropriation, His Majesty's Government have decided not to approve further dollar expenditure from United Kingdom grants and credits for Austria.

It is now learned that the United States gesture in renouncing occupation costs is also to be retrospective: the official *Wiener Zeitung* announced on the 28th June that a second agreement had been signed on the 21st June whereby the United States Government undertook to pay the Austrian Government 308,382,590 Schillings (some £7,709,500) in full and final settlement of all obligations incurred by the United States forces and officials in Austria since the start of the occupation. According to Reuter the French occupation authorities in Austria have conceded that, in order to lessen the burden on Austria, visiting French civilians not attached to the army of occupation are now to draw Austrian rations and find private accommodation.

The Austrian Treaty Commission has been discussing the oil problem in closed sessions. Nothing conclusive has yet emerged. An interesting development of the decision of the United Kingdom and United States representatives to leave the technical and factual aspects of the Commission's discussions mainly to their experts, is that the Commission is in this respect gradually assuming the work and character of the Committee of Experts. This may well mean that the United Kingdom Government is on the way to thwarting persistent Soviet opposition to the idea that investigation of "facts" should precede a large-scale discussion of principles in the Commission.

No doubt as a counter-blast to the Russian claims to German assets now being investigated, and to Communist propaganda assertions that the Russian-controlled firms are working almost exclusively for the benefit of the Austrian economy, bold criticism of Soviet mismanagement of Austria's oil resources—and the illegal appropriation by the Russians of Austrian products manufactured in the confiscated enterprises—has recently appeared in the non-Communist Austrian press. Soviet efforts to establish legal title to certain confiscated landed properties were rejected by the British member at the Allied Council's meeting on the 27th June, on the ground that the whole problem was now under discussion. The Russians have not acquired a title under Austrian law to any of the property they have seized in Eastern Austria and no legal transfer of title may be made without the written consent of the Allied Council.

Publicity has recently been given in the Austrian radio and press to cases of kidnapping both in Vienna and on the Soviet/United States zone border. Reports indicate that the victims were mainly Displaced Persons belonging to countries in the Soviet orbit and that their assailants used Russian uniforms and cars. These incidents, together with reports of terroristic "White Guard" activity on the Yugoslav-Carinthian border, have led to renewed Austrian appeals for the more adequate arming of the police and gendarmerie and also for permission for Austrian courts to take action against "any street robber, whoever he may be." The "White Guards" are an organisation of Slovene Displaced Persons who have escaped from internment camps; they are reported to be both anti-Tito and anti-Austrian and to support ex-King Peter of Yugoslavia.

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First to proffer an opinion was Dr. Zenkl, Czech Socialist Vice-Premier, who confined himself, however, to remarking that the negotiations denoted another milestone on the road to international co-operation. At the same time he emphasised that his Party, whilst seeking friendship with the West, would permit no one to disturb Czechoslovakia's "splendid relations" Soviet Russia. Shortly afterwards it was reported that the Government, after hearing a statement on the Marshall Plan by Dr. Clementis, Communist Deputy Foreign Minister, had decided to appoint a Commission to examine further procedure on that score. Finally, M. Masaryk, Czech Foreign Minister, welcoming the scheme in a United Nations' anniversary speech, said that it must include "the whole of Europe" since Czechoslovakia could not tolerate any plan which might divide Europe into "Left and Right." His faith lay rather in the efficacy of the United Nations' Organisation. No other Party spokesman appears to have made any declaration on the offer.

The Czechoslovak attitude, predetermined by the conflict of political and historico-cultural considerations, reflects the wariness with which the Government approaches relations between the Big Powers. The safest course is thus the attempt to appease two conflicting ideologies by proving that a synthesis is possible and by persuading the West, particularly America, that Czechoslovakia is still accessible to Western influences. It is this "two-way" outlook which prompted Dr. Zenkl, despite his protestation of loyalty to Russia, to condemn rumours of "mysterious pressure" and political conditions, which, the Communists allege, attach to the loan still being sought from America. These rumours Dr. Zenkl stigmatised as "insults to our American friends." The Czechs would naturally prefer to maintain their independence—a wish that presupposes, however, a sympathetic attitude on the part of the Western Powers. Not even the Czech Communists are anxious wholly to submerge their country's national sovereignty in the interests of regional Communism; at a recent press interview the Communist Premier, M. Gottwald, stated that Czechoslovakia did not feel the need of either a "European" or a "Slavonic federation" which would limit their independence.

With the exception of certain minor details and the crucial question of Czech-Slovak relations, the Constituent Sub-Committee have approved the draft of the new Constitution. The promulgation of the Constitution, it may be recalled, is the principal task of the present administration. M. Gottwald, when asked his opinion on whether they could complete their programme at an early date, replied that he saw no reason why the several Parties, each with its own programme but adhering to the principle of National Front co-operation, should not contest new elections next May. He stressed the necessity for continuing the work of the present Government—meaning that the newly elected Government must draft a second economic Plan. Commenting on current conditions the Premier pointed out that Slovakia must be cleansed of all Fascist elements: subversive remnants, however, he said, were not confined to Slovakia; they existed also in the Czech Lands where the "grande bourgeoisie" and landed magnates, whose power had been broken by nationalisation and Land Reform, still tried to sabotage the Government. This last criticism as intended as a defence of the Communist Minister of Agriculture, D. Duriš, who, since the beginning of the year, has been subjected to continuous Opposition attacks on the count of unconstitutional procedure—his position is regarded as critical now that his claim for special powers has been rejected by the Parliamentary Legal Committee. The Communist-controlled Ministry of Interior is also under bombardment by Popular and Czech-Socialist Deputies for the illegal provision of arms to the civil population, principally the Works Militias.

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added, in improving relations with the United States, and further discussions would take place on the Franco-Polish alliance. His Government were, however, disquieted by certain developments in Germany, such as the unification of zones, the rebirth of German chauvinism, and the unsatisfactory progress in denazification and demobilisation.

In his reference to internal affairs M. Cyrankiewicz paid tribute to the invaluable assistance given to Poland during the period of recovery by the Soviet Union and by U.N.R.R.A. The cereal shortage, he said, had been eased by the extension of U.N.R.R.A. activities to the end of June, 1947, by the granting of additional U.N.R.R.A. credits to the value of 11 million dollars, and by the recognition on the part of the International Food Council of Poland's need for 550,000 tons of grain.

The subsequent debate was comprised mainly of words of approval by the various *bloc* parties, although the pro-Government Catholic group registered a token protest —a reduction in the education grant of 1 zl.—against the secularisation of schools. M. Mikolajczyk praised the solid achievements of the Government, but soon ran into stormy weather by opposing—no doubt with real conviction—the budget of the Ministry of Security, and appears to have incurred the wrath of the Minister by some of his criticisms. The Polish radio reports on the proceedings in the *Sejm*, at no time, of course, favourable to M. Mikolajczyk, present a somewhat garbled account of the exchange between him and General Paszkiewicz. The General, one of the London Poles who returned to Warsaw, and is a member of the pro-Government Peasant Party, stated that General Sikorski's death in an air crash during the war had not been accidental, and implied that M. Mikolajczyk, who became Prime Minister, had not been energetic enough in protesting about the purge of elements opposed to Anders among the higher ranks of the Army. M. Mikolajczyk asked the General to withdraw his statements, but Paszkiewicz, in defence of his statement, asked for the Polish Peasant Party's leader to be brought before the tribunal of the *Sejm*. This is a constitutional procedure which could cost M. Mikolajczyk his seat. Recently the military press has stepped up its campaign against Anders, and any opposition to the present régime is being conveniently daubed with the same colours.

The visit of Cardinal Griffin to Poland was surrounded by an atmosphere of warm friendliness and sincere devotion. His fortnight's tour of Catholic centres all over the country, made in company with the Polish Primate, Cardinal Hlond, was an unparalleled success. The Cardinal was met by Catholics everywhere with extraordinary enthusiasm, and the visit was taken as a sign of solidarity between the people of England and the Polish population which is striving to preserve national as well as religious liberty. The deeply-rooted Catholic character of Poland has indeed obliged the Communists to proceed less openly in their campaign to extend their hold upon the broad masses.

(See also under "Soviet Union.")

SOVIET UNION

While the Soviet press had shown reserve in commenting on the Marshall plan before the Russian acceptance of the invitation to the Conference, the increasingly adverse tone adopted in the days intervening between that acceptance and M. Molotov's actual arrival in Paris on the 26th June prepared the ground for the involved but clearly unfriendly *Tass* statement of the 29th June setting forth Moscow's view of what should be done. *Pravda* of the 25th June set the tone by bringing up the charge that the Marshall plan, if plan indeed there was, had been necessitated by America's deteriorating economic situation and consequent search for markets; the main sting of the article was, however, in the tail—where the view was put forward that the plan was linked with Mr. Churchill's proposed United States of Europe and the Western European Customs Union advocated by *The Economist*. Such a tendency, according to *Pravda*, clearly aimed at substituting for the important business of European reconstruction "all kinds of adventures directed towards setting the West against the East."

The *Tass* statement clouded the Soviet point of view in a considerable amount of verbiage. What emerged was the assertion that the proposal for an all-embracing economic programme for Europe was not acceptable to the U.S.S.R., which regarded it as tantamount to interference in each country's internal affairs. In the Soviet view each country should prepare its own estimates of its need for American aid, and then submit them to a joint examination. This examination should not, however, be conducted by Great Britain, France and the U.S.S.R. alone, but by other European countries, in particular those which had suffered under German occupation. The

former enemy countries would be consulted, but Germany must be left out as the Council of Foreign Ministers had not yet agreed on the German problem.

While fulminating against the Western *bloc*, the U.S.S.R. seems eager to consolidate its position in its own *bloc* with all possible speed. Communist sources in the Balkans are talking of a Balkan security union under Soviet auspices, which may be achieved in stages by cultural, economic, ecclesiastical and finally political agreements. The recent Rumano-Yugoslav cultural agreement (see under "Roumania") fits into this scheme, as does the similar Bulgaro-Czechoslovak agreement. The All-Slav movement is showing increasing activity and endeavouring to extend its sphere beyond the field of Slavdom proper. The plenary session of the All-Slav Committee in Warsaw was concluded on the 21st June, Medvedev, one of the Soviet delegates, described as a "social worker," being elected secretary general of the Committee. The next All-Slav Congress is to be held in Prague in 1948; meanwhile a Congress of Slav scientists is announced for this year. This co-operation between Slav scientists is a new feature, which is being developed by the Scientific section of the U.S.S.R. Slav Committee recently formed in Moscow, with Professor Sidorov as chairman. Professor Belic of the Serb University, who has just been made the first honorary professor of Moscow University, pleaded in a speech at Warsaw, for "common agreed programmes" in all the universities of Slav countries, while the Soviet Professor Vosnesensky urged that "Slav studies" should be interpreted in a wider sense than heretofore and that professors of history and economics from non-Slav as well as Slav countries should be invited to the 1948 Congress. In the President's speech at Warsaw it was stated that there were some 360 Slav organisations in non-Slav countries including the U.S.A., Latin America and Australia. The American branch is bringing out a new magazine *Slavyansky Amerikanets*, and the Palestine branch has been particularly active of late. The appeal to the intellectuals of the world put out at the close of the Warsaw meeting ran on the stereotyped lines of attacking imperialist warmongers and ended :—"long live the friendship of all freedom-loving peoples which stands guard over democratic peoples and their national independence." The Slav movement has lost the services of Academician Vladimir Picheta, Soviet expert on the history of the Slavs, who died on the 24th June.

Moscow has met with some setbacks in its plan for using the Orthodox Church as a weapon in Balkan consolidation schemes. The Synod of the Greek Patriarchate in Jerusalem has passed a resolution declining Patriarch Alexei's invitation to the Pan Orthodox Congress to be held in Moscow this year, and it is believed that Patriarch Nikodem of Roumania would refuse if he could; he has not yet accepted the invitation to Moscow and has suggested that the Congress should be held on Mount Athos instead.

The Greek Chargé d'Affaires in Moscow has emphatically denied the existence of a large-scale evacuation plan for Greeks in the U.S.S.R. (see *Summary* No. 397). Only about fifty individuals a month are expected to be travelling back to Greece.

Greece has come in for especial condemnation for its suppression of EPON, the local left-wing Youth organisation, at the fourth session of the Executive Committee of the World Federation of Democratic Youth which has been meeting in Moscow and has just concluded its labours. The Council of the Federation is to meet in Prague in August. The speeches in Moscow were along familiar lines; while imperialism was condemned in the usual terms, lip-service was paid to U.N.O. Indonesia is to be admitted as a member of the Federation, and it was announced that an Asiatic Youth Conference would be held there in November. Other new members of the Federation, which is said to count 45,000,000 adherents, are the Youth Organisations of North Korea, the Dominican Republic, Colombia, Catalonia, Austria, Chile and Trieste.

Reports continue to come in of the activities of armed bands of Ukrainian guerillas in the Western Ukraine and South-eastern Poland, mainly organised in the now well-known U.P.A. (Ukrainian Insurgent Army). Seventeen members were recently sentenced to death by a Polish court at Rzeszow for aiming at tearing away from Poland part of the Southern Polish territories. *Tass* has given publicity to these reports, stating that 406 bandits, including chieftains, had been killed in the last six weeks. There are reports that the different Ukrainian nationalist organisations are seeking to co-ordinate their activities and that Paris is the centre of their contacts. According to a *Tass* message from Rome Mr. McNeil's statement that the 8,000 Ukrainians of the former Galician S.S.

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division who had arrived in the United Kingdom had been screened with the assistance of a Soviet Committee was "intended to misinform public opinion" as no Soviet representatives had taken part. The statement added that the men of this division had been noted for their savagery. In point of fact a Soviet military mission headed by Major-General Busilev flew to A.F.H.Q. in August 1945 for the express purpose of repatriating these Ukrainians to the U.S.S.R. But most of the men came from the territories annexed by the U.S.S.R. since the 1st September, 1939, and refused General Busilev's request that they should return to their homes.

The new Australian Minister to the U.S.S.R., Mr. Watt, arrived in Moscow on the 19th June. The Ethiopian Minister, M. Lorenzo Taseas, died in Stockholm on his way. M. Samuilovsky, at present head of the Near Eastern Department in the Ministry of Foreign Affairs, has been appointed Ambassador of the U.S.S.R. to Afghanistan in place of M. Bakulin, who had held this post since 1943.

When in March this year M. L. M. Kaganovich was transferred to important Party work in the Ukraine, he relinquished his post of deputy Chairman of the Council of Ministers of the U.S.S.R. and that of Minister of Building Materials. The latter post had been filled by the appointment of M. S. Z. Ginsburg, the former Minister for Construction of Military and Naval Enterprises. The Presidium of the Supreme Soviet of the U.S.S.R. announced on the 28th June that M. N. A. Digay had been appointed Minister for Construction of Military and Naval Enterprises. He is an old associate of M. Ginsburg and had worked under him as chief of the Building Administration for the Tank Industry.

M. Dekanozov was relieved of his post of Deputy Minister for Foreign Affairs by a resolution dated the 19th March but not published until May. No reason was given for his removal. M. Bogomolov, Soviet Ambassador in Paris, was appointed a Deputy Minister for Foreign Affairs in January, but he is to remain at Paris.

The Supreme Soviet of the R.S.F.S.R. heard last week a report from M. Safronov, on the execution of the 1946 Budget and the provisions of the 1947 Budget. The Finance Minister was followed by delegates from the various Republics and Autonomous Regions of the R.S.F.S.R., who expressed their approval of the Government's financial proposals and outlined the economic and cultural progress and plans of their own areas. M. Safronov closed the three-day debate, which was said to have been conducted in an atmosphere of "exceptional unanimity," by announcing that the Council of Ministers had examined the proposals of delegates and decided to make very small additional allocations to these regions. The R.S.F.S.R. is budgeting for an income of 46,137,710,000 roubles and expenditure of 46,105,002,000 roubles. According to M. Safronov the Federation Budget's resources have increased by 10,900,000,000 roubles as compared with last year. 90 per cent. of the Federation's expenditure in 1947 is earmarked for the rehabilitation and development of the national economy and the satisfaction of the social and cultural requirements of the population. One-quarter of the total expenditure is allotted to State Health services and the training of medical personnel. Dorothy Weston, broadcasting in English from Moscow, emphasised that in the R.S.F.S.R. appropriations for Government administration "hardly exceed 10 per cent." of the Federation's expenditure but obviously a considerable proportion of the allocations to industry and agriculture and cultural work goes to pay for the maintenance of administrative staffs.

SCANDINAVIA

Finland

At the end of May the Diet received a request for the arrest of one of its members, M. Kivelä of the Conservative Party, the allegation being that he was involved in the so-called Arms Dumps affair. The Speakers' Council recommended that M. Kivelä be deprived of his parliamentary immunity, but M. E. von Born, of the Swedish People's Party moved that the matter be referred to the Constitutional Law Committee for consideration. On the 13th June the Diet concurred by 78 votes to 51 in the Committee's decision for the rejection of the demand on the ground that the request had been made by the Public Prosecutor and not by the Court trying those implicated in the affair. Though the decision of the Diet is strictly in accordance with the law, the fact that M. Kivelä during the war served as an officer with the branch of the General Staff responsible for planning the secret stores of arms naturally tends to reinforce the suspicions against him. On the other hand it may be questioned if it is not M. Kivelä's membership of the Conservative party—rather than his war service—which has attracted the attention of the "conscientious" Prosecutor, M. Nikupaavola.

Another indication that the Communists may have opened what might be termed a general offensive against the Conservative Party was given a few weeks ago when the State Police announced the arrest of a number of youths accused of illegal activities directed against the Soviet Union and Finnish left-wing circles. The accused, who are alleged to be members of the Conservative Party Youth Organisation, are said to have stolen materials from a Helsinki printing office for their own illegal pamphlets and to have procured firearms. Little, however, is as yet known about this case, as the charges are being heard *in camera*, on account of the fact that some of the accused are minors.

Disquiet has manifested itself in the Aaland Islands over the tardy fulfilment of the President's promise of greater autonomy. During a recent visit the Speaker of the Diet, M. Fagerholm, attempted to allay these fears by stating that the delay was only due to the large volume of work confronting the Diet in Helsinki. There are, however, excellent grounds for thinking that the Soviet Union would look with displeasure upon any measure calculated to weaken the authority of the Finnish Government over the Islands, and this, no doubt, will weigh heavily when the matter is considered.

Sweden

A report by the International Committee for the Study of European Problems, issued a fortnight ago, has attracted considerable attention and has been freely commented upon in the press. It alleges the existence in Sweden of underground organisations formed by German-born Swedish industrialists for the purpose of assisting Nazi refugees to escape to Portugal and South America. The authorities, however, have labelled the report as vastly exaggerated and have denied the existence of any such organisations. It is admitted that Germans have been helped to escape by individual Swedes, and a number of persons have recently been arrested in connexion with passport forgeries. These activities, nevertheless, it is emphasised are on a very small scale. The matter has also been discussed in the *Riksdag*, and the Minister of Justice was asked if the Government contemplated taking steps in order to curb the propaganda activities of a certain notorious anti-semite by the name of Aaberg which, if allowed to continue, would gravely harm Sweden's reputation abroad.

On the 18th June M. Undén, the Foreign Minister, replied to a question concerning the killing by a Russian sentry of a Swedish Red Cross worker near the frontier between Austria and Czechoslovakia. The Government, M. Undén said, was awaiting a full report of the facts by the Legation in Vienna and would after considering this decide whether further action should be taken. The shooting, it seems, took place at the extremely short range of only 50 metres, and as the car in which the victim was killed was reversing at the time of the incident, and, therefore, could not have been travelling very fast, the action of the Soviet soldier appears indefensible. Certain sections of the Swedish press are already urging that Swedish relief work in future be confined to areas where incidents of this kind need not be expected.

(See also under "Czechoslovakia.")

FRANCE

The meeting of the three Foreign Ministers in Paris is being followed with close attention by French public opinion. It is hoped that the present discussion will bring delivery from the economic straits to which France has been reduced. The tone of Communist comment became more restrained once it was known that M. Molotov was coming to Paris, and M. Thorez was forced to issue a correction to the press version of the speech that he had made at the Communist Congress. He denied that he had called the Marshall plan "a western trap"; it had grave disadvantages and was regarded by some reactionaries as a weapon to be used against the Soviet Union, but the presence of M. Molotov would serve to clear the atmosphere. Now, however, that the divergence between the views of M. Molotov and those of Mr. Bevin and M. Bidault has been made plain, Communist criticism may be expected to regain its original violence.

M. Ramadier has profited by the Foreign Ministers' meeting to impress upon his colleagues the desirability of avoiding a Government crisis. The Cabinet sat in almost permanent session over the weekend in an attempt to agree on a comprehensive economic policy which could be submitted to the Assembly. The passing of the Government's financial proposals (see last week's *Summary*) was followed by a debate on the 25th June when a Socialist trade unionist, M. Gazier, questioned the Government on their general economic policy and

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asked them to tighten up controls, particularly on foodstuffs. His resolution, which was put forward by the Socialist parliamentary group as a sop to the left wing of their party, aroused the resentment of the Radicals who openly accused the Socialists of trying to engineer the fall of the Government. However, the rest of the debate was postponed and the Government decided to ask the Assembly for a vote of confidence in its economic policy on the 2nd July. If M. Ramadier obtains this vote, as he is expected to do, he will be in a strong position to face the National Council of his party which meets on the 5th July.

These political manœuvres, nevertheless, do nothing to solve the very real problems of the economic situation. The downward movement of prices between January and April was reversed in May and it is nowhere denied that the lowest paid workers are suffering considerable hardship. Industrial production showed a slight fall in May as a result of the recurrent strikes, and the June figures are expected to show a further fall. The latest disturbance, a six-day strike in the coalfields, hit the most vulnerable spot in the French economic system. The workers' demands now amount to a general 10 per cent. increase in wages and the employers seem disposed to recognise the validity of these demands. But they have thrown back on to the Government the onus of establishing a new equilibrium between wages and prices and have exposed the absurdity of the principle of granting "production bonuses" when production has not increased.

Meanwhile the Communist Party Congress, meeting at Strasbourg from the 25th to 28th June, revealed more clearly than ever the determination of the party leaders to resume their place in the Government. Siren calls were addressed to the Socialist Party, which was accused of having yielded to reactionary pressure, to bring about the formation of a new Government led by Communists and Socialists. At the same time M. Blum was attacked as the evil spirit of the Socialist Party. M. Thorez made his report in a five-hour speech whose dimensions were matched by those of the portraits and inscriptions on the walls of the hall. One of the most interesting points made by him and other speakers was the desire of the party leaders to recruit members on a mass basis and to avoid doctrinal niceties which would offend prospective entrants.

General de Gaulle made his answer to the Communists in a speech given at Lille on the 29th June. In this speech he spoke openly, for the first time, of the risk of war between the Soviet Union and the United States and declared that France must place herself on the side of the Western Powers. Referring to the internal situation he said that the present economic difficulties could not be solved by the existing political régime.

Some light relief to the gloomy picture in France has been afforded this week by the discovery of a new "plot" against the Republic. The leaders of the plot are nonentities, with the exception of a former Cagoulard, Colonel Loustaunau-Lacan, and the publicity given to the affair by the Sûreté and the Ministry of the Interior seems to represent an ill-judged attempt to win sympathy for the régime.

ITALY

As reported in last week's *Summary* Signor De Nicola resigned on grounds of health from his post of President of the Republic as from the 25th June, the date when the life of the Constituent Assembly and that of his presidency should have ended. But on the 23rd his doctor had told the press that all the President needed to restore his health was a month's holiday, and on the 26th the Constituent Assembly re-elected him by 405 votes out of a total of 431, Signor De Nicola having agreed to carry on his duties after a short rest. He has now approved the draft decree which authorises the ratification of the Peace Treaty and which, it is hoped, will be agreed by the Constituent Assembly in the near future.

Count Sforza, the Minister for Foreign Affairs, is expecting to visit London this month, and has declared that his principal aim in coming is to strengthen good relations between this country and Italy, although he also hopes that he may be able to secure a better understanding of Italy's feelings about her former colonies and her navy. Count Sforza maintains that his whole foreign policy is based on friendship with Great Britain, and that, although Italy must depend on American help to a great extent, her political future should be closely linked with that of this country. His aspirations are in the direction of some form of western federation led by Great Britain, although no doubt he wishes to avoid antagonising Russia.

Once again Sicily has been the scene of an outburst of violent crime. On the 22nd and 23rd of June Socialist and Communist offices in small towns near Palermo were attacked with bombs, two people were killed and a number wounded. The organiser of these attacks is thought to be one Giuliano, a Sicilian bandit, who started his career of crime in 1943 when he stole an army horse laden with flour, shot a *carabiniere*, became an outlaw and a leader in the Mafia. Now he seems to have taken to political crime, and the Left parties have suggested that he is in fact being used as an agent by some of the big landowners, who object to the organisation by the Left parties of peasant co-operatives on land taken from the big owners. An attack on a group of workers celebrating May Day, in which 16 were killed, was also attributed to Giuliano. The lastest crime has become an event of national importance. The General Confederation of Labour called a general strike of half-an-hour on the 25th June in protest against anti-democratic terrorism in Sicily and agrarian reaction generally in South Italy. The central Government have not only offered a reward of 3 million lire for information leading to the capture of Giuliano, but have sent Dr. Ferrari, Chief of Police, to Sicily to investigate, and General Branca to take charge of military operations against Giuliano's bands. The Communists and Socialists are undoubtedly making use of the situation to attack the Government, though there is no ground for their accusation that the disorders are a result of the creation of the new minority Government.

VATICAN

A series of articles have appeared in the *Osservatore Romano* pleading for a "*modus vivendi*" between Russia and the West. Count della Torre, the editor of the paper, and author of the articles, starts from a passage in the Pope's speech to his cardinals on the 2nd June: "for those who see things in the light of the Divine Order . . . . there is always room for a peaceful accommodation even in the gravest clashes of human and national interests." The articles maintain that there is much to be said for Russia's search after secure frontiers; that to believe in the pure aggressiveness of Russia's policy is as absurd as to believe in Anglo-Saxon imperialistic expansionism. The peoples of East and West must shelve their ideological differences, as the Count considers they did during the war, and discover how they can live together. At all costs a clash between East and West must be avoided. Significantly enough, Moscow has also been broadcasting an appeal—in her foreign language programmes, not in Russian—to follow Stalin's dictum that two worlds can exist side by side in peace.

At first sight the *Osservatore Romano's* articles look like a change in Vatican policy, from its bitter reaction to the activities of the Communists; but the paper, and the Vatican wireless, continue to pour outspoken blame on the evil deeds that the Communists do *vis-à-vis* the Church. Two explanations have been offered of these articles. The Vatican, however, desires to regularise relations with Poland and States within the Russian orbit, and has no doubt concluded that some sort of an agreement is better than a continuance of the present state. Pius XI, it may be remembered, said, of the Reich Concordat, that he was prepared to make an agreement with the Devil provided some good would thereby accrue to Catholics. The doctrine of *minus mali* points in this direction. At the same time Pius XII did his utmost to prevent the late war, and when it had begun, to keep America and all other countries out of it, considering war to be the worst of evils. Judging from the *Osservatore Romano*, the Vatican is convinced that the clash between East and West is dangerously near, and that even without war the division of the world into two halves would have consequences fatal both in the material and in the spiritual realm. If Rome is to keep contact with Eastern Europe, it must agree with the Powers of Eastern Europe, and Rome, in the past, has been prepared to make apparently poor bargains because it "knows how to wait," until men become more reasonable.

SOUTH-EASTERN EUROPE

Hungary

Such misgivings as Hungarians may privately feel about Russia's willingness to ratify the Peace Treaty of necessity found no place in the debate on the Hungarian Ratification Bill which the National Assembly passed unanimously. M. Sulyok probably spoke for the majority of his countrymen when he said that Hungary's position now was worse than it had been after Trianon, but that a bad treaty was better than no treaty at all. M. Sulyok, whom the Smallholders originally expelled on account of his revisionist views, again underlined the harshness of the territorial

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clauses in particular. There was general agreement among Deputies that post-war democratic Hungary ought not to be held responsible for a crime committed by her pre-war reactionary Government.

M. Sulyok likewise made use of the occasion to complain of the curtailment of the promised freedoms where his own Party was concerned. He had already expressed dissatisfaction with the result of his interview with M. Rajk when he demanded police protection at his meetings to ensure him the same liberty of speech as the Communists enjoyed. The Communists in turn allege disturbance of their meetings by M. Sulyok's followers. While it is possible that members of the extreme Right have been responsible for irregularities committed in M. Sulyok's name, his past record in no way suggests that he himself countenanced them. On the other hand, there is certain evidence of Communist rowdyism, and, though M. Sulyok has been speaking freely enough in the National Assembly, he has every reason to complain of the limitations imposed on him since the suppression of his newspaper by an inspired printers' strike.

The Smallholders and Social Democrats are agreed that separate Party lists shall be offered at the next election. In a speech delivered at Debreczen on the 29th June M. Dinnyés denied the report that the new election laws would affect large numbers of persons. The Germans, indeed, would lose their right to vote, but they were to be transferred to Germany as soon as repatriation became practicable. The number of Members of Parliament, moreover, would be diminished. M. Dinnyés stated that anybody who wished might come to Hungary, and that consequently there was no need to invite foreign observers—a condition to which M. Sulyok attaches great importance. The Government, M. Dinnyés said, would continue to stand by the principle of private property; nor is this endangered, the Left claim, by the Three-Year Plan, which has now been approved by the necessary two-thirds majority in the National Assembly. (Communist spokesmen, incidentally, are making rather a point of the Party's agreement to this.) Here again Freedom Party supporters protested, alleging that they had not even seen a copy of the Plan, while some of the Smallholder deputies abstained from voting.

M. Mihalyfi has refuted the statement attributed to him that after the Peace Treaty ratification foreign journalists would be liable to punishment, including the death-penalty, for propagating tendentious reports about Hungary. On the contrary, the Government would adhere to their previous policy of assuring full freedom to the foreign Press by allowing the facts to speak for themselves despite the malicious falsehoods which had been disseminated.

How far credence can be given to M. Dinnyés' contradiction of the rumour that Russian instructors were training the Hungarian Army is uncertain. According to him, Russia had neither asked for a military alliance nor for military and air bases on Hungarian soil. His statement does not correspond with the information provided by his predecessor, General Bartha, who told of repeated Russian attempts to obtain his consent to the appointment of Soviet instructors and to the distribution of military equipment similar to that in use by the Russians. General Bartha had remained firm, but he did not anticipate that M. Dinnyés would follow his example.

The Hungarian Press has ignored M. Hám's allegation of ill-treatment (see last week's *Summary*), which was apparently substantially correct. Meanwhile the trials of the present group of conspirators were temporarily adjourned, pending the investigation of further evidence brought to light in the White Paper.

Hungarian reactions to the Marshall Plan are mainly favourable. The Communists, it is true, regard it with scepticism, but the Social Democratic newspaper, *Népszava*, considers it supremely important and a test of whether East and West are capable of effective co-operation. Western Europe, states *Népszava*, will accept it gladly, but the attitude of Eastern Europe is more problematical, as is also the Plan's endorsement by Congress. The Smallholder organ, *Kis Ujság*, believes that the Conference will ease international tension, and points to it as a proof of the peaceful designs of the U.S.S.R.

M. Rákosi's recent visit to Prague aroused much interest in Czechoslovak circles. (See also under "Poland.") M. Rákosi stated that he had come as a Party representative to discuss matters affecting both nations with Czechoslovak Communists. He thought it probable that repatriation would be suspended for about four weeks while the harvest was brought in, since most of those concerned were farmers. According to *Népszava* Hungarian schools in Czechoslovakia will be opened after the 1st August.

In the economic sphere the Russians are attempting to gain a dominant position in the Hungarian Credit Bank which numbers British, French and Russian nationals among its shareholders. Hungarian trade talks in Moscow were officially described as "satisfactory so far," but Soviet demands concerning German assets in Hungary do not appear to have been abated. By various manœuvres they are attempting to secure, in some cases, double payment for Hungarian debts owing to German concerns and in others the payment of assets without liabilities. The position of the Soviet-Hungarian companies has recently been improved; to five of them decrees have granted special tax exemptions.

Roumania

The Memorandum in the name of His Majesty's Government protesting at the indiscriminate arrests in Roumania and the brutal treatment of political prisoners was handed in to the Minister of Foreign Affairs on the 25th June, the American note on the subject being presented on the same day. M. Tătărescu, who was experiencing an upsurge of his mercurial temperament, expressed confidence that the majority of those arrested would be released within a fortnight. He put the total number of political prisoners at 1,200; Mr. Morgan Phillips had been given the figure of 1,303.

The Roumanian economic delegation has returned from Moscow without much yet being divulged of its achievements, though M. Gheorghiu-Dej announced on alighting from his aeroplane that sufficient food had been assured for the population until the next harvest. The Soviet Union has apparently agreed to deliver shortly to Roumania 80,000 tons of cereals—60,000 of wheat and 20,000 of barley. The Communist press fulsomely commented that the generosity of the Soviet Union "completely eclipsed all the manifestations of friendship received by Roumania during her history." It was claimed that reception "by those who registered in good time" of the ration of 200 gr. of maize meal was a concrete sign of the result achieved, though the agreement only covers wheat and barley. *România Liberă* praised Yugoslav generosity in sending 20,000 tons of maize to Roumania, adding that it was for this reason that food supplies from overseas had been diverted from her to western Germany. Prospects for the maize harvest appear to be fairly good, but the wheat harvest is only expected to yield 1·2 million tons, 800,000 tons less than was expected. A report from Buenos Aires states that the Roumanian Under-Secretary of Foreign Trade, who is there on an economic mission, has cancelled the previous agreement for 300,000 tons of maize but still intends to purchase leather and wool from the Argentine and is asking for a credit of 100,000,000 pesos. Another Roumanian Trade Delegation has just arrived in Beirut.

It is reliably reported that an attempt at stabilisation of the currency on the Hungarian or Bulgarian model will be made when the harvest is in. Meanwhile the inflation is progressing rapidly, the pound sterling being worth 4,200,000 lei, against 3,400,000 a fortnight ago.

Roumania's consolidation of relations with her neighbours continues. A cultural agreement with Yugoslavia was signed in Bucharest on the 26th June by M. Livizeanu for Roumania and M. Ribnicar for Yugoslavia. The Agreement, which is for five years followed by another five unless abrogated by one of the contracting parties—provides for the setting up of a Mixed Commission with a section in Bucharest and another in Belgrade. The Commissions would provide for exchange of professors, students, apprentice-technicians, *etc.*, as well as of films, books and pictures.

The Roumanian-Bulgarian Friendship Society has held a celebration meeting in Bucharest in honour of M. Georgi Dimitrov.

Yugoslavia

General Maclean's first talks in Belgrade on the question of displaced persons have been fairly satisfactory. The Yugoslav Government are primarily interested in the problems of encouraging repatriation and of dissolving emigré politico-military organisations. If they can be satisfied on these points, general agreement on the whole problem of refugees may be possible. General MacLean has left Belgrade with a draft embodying heads of agreement for the solution of this problem.

Meanwhile there has been no relaxation of Yugoslav criticism of British and American policy towards displaced persons. Some justification for their strictures is provided by the savage exploits of Yugoslav D.P.s on the Austro-Yugoslav frontier. In Berlin the head of the Yugoslav Military Mission has written to the Control Council complaining of Allied "protection" of war criminals in the Western Zones of Germany. In Belgrade

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the Yugoslav Government have protested to the U.S. Chargé d'Affaires against a request for the withdrawal of the Yugoslav Repatriation and War Crimes Investigation Missions from the U.S. Zone of Austria.

With the prospect of being able to make food purchases in Yugoslavia, His Majesty's Government have decided to seek an early settlement of the property question by accepting the Yugoslav global offer (see last week's *Summary*), provided that the proposed lump sum is increased and covers nationalised property only. His Majesty's Government are proposing a meeting in London to discuss an agreement for the promotion of mutual trade, and would like to open negotiations for this trade pact, for a compensation settlement and for a revised property agreement (covering property not affected by the Nationalisation Law) early in August. The signature of the Shipping Agreement in the near future will depend on a favourable reaction from the Yugoslav Government to these proposals.

The Governments of Great Britain, France and the U.S.S.R. have been officially informed of Yugoslavia's interest in the U.S. offer of aid for Europe. A Yugoslav Note of the 26th June, and a leading article in *Borba*, make it plain that the Yugoslavs feel that they should be the first to receive aid, by virtue of their sacrifices in the war, but will brook no interference in their internal affairs.

While industrial rehabilitation on the one hand, is greatly hampered by the lack of essential materials, the food situation is encouraging. Harvest reports from all parts of the country are good. Reserve stocks of grain have been released for general consumption, and pure wheat bread is now on sale again in Belgrade. The Government have relaxed their harsh policy towards grain hoarders and peasants who failed to deliver their surplus crops to the local authorities. Those who have been imprisoned have been released by an amnesty, prompted either by the general improvement in the situation or by the desirability of making use of all available labour for the harvest.

A new trade agreement has been concluded with Albania. Air negotiations have begun with Roumania, and have been brought to a successful conclusion with Hungary.

Greece

The Security Council have begun their consideration of the Frontier Commission's report (see under "United Nations"). Meanwhile the subsidiary group which is attempting to conduct supplementary investigations from Salonica have met with yet another rebuff. The Yugoslav Government have refused permission for its members to enter Yugoslavia to investigate frontier incidents at Kouka and Belesh. They say that they have carried out their own investigation and are satisfied that no incidents whatever took place on the 31st March, 1st and 21st April, as the Greek Government alleged. They, therefore, see no need for a United Nations investigation. The subsidiary group, who only last week received fresh instructions from the main Commission to continue with its investigations, is proceeding to examine the incidents from the Greek side of the border only.

Despite continued efforts by the Greek Army, raids by the "bandits" have been reported from many areas. Near Dhomokos a band blew up a passenger train, destroying two coaches and killing three passengers; another band cut the railway line near Agra in Western Macedonia by removing 15 yards of the permanent way. North of Florina a band 1,000 strong coming from Yugoslavia attacked Panagitsa. An army platoon, assisted by a detachment of gendarmerie and a group of armed peasants, resisted for several hours but were eventually forced to withdraw. The "bandits" then entered Panagitsa and burned many houses. Reinforcements which arrived the following day ejected them. Remnants of the band withdrew northwards, harassed by machine-gun fire from Government aircraft.

The bands have recently turned their attention to the villages of Western Thrace which are inhabited by Turks (see also under "Turkey"). Twenty villages have been threatened with destruction unless they give active support to the bands. Some 90,000 Turks are said to be affected, and they are asking the Turkish consul at Komotini to arrange their repatriation to Turkey. The Turkish Government are said to be considering referring the matter to the United Nations.

M. Zachariades, the Secretary-General of the KKE who disappeared from Athens some months ago, is reported to be attending the congress of the French Communist Party at Strasbourg. M. Porphyrogenis, another Greek delegate, has announced to the congress the early establishment of a "free Greek Government" in the areas

controlled by the rebels, if a speedy compromise is not reached between the Greek Government and the Communists.

King Paul, accompanied by the Queen and by M. Kanellopoulos, Minister of Air, has been making a tour of Thessaly.

Albania

True to the best form of Communist minority governments which are concerned to stamp out all possible opponents, the Albanian Government addressed formal demands on 20th June to the British and United States Governments for the surrender of some 170 Rightist Albanians who managed to escape from Albania before the Communists got control. The Albanian notes, which have not yet been received in London or New York, dubbed these people "war criminals" and alleged that the majority of them were living under American or British jurisdiction in Italy, Greece or Germany. The modest press and wireless resources of Albania were turned on to support this reiterated appeal with sundry variations on the theme that the British and Americans were organising war criminals and reactionaries against progressive democratic régimes.

Tirana radio and the one Albanian newspaper have made the most of any incident that could be magnified into Greek violation of the common frontier, and they have continued faithfully to give their limited public the Moscow version on general questions such as Hungary, Greece and the Marshall offer.

Bulgaria

The Bulgarian Government have continued their policy of liquidating the Opposition. The militia have been searching deputies' houses and are alleged to have discovered in one such house arms which they have managed to plant there. A violent public campaign for a heavy sentence on Petkov, it is reported, is shortly to be started. The twenty-three deputies whose resignation was precipitated, have been living in hourly fear of arrest. There is ground to fear that General Ivan Popov, who was recently sentenced to fifteen years' imprisonment for the lead he was alleged to have taken in the so-called "neutral officer" case, is being tortured in order that he may give more damaging evidence against Petkov. The Government seem to have discussed with half a dozen Agrarian (Opposition) deputies the terms on which *Narodno Zemedelsko Zname*, one of the two suppressed Opposition papers might be allowed to reappear. Together with the permission for publication the Government would have given the Agrarians certain diplomatic posts abroad and perhaps two cabinet portfolios, provided that *Narodno Zemedelsko Zname* toned down its criticism, and that the Agrarians disavowed Petkov. According to reliable reports, this last condition made the Agrarians reject the whole offer outright.

The British Political Representative on 26th June addressed a further formal protest to the Bulgarian Government on the subject of the suppression of the press. The United States Representative is making a similar protest verbally.

Turkey

Although there was some disappointment at the delay, the Turkish Government's definite desire for friendly relations with the Arab States was clearly reflected by press comment on the ratification (see *Summary* 396) by Iraq on 7th June of the Turco-Iraqi treaty of friendship. The overwhelming majority of Iraqi deputies in favour of ratification was regarded with satisfaction. The small minority who opposed it were considered to be tools of Moscow whose very words they had echoed, and their action to point the moral that in the face of the common danger from the north, Turkey and the Arab states must co-operate. Although the Arab territories had belonged to the Ottoman Empire, they had gained their independence by the same historical process as modern Turkey herself, and she wished their freedom, as well as her own, to be preserved.

The United States special mission of military officers and economists have been continuing their enquiries into Turkish needs, to the great satisfaction of the Turks and to the evident displeasure of Moscow which would have liked to see—or at least persuade the world of—a popular revulsion caused by the alleged sacrifice of Turkish independence to United States imperialism. The American experts have reassembled in Angora and are drafting their recommendations for spending the 100 million dollar grant in such a way as to increase the efficiency of the Turkish forces. Relying on American aid and on the British alliance, the government hope to pursue their general programme of internal development. This includes building up a two-party parliamentary system, raising the army and judicature completely out of politics, improving the civil service and carrying out a variety of industrial projects. At the moment the government are considerably concerned by the threats

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which Turkish villages in Western Thrace are receiving from Greek Communist bands (see under "*Greece*").

Conversations which President Inönü has had in the last few weeks with M. Celal Bayar, the leader of the Opposition, are generally taken as connected with a mutual desire to keep party recriminations within the reasonable limits expected of a democracy officially based on the Anglo-Saxon model, and to which Turkish politicians are as yet unused, and to prevent them from developing into extremism either of the Right or of the Left. Some evidence of the Government's desire to proceed with moderation was afforded by the reappearance after six month's suspension of the Leftist *Yarin*. On the other hand the authorities promptly suppressed a magazine which, for an unexplained reason, had the temerity to bring to the light of day a poem written twenty years ago in criticism of Mustafa Kemal by Riza Tevfik "the philosopher," a political opponent who was then in exile but has since returned under pardon.

Economic discontent continues, and indeed criticism of the government's economic policy is increasing. Adverse comment has now fastened on the new income tax bill, amendments to the rents law, the lack of trade facilities and, above all, the Government's failure to bring down the extremely high cost of living.

THE MIDDLE EAST

Egypt

Nokrashy Pasha is now generally blamed by the politically-minded public for procrastination and secretiveness about the appeal to the Security Council, and what appears to be a reply to his critics was broadcast from Cairo on the 22nd June alleging that a war of nerves is being waged against Egypt by Great Britain, who "fears Egypt's faith in international arbitration" and is trying to deceive Egyptians and convince them that no appeal will be made. Another subject in this attack, the speaker added, is the allegation that Egypt has not contributed to democracy, that her moral and spiritual participation in the war was insignificant, and that Egypt's case, therefore, cannot be based on democratic principles.

Negotiations on the subject of Egypt's sterling balances were ended in London on the 26th June, and the Egyptian delegates left for Cairo the following day with the matter unsettled. A final offer made by His Majesty's Government, however, has since been accepted by the Egyptian Government.

A project for the electrification of the Aswan dam has been approved by the Chamber of Deputies.

Palestine

The United Nations Special Committee on Palestine (U.N.S.C.O.P.) continued their investigations into both Jewish and Arab affairs by a series of visits during the past week to various parts of the country. In contrast to the effusive welcome accorded to members at Jewish centres, their reception by the Arabs seems to have been reserved owing to the conflict between the orders for a boycott and the traditional claims of hospitality to strangers. There were some signs that the Arab decision not to co-operate might be reversed, and King Abdullah has been making strenuous efforts in that direction, but tentative approaches made by members of the Committee to Jamal al Husaini are believed to have been rebuffed.

The release to the press by the Special Committee of the text of their resolution expressing concern at the "possible unfavourable repercussions" which the execution of the death sentences passed on three Jewish terrorists (see last week's *Summary*) might have on their task, has convinced many moderate Arabs that the policy of the Arab Higher Committee was right, and has done much to wreck the efforts which were being made to bring about a relaxation of the boycott.

The Chairman and other members visited Dr. Weizmann on the 23rd June, and it is expected that he will be giving formal evidence before the Committee at an early date.

On the 26th June the Jewish Telegraphic Agency devoted considerable space to the Memorandum handed to the Committee by the representative of the Palestine Government on the previous day. Extracts are given to illustrate the argument that, in seeking to explain the principles upon which policy has been based, the Government unwittingly admit that what they consider as the Mandatory policy does not conform with the Mandate itself. On other issues also the Agency loses no opportunity of attacking the Government and impugning the good faith and impartiality of British officials.

Major Farran, who was arrested in connection with the disappearance and death of a member of the Irgun Zvai

Leumi, escaped from arrest on the 19th June, but surrendered to the authorities before the end of the month.

Two cases of attempted abduction of British officials have recently taken place in Jerusalem. On the 28th June an attack with automatic weapons on a café in Haifa resulted in the death of one British officer and the wounding of two others. In Tel Aviv, on the same evening, three soldiers were killed and one wounded while walking down Allenby Road, one of the main thoroughfares. An attack was made by twelve Jews on officers and men on the beach at Herzliya, north of Tel Aviv, on the 29th June in which two soldiers were injured, one of them seriously.

Transjordan

His Majesty King Abdullah has received proposals from Ibn Sa'ud for opening negotiations for the settlement of frontier questions between Transjordan and Sa'udi Arabia, and is sending an acceptance. At the same time, His Majesty is somewhat apprehensive and at a loss to understand the motives underlying Ibn Sa'ud's actions in this matter, which was raised by the Amir Faisal with the Prime Minister of Transjordan in London last November, and should have been discussed by the Amir when he visited Amman at the end of December. At that time, however, he excused himself from all political discussion on the ground of ill-health.

The 28th June was celebrated in Amman as the thirtieth anniversary of the beginning of the Arab Revolt under King Husain. In a speech by King Abdullah, read for him by an official, occur the words, "The natural unity of Syria has become the right of this nation and the purpose of its struggle." Although the reference is, presumably, to Arabs in Transjordan and Syria, the assumption that His Majesty's dream of a Greater Syria is shared by many of his neighbours appears from all the evidence to be quite unwarranted.

Syria

Elections are due to take place on the 7th July, but the prospects are extremely obscure. The publicity given to the malpractices in the Lebanese elections has given rise to the hope that the Syrian Government may be discouraged from following suit.

The death is announced of Sa'adullah Jabri, who was Prime Minister and Minister of Foreign Affairs until his resignation in January last. He was an ardent nationalist, but since his main object of securing complete independence was attained, did not seem to have any clearly-defined policy. He was 57.

Iraq

At the end of May the Chamber of Deputies voted 3 million Iraqi dinars (equivalent to pounds sterling) for railway construction and improvements. An extension is to be built from Kerbela to Najaf and Kufa, and the Baiji-Tel Kotchek section of the main line, completed during the recent war, is to be improved. There has been some heated criticism of the railway administration in Parliament, and particularly of the British experts employed by the Government. The Prime Minister has stated that his Government would continue to employ foreigners until Iraq was in a position to dispense with their services.

Persia

The new Cabinet—Qawam's fifth—(see last week's *Summary*) although not differing greatly from the last, is a considerable improvement upon it. Two, at least, of the five ministers dropped, Aramesh and Nikpay, are known to have collected money (ostensibly for the Party chest) by highly irregular means, while Shayegan and Sayyah are nonentities. Of the new ministers, Dr. Issa Sadiq, Hikmat and Salman Assadi are able and respected, Mustafa Adl (Minister for Justice) is an outstanding personality, and Ahmed Husain Adl (Agriculture), a former Director-General of Agriculture, is well-suited to his present appointment, which he has held twice in recent years. Little is known of Nasr (Posts and Telegraphs), but the appointment is, in any case, a minor one. The retention of Homayunjah and Musavizadeh (Minister for Justice in the last Cabinet and the Prime Minister's right-hand man in the Democrat Party) without portfolio is probably due to the difficulty of dropping them at this stage.

On the 27th June the Prime Minister announced in an official proclamation that the Shah would open the Majlis on the 17th July. The proclamation also contained a warning that martial law, which was lifted in Tehran on the 16th June, would be re-imposed unless the press ceased to abuse their newly-won freedom.

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The Persian Government have made two substantial claims against the Soviet Union. The first is for 11,196,070·30 grammes of gold, plus a supplementary claim for approximately $8 million. The gold claim, based on an agreement of the 2nd March, 1946, between the Soviet and Persian State banks, is intended to cover the sums in rials advanced during the war by the Persian State Bank to the Soviet military forces in Persia, the dollar claim representing the value of the stores supplied by Persia to the Soviet troops. The second claim, for 310 million rials, is in respect of customs duties. The Persians claim that ever since the Russian occupation Soviet goods have been brought into the country without payment of customs dues; further, that the Soviet Government continued to disregard the Persian customs long after their troops had withdrawn from the country. The discussions which have been held about these claims have been somewhat acrimonious. The Soviet Government is only prepared to accept a figure of 120 million rials as the customs claim, and does not appear willing to recognise the first claim at all. Their attitude has occasioned much adverse criticism from the Tehran press and radio.

A Sa'udi Arabian delegation is reported to have visited Persia in May to discuss the re-opening of diplomatic relations between the two countries and the renewal of the Persian pilgrim traffic to the Holy Cities. Since the summary execution in December, 1943, on the orders of Ibn Sa'ud, of a Persian pilgrim who was alleged to have defiled one of the Holy Shrines, the Persian Government have refused to grant passport facilities to intending pilgrims (see *Summary* No. 226 of 2nd February, 1944). This has resulted in a considerable loss of revenue for Sa'udi Arabia. Up to date no agreement appears to have been reached between the two Governments.

His Majesty the King has given his *agrément* to the appointment of Mohsen Rais to succeed Hassan Taqizadeh as Persian Ambassador in London. Taqizadeh is to return to Persia shortly, having accepted a seat in the new Majlis as deputy for Tabriz.

Errata

Summary No. 396, "Egypt." Page 16, Col. 2, Line 11: for "to enable to present Government," read "to enable the present Government." Line 18: for "may" read "made."

Summary No. 397, "Iraq." Page 18, Col. 2, Line 14: after "unbalanced outlook among," insert "the young men. Emotionally nationalist."

THE FAR EAST

China

The Sinkiang-Outer Mongolia border dispute has continued in the foreground of Chinese political affairs (see *Summary* No. 396). On the advice of General Chang Chih-chung, Sinkiang's recent Provincial Governor, the decision to send the Minister of National Defence, General Pai Chung-hsi, to investigate the dispute on the spot was cancelled at the last moment. But both sides continue loud in their claims to sovereignty over the territory involved; and, following a lull of five or six days, fighting was officially reported to have been resumed on 20th June. In their reply to the Chinese Government's protest, the Government of the Republic of Outer Mongolia have stated that they consider Peitashan Mongolian territory. And, in reporting this reply, the Chinese Government Information Office in London has explained that the Mongolian claim that Peitashan and Baitak Bogdo are one and the same mountain range is not contested, but that locally the name Peitashan is used to indicate the fort on the Chinese side of the range. In this connexion it is of interest to note that the Peitashan or Baitak Bogdo (Bogdo being the Mongolian for hill) is a separate arm of the Altai Mountains running due west and that it is this range which formed the old boundary between Mongolia and Sinkiang (the change of boundary is first recorded in 1927). To be of any practical use today, however, a fort in these mountains would have to be situated in the neighbourhood of Lat. 45°N, Long. 94°E, where the present boundary cuts the Peitashan (Baitak Bogdo) ridge. If this were not so, the incident might involve claims to a very large and important area of territory and thus be serious indeed. If, on the other hand, this is so—as would seem to be the case, since the Chinese Information Office assert that China's claim is only in respect of the "Sinkiang Peitashan slopes and that they in no way challenge Mongol sovereignty over Baitak Bogdo," it would strengthen the suggestion that an everyday border brush is being magnified for political reasons—no doubt in the hope of inducing public sympathy in the United States by playing up the Soviet threat.

Certain it is that the Nanking Government have been making strenuous efforts to persuade the United States Government to come to their rescue. And although a substantial quantity of much-needed ammunition, which had already been paid for in American dollars, has now been released to them, they are said to be keenly disappointed both in Mr. Marshall's statement that the Outer Mongolian "invasion" might be only one of a long series of border incidents, and in the reserved attitude of the Americans towards Chinese accusations of Soviet violations of the 1945 Treaty of Friendship. In a public statement on current events Dr. Sun Fo, Vice-President of the National Government—who is generally believed to walk on the left side of the middle of the road and, in fact, is often spoken of as the leader of the "pro-Soviet group," testified that the Soviet Government's violation of their Agreement of 1945 had banished all hope of a peaceful settlement between Nanking and the Communists; that the Communists, backed by the Russians, are in control of 85 per cent. of the north-eastern Provinces; and that, unless foreign help can be obtained, there is a grave possibility that the seeds may be sown for a third World War. He openly accused the Soviet Union of direct responsibility for the existence of civil war in China; for admitting Communist forces into Manchuria; for helping Koreans to fight in the Communist cause; for barring the way of Chinese forces to Dairen and Port Arthur; and for the invasion of Sinkiang by Outer Mongolian troops. Subsequent press reports recorded Dr. Sun Fo as explaning that the object of his remarks was to "arouse attention in the U.S.A. and in Britain to Soviet intrigues in China."

The Government are particularly irked at the failure of their attempts to persuade the U.S.S.R. to hand over to China the administration of the ports of Dairen and Port Arthur. On 25th June the Ministry for Foreign Affairs released to the press a lengthy statement, claiming that the Agreement of 1945 accords the Chinese Government the right to send troops to both these areas; making a number of outspoken complaints against the Soviet Government couched in similar language to that contained in Dr. Sun Fo's outburst; and calling upon them to live up to their treaty responsibilities.

Although the Nanking Government are turning a brave face to the world in their claims to many and telling Communist defeats, experienced observers believe that the Government's position in Manchuria is rapidly becoming hopeless. The Mukden correspondent of the *New York Times* attributes this situation not so much to the strength of the Communist fighting forces as to lack of co-operation between General Tu Yu-ming, the military Commander-in-Chief, and General Hsiung Shih-hui, in charge of Manchurian political and civil affairs, as well as to the incompetence of most of the senior civil officials and military commanders. The full extent of the seriousness of the military position in Manchuria is said to have been quite suddenly realised by the Generalissimo and the Central Government. In the Executive Yuan opinions are reported to be divided and tempers frayed over the question whether to evacuate all Government forces and abandon Manchuria to the Communists, or to continue the struggle in the face of what appears to be an impossible position. Either alternative is thought to present an equally difficult task, and it is expected that the final decision will be to fight on.

The policy pursued by General Chiang Kai-shek's Chief of Staff, General Chen Cheng, has made him the subject of severe criticism from his field commanders. In consequence, General Chen Cheng has submitted his resignation, which, it is understood, has not yet been accepted. It is thought probable, however, that the post will be offered once again to General Ho Ying-chin, who resigned that office last year in the hope of removing the barrier to peace talks with the Communist delegation.

Renewed rumours that General Chiang Kai-shek is considering retirement from official life—or, at least, going abroad for a long holiday—in order to clear the way for a fresh attempt at peace negotiations with the Communists would appear to be dispelled by a telegram carried by *The Times* and dated Nanking, 29th June. It states that an order for the arrest of General Mao Tze-Tung, Chairman of the Communist Party, has been published in the official *Gazette*. The order is reported to charge General Mao with organising an illegal political party and instigating a rebellion to overthrow the Constitutional Government of China.

At a press conference in Washington on 25th June, Mr. Marshall, the United States Secretary of State, said that the five hundred million U.S. dollars which had

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been earmarked in the Export-Import Bank Fund for a loan to China would cease to be available for this purpose after 30th June, and that, although the matter had been the subject of careful and daily discussion, he doubted if any action would be taken to extend the time-limit. It is understood, however, that it will still be open to the Chinese Government to make an application to the Export-Import Bank for a loan in aid of any approved project and that, far from wishing to discriminate against China, the United States Government are anxious to make it possible for her to obtain financial assistance.

Meanwhile signs are lacking of both the will and the ability of the Chinese Government to help themselves out of the political and economic crisis into which the country has drifted. In expressing the Government's gratitude for the offer to furnish British ships specially equipped to handle the export trade on the Yangtsze River in such commodities as oil and eggs, the Ministry for Foreign Affairs has informed H.M. Ambassador that it is regretted that, in view of the unanimous decision of the various organisations concerned (Chinese shipping companies which have neither the ships nor means to deal adequately with the trade), permission cannot be granted to foreign vessels to call at ports on the Yangtsze. To this rejection was added a statement concerning the possibility of the British ships in question being chartered to sail under the Chinese flag, application for such permission being made to the Executive Yuan whenever necessary.

Indonesia

Following his meeting with Dr. van Mook in Batavia on 23rd June (see *Summary* No. 397), M. Sjarir returned to Jogjakarta to obtain his Government's confirmation of the concessions which he had felt compelled to make in order to prevent an immediate armed conflict. At an all-night sitting of the Republican Cabinet the principal political parties declined to endorse M. Sjarir's actions. He thereupon tendered his resignation and, for the second time within a year, President Soekarno assumed full powers over the Republican Government. Ordering all members of the Sjarir Cabinet to continue in office until a new Government has been installed, President Soekarno called upon the four principal political parties to take immediate steps to form a coalition Government; and he announced the appointment of M. Sjarir as "Elder Statesman." A later radio report from Batavia, however, announced that the leaders of the political parties concerned have returned the mandate to Dr. Soekarno and informed him of their inability to form a coalition Cabinet.

In Batavia the Republican reply, impatiently awaited by Dr. van Mook, was delivered on 28th June. Couched in conciliatory tones it, somewhat surprisingly, confirmed all the points recently conceded by M. Sjarir, except that defining the position of the Lieutenant Governor-General in the Interim Government. The wording, however, was such as to leave the matter open to adjustment by further discussion. The reply also rejected the Dutch demand for the formation of a joint gendarmerie to maintain law and order throughout Java and Sumatra. Dr. van Mook took the view that the failure to concede these all-important points rendered the Republican reply entirely unsatisfactory and that, therefore, drastic steps should be taken immediately. Ultimately, however, though only with great difficulty, Professor Schermerhorn prevailed on him to refrain from any action until reference had been made to The Hague and an urgent reply requested.

H.M. Consul-General was quick to take advantage of this lull in the proceedings. He pointed out to Dr. Soekarno that M. Sjarir had previously given Dr. van Mook a definite assurance of acceptance of the Commission-General's requirements on the matter of the Governor-General's position and that it would be well, therefore, if he, too, were to concede the point. Dr. Soekarno readily accepted this advice, acted immediately and, it is said, with good results.

It is also reported that the United States Consul-General at Batavia was instructed to request the Republican Government to "co-operate without delay in the immediate formation" of an Interim Federal Government, and to support this request with a promise of financial help as soon as an Interim Government is established and functioning smoothly under the Dutch Crown. In this connexion a monitored broadcast report from the United States asserts that about a year and a half ago "the former Indonesian Government had applied for a 100,000,000 dollar loan, and an Interim Federal Government, as outlined in the Indonesian-Netherlands Cheribon accord, would have to make a new application. The amount to be named in the new application, if made, is uncertain."

According to radio reports the informal approach to the Republican Government was made by the United States Consul-General only an hour or two before the Indonesian Commander-in-chief announced that intercepted documents afforded proof of the Netherlands forces having been instructed to assume the offensive on 30th June without waiting for further orders, unless counter instructions were issued before then. In spite of the increased tension in both camps that naturally followed this announcement, a meeting is reported to have taken place between Dr. van Mook and Republican representatives at which the United States offer was discussed.

THE UNITED STATES OF AMERICA

The efforts of the European "Big Three" to match Mr. Marshall's offer of assistance with an agreed recovery programme of their own have been followed closely in the United States. While it is too early as yet to gauge the general reaction to the breakdown of the Paris talks, there seems to be little reason to assume that the unwillingness of the Russians to share the benefits of the Marshall plan will be regretted by the present majority in Congress or indeed by the public at large. At a press conference in Geneva on the 2nd July Mr. William L. Clayton, the Under-Secretary of State for Economic Affairs, suggested that the fact that some countries might want to remain outside should not prevent others from agreeing upon a programme. Although not mentioning the Soviet Union by name, Mr. Marshall himself, in a speech to the Women's National Press Club in Washington on the 1st, publicly deplored the way in which the purposes of American economic assistance were being "distorted" abroad by "a continuous propaganda of misrepresentation." Pointing out that, since the end of the war, more than 9,000 million dollars' worth of American goods had been sent to Europe, the Secretary of State remarked that no political parties subservient to the United States had been left behind in European countries "to attempt conquest of Governments from within"; no American agents had "sought to dominate the policy establishment of European countries"; and no "joint American-European companies" had been forced upon reluctant Governments.

Some confusion has been caused by press reports of dissensions among "top Administration officials" in Washington over the wisdom of the Marshall plan in the light of the present political situation at home and by allegations that the National Advisory Council, of which Secretary of the Treasury Snyder is the Chairman, is not wholewheartedly behind it. (The Council has just published a report showing that no less than 14,800 million dollars' worth of aid in various forms was extended to foreign countries between the summer of 1945 and the end of 1946 and that this has not proved adequate to achieve the purposes for which it was intended). Mr. Snyder himself did not help matters when he conveyed the impression at a news conference on the 25th June that there was nothing in the Secretary of State's speech of the 5th which could be interpreted as an invitation to other nations to seek more assistance from the United States. However, he subsequently issued a statement emphasising that his remarks should not be taken as disagreeing with what Mr. Marshall had said at Harvard. President Truman has also been at pains to point out that the Government Departments concerned are in "complete accord" on the Marshall Plan.

Conservative opinion has for the most part welcomed the President's decision of the 22nd June to appoint three groups of experts to study the questions relating to American relief policy which were recently raised by Senator Vandenberg and Mr. Hoover (see *Summary* No. 396). The principal group, a "non-partisan committee," which is to be drawn from industry, finance, agriculture, labour and academic life, will be under the Chairmanship of the Secretary of Commerce, Mr. Harriman, and will make recommendations on the limits within which the United States can "safely and wisely" lend aid to foreign countries and on the relation between this aid and domestic economic problems. Ex-Senator Robert M. La Follette has been invited to serve on the committee, but, to the regret of some Republicans, ex-President Hoover has not. While it bears some superficial resemblance to the "bi-partisan advisory council" which Senator Vandenberg recently recommended the committee is to advise the President alone and not "both the Executive and the Congress," as Senator Vandenberg suggested. Nor does the calibre of its members seem to be of that "highest attainable level" which the Chairman of the Senate Foreign Relations Committee stated that he had in mind. A second committee, under the direction of the Secretary of the Interior, will make a

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survey of the "state of American national resources," while the President's Council of Economic Advisers, set up under the 1946 Employment Act and headed by Dr. Edwin G. Nourse, will study "the impact on the American national economy of aid to other countries."

On the 26th June Mr. Truman returned the much-discussed Wool Bill (see *Summaries* No. 394 and 396) unsigned to Congress, thereby exercising his veto for the third time within a fortnight. The Senate then passed a substitute measure eliminating the "import fee" provision to which the President had objected. In a short message accompanying his veto Mr. Truman suggested that it would be a "tragic mistake" and a blow to American leadership in world affairs to raise tariff barriers at a time when the United States Government was playing the principal part in trying to secure greater freedom of trade at the Geneva conference. In recent conversations in London, however, Mr. Clayton has been inclined to minimize the importance of the Wool Bill and to reproach other nations for supposedly exaggerating its possible consequences.

As was to be expected, the action of Congress in enacting the Taft–Hartley Bill over the President's veto (see last week's *Summary*) has produced a storm of indignation and resentment in American labour circles. Within twenty-four hours of the final vote on the Bill more than a third of the nation's soft-coal miners had downed tools in protest against it. (The miners are well-placed to make trouble at the moment, as their contract expired on the 30th June with the termination of the Government's seizure of the mines. They are in any event legally entitled to an annual holiday between the 27th June and the 7th July.) Both Mr. William Green of the A.F. of L. and Mr. Philip Murray of the C.I.O. have, however, rejected the idea of a general strike against the new law. The union leaders, it appears, prefer to test the latter's constitutionality in the courts. After a conference of labour lawyers in Washington on the 28th June it was made known that the unions would deliberately violate those provisions of the Taft–Hartley law which prohibit the use of union funds for political purposes and require union officers to present affidavits to the National Labour Relations Board that they are not Communists. It has been suggested that up to two years may elapse before the validity of all the provisions of the Act has been tested and that the Supreme Court will in the end have to decide what many of the clauses mean, as it did in the case of the Wagner Act twelve years ago.

The major labour organisations have made it clear that they will also try to wreak vengeance at the polls in 1948 on all members of Congress who supported the present measure. Yet the political common sense of the union leaders, together with their proved devotion to the precept of the late Samuel Gompers that labour should always "be partisan for a principle and not for a party," should militate against talk of drawing them into a third party in next year's elections. Such talk emanates at present from left-wing elements who claim that the failure of the President to get his veto of the Taft–Hartley Bill sustained should shake the confidence of labour in his ability to safeguard its interests. The President is also being attacked from the Right for his alleged readiness to jeopardize the bi-partisan approach to international affairs by flouting the overwhelming sentiment of Congress on a domestic issue. For his part, however, Mr. Truman has called upon both employers and workers to comply with the new Act "in a spirit of tolerance and fair play." He has at the same time made it clear that he will do all in his power to see that the Taft–Hartley law is "well and faithfully administered."

LATIN AMERICA

Argentina

Señor Miranda, the President of the Central Bank, and his management of Argentine economic policy have been the subject of a number of attacks in the *Tribuna Peronista*, and it now seems that the removal of General Velasco (see *Summary* No. 395) has by no means settled the Miranda question. It has been reported that Señor Miranda offered his resignation on the 26th June. Hitherto President Perón has followed Sr. Miranda blindly in matters of economic policy. In a graft-ridden régime it may be doubted whether the telephone company scandal (see *Summary* No. 392) alone would suffice to bring down Señor Miranda. There are signs, however, that the President has come to regard the new Insurance Law as a ramp. Señor Miranda has frankly stated in conversation that he regards the law as a weapon to extract essential supplies from foreign countries. This sort of thing is possible as long as the sellers' market continues, but at least some Argentines regard Sr. Miranda's policy as short-sighted and ill-conceived in that it aims solely to extract immediate high profits, without regard to Argentina's trading reputation.

An interesting item in the recently published figures of the Argentine census (see *Summary* No. 397) is the inclusion of the Falkland Islands, the population of which is given as 2,944. How this part of the census was taken is not revealed.

Brazil

The Brazilian Government have recently reached an agreement with a group of United States buyers for the sale of rice at a price considerably above the I.E.F.C. rate. Brazil has also resigned her membership of a number of committees of the I.E.F.C. In extenuation of this move the Brazilians complain that I.E.F.C. has not treated them fairly, their economic position is so precarious, they say, that they must accept the highest prices in dollars.

Chile

President González Videla has arrived in Brazil on a State visit. After spending a week in Brazil he will visit Uruguay and Argentina. He is accompanied by the Chilean Foreign Minister, Señor Raúl Juliet, and the Commanders-in-Chief of the three armed services. It seems probable that this tour is intended to provide the opportunity for exchanges of views about problems to be discussed at the forthcoming Rio de Janeiro Conference.

The President seems to have finally decided to make a break with the Communists. He vigorously attacked them in a recent conversation with His Majesty's Ambassador and announced his determination to "strike first" if necessary. His main difficulty appeared to be that, although the Communist minority numbers only 40,000, it is well entrenched in the copper, nitrate and coal industries, and can "hold the country to ransom."

Guatemala

A recent issue of the *Sunday Times* contained a statement that the Guatemalan Minister of Foreign Affairs had demanded the cession of all British Honduras south of the 17th parallel or payment of £5 million compensation, the fate of the northern half of the colony to be settled in 25 years' time. This is obviously a version of President Arévalo's proposal (see *Summary* 394). The reason for its publication does not seem very clear: the Guatemalan Foreign Minister, Lic. Silva Peña, has attributed it to the indiscretion of President Arévalo and has instructed the Guatemalan Minister in London to publish a denial. Meanwhile, the *New York Times* of the 23rd June has printed a letter from Señor Silva Peña which ventilates Guatemala's demand for *ex aequo et bono* treatment of her "case," declares that British Honduras has been hindered from "incorporating itself into the national economy of Guatemala"(!), and forms the conclusion that the economic progress of Guatemala requires that "the illegal English colony of Belize disappear . . . ."

This overture to the United States public follows a Guatemalan approach to the State Department, to whom Señor Silva Peña some time ago suggested the holding of conversations on the possibility of settling the "Belize question." Señor Silva Peña seems to have proposed that the State Department should facilitate informal conversations in Washington between British and Guatemalan representatives "and others" with a view to an out-of-court settlement. It is not clear exactly what part Señor Silva Peña might expect the State Department to play, but the additional phrase "and others" suggests that, having declined this country's offer to submit the case to the International Court, he hopes to mobilise Pan-American sentiment on Guatemala's behalf.

Paraguay

In the Paraguayan War both sides continue to put out statements of alleged victories in the region of Pedro Juan Caballero (opposite the Brazilian town of Ponta-Porã). It is reported from Rio de Janeiro that the Brazilian and Argentine Governments have agreed on a basis for mediation which would be submitted to the Paraguayan Government by a Brazilian representative.

THE UNITED NATIONS

On the 26th June the United Nations celebrated the second anniversary of the signing of the Charter with broadcasts from the Secretary-General, M. Spaak, President of the First General Assembly and spokesman of the Five Great Powers. All tempered disappointment with hope. "Why conceal the disillusions brought about by these two years?" said M. Spaak. Mr. Attlee urged his listeners not to let disputes in the Security Council make them forget the constructive work in social and

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economic fields. M. Ramadier thought man had gone far in the short space of two years on his road to Utopia, which he had been seeking since the birth of civilisation. President Truman pledged his people to continue working actively and consistently for the United Nations, "the hope of the world for lasting peace" and not to be discouraged by temporary setbacks. President Chiang Kai-shek said that all obstacles could be surmounted if all nations wished to subordinate their national interests to the common good. M. Gromyko expressed the hope that the United Nations would be able to "overcome the defects in its operation, so as to become a real and effective weapon in the struggle for peace and security of all peoples," and M.Trygve Lie exhorted people to raise their spirits and believe in the ability of the United Nations operating on a basis of respect for national sovereignty to work out a lasting and peaceful solution to the problems that beset the world. All agreed that success tarried only for goodwill.

The Balkans Commission

The Security Council began its study of the Balkan Commission's Report on the 27th June (see *Summary* No. 397 under "Greece"). Senator Warren Austin seized upon the essentials of the Report: (1) Yugoslavia, and to a less extent Albania and Bulgaria, had aided the guerilla movement in Greece, (2) the United Nations should maintain a semi-permanent commission in Greece in order to prevent a continuance of this aid and to restore good neighbourliness along Greece's northern frontier, (3) if, in spite of this, Greece's northern neighbours kept up their intervention, their conduct should be regarded as "a threat to the peace," (4) for the present the Council should act under Chapter VI of the Charter. Giving these four points their obvious meaning he proposed for the Council a course which promised action and startled by its simplicity. His speech was incidentally a noteworthy declaration of U.S. policy towards the United Nations.

All members of the United Nations were, he said, bound to refrain from the threat or use of force against the territorial integrity or political independence of any State. There were many devious ways of employing force, such as "infiltration, intimidation and subterfuge." A member of the United Nations, Yugoslavia, and two other States "which no doubt expected one day to become members," by using "force," had violated the principles upon which the United Nations were founded. The Security Council therefore had two duties—to prevent a recurrence of intervention by means of the Commission, which should see that frontiers were safe, and to take action if intervention continued. Since continued intervention would be a "threat to the peace," action would come under Chapter 7 of the Charter, *i.e.*, Sanctions, economic and in the last resort military. This was the striking feature of the U.S. representative's speech: he was bold enough to say "the continued use of force in violation of the Charter must be regarded by the United Nations as requiring enforcement measures."

Senator Austin tabled a long resolution on the further action to be taken by the Security Council, in line with the Commission's Report.

According to the resolution the proposed frontier Commission would be a subsidiary organ of the Council. It would consist of representatives of each of the members of the Council. Its duties would be to settle by means mentioned in Article 33 of the Charter controversies arising from frontier violations disputes over the carrying out of frontier conventions or complaints about border conditions. It would have wide powers of investigation. It would study the situation and put its good offices at the disposal of Governments, in order to secure the acceptance of its recommendations. It would keep a register of all persons who cross or have crossed the frontier; assist in the return of those who wish to be repatriated, if called upon by any of the Governments concerned, to supervise the transfer of minorities. It would draw up a register of those who wished to emigrate. Its headquarters would be Salonica. It should be able to act on either side of the frontier, and to call upon nationals and officials of the four Balkan States to give evidence before it. It would establish its own rules of procedure, and send quarterly reports to the Council. It would, in short, be a body capable of ensuring peace in these disturbed regions, if the will to peace existed.

Displaced Persons Agreements

For the new agreement relating to the care of refugees and displaced persons in the British Zone of Germany see this *Summary* under "Germany."

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Weekly Political Intelligence Summary
No. 399

FOREIGN OFFICE,
(RESEARCH DEPARTMENT),
9TH JULY, 1947

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EUROPE

SPECIAL ARTICLE

THE FREE TERRITORY OF TRIESTE—I

On the 1st July, 1946, the Foreign Ministers gave up the attempt to settle the rival claims of Italy and Yugoslavia to the city of Trieste and agreed to set up an International Territory, finally constituted as the Free Territory of Trieste by Article 21 of the Treaty of Peace with Italy.(1) It was stipulated that the integrity and independence of the Territory should be secured by the Security Council of the United Nations. The boundaries of the new State are to be finally determined on the spot by Boundary Commissions composed of representatives of the two Governments concerned (Art. 5), but the general line of the frontiers is described in Articles 4 and 22. The frontier between Italy and the territory is a short one, starting from a point on the new frontier (the French line) between Italy and Yugoslavia approximately two kilometres north-east of the village of San Giovanni and running out into the Gulf of Panzano about 2 kilometres west of Duino (Art. 4). The frontier with Yugoslavia starts from the same point and follows the French line—*i.e.* it runs in a south-easterly direction approximately seven kms. from the sea to a point about four kms. north of the railway from Trieste to Cosina, then runs in a south-westerly direction till it reaches the river Quieto north of Visinada, and from their follows the river to the sea (Art. 22). [See accompanying Map.]

The Territory has an area of about 310 square miles, and, according to the census of 1936, a population of about 343,000, of whom over 248,000 live in the city of Trieste and its immediate suburbs, and the rest in 16 small communes and in the surrounding country. Over 70 per cent. of the inhabitants are Italians. (According to the 1910 Census, the only one accepted by the U.S.S.R., 73 per cent. were then Italians and 27 per cent. Yugoslavs.)

(1) On the Agreement for a Free Territory of Trieste see the *Weekly Political Intelligence Summary* No. 350 of the 10th July, 1946.

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Yugoslavia is aggrieved because she has failed to obtain the great city and port of Trieste, but Italy laments the loss of a great Italian town, which was a centre of Italian irredentist feeling from 1860 to 1918, and in which Italy had done much to build up a flourishing industry during the inter-war period.

As soon as the Treaty comes into force, *i.e.* on its ratification by the U.K., the U.S.A., the U.S.S.R. and France, Italian sovereignty over the area will end, and the Territory will be governed in accordance with the Provisional Régime (Annex VII) until the Security Council fixes the date for the coming into force of the Permanent Statute (Annex VI). But, although the Provisional Régime may be expected to come into force shortly, it was drawn up by the Foreign Ministers after the Permanent Statute had been agreed, and its provisions are largely concerned with clearing the ground for the Permanent Régime; it therefore seems best to examine first the main provisions of the Permanent Statute together with Annex VIII, the Instrument for the Free Port which is established by Article 34 of the Statute.

The Permanent Statute (Annex VI) [2]

The first three articles define the relations between the Territory and the Security Council of the United Nations which is made responsible for ensuring the observance of the Statute—in particular the protection of the basic human rights of the inhabitants, and the maintenance of public order and security. The Territory is to be demilitarized and neutral, and no armed forces will be allowed in it except by the Security Council. Provision is next made for the rights of inhabitants. The Constitution (Art. 4) is required to ensure the enjoyment of human rights and fundamental freedoms by all persons under the Territory's jurisdiction. Original citizenship will belong to Italian citizens who were domiciled in the Territory on the 10th June, 1940, and to their children born after that date, but the Government must provide that such citizens over the age of 18, whose customary language is Italian, may opt for Italian citizenship within six months of the coming into force of the Constitution (Art. 6). Both Italian and Slovene will be official languages (Art. 7).

The greater part of the Statute is concerned with government and administration in the Territory and with the respective powers of the four organs of Government described in Article 9—the Governor, the Council of Government, the popular Assembly and the Judiciary. The Constitution, established in accordance with democratic principles, is to be adopted by a Constituent Assembly with a two-thirds majority of the votes cast (Art. 10), but the Statute in fact lays down specific details on the nature of the Constitution. The legislative body will be the Popular Assembly consisting of a single chamber elected on the basis of proportional representation by the citizens of both sexes and by universal, equal, direct and secret suffrage (Art. 12). Executive authority, subject to certain responsibilities specifically vested in the Governor, will be exercised by the Council of Government, appointed by and responsible to the Assembly (Art. 13). This Council can also initiate legislation (Art. 19) and will be responsible for the preparation of the Budget and for its submission to the Assembly (Art. 21). Normally, the Council will control the Director of Public Security (Art. 27).

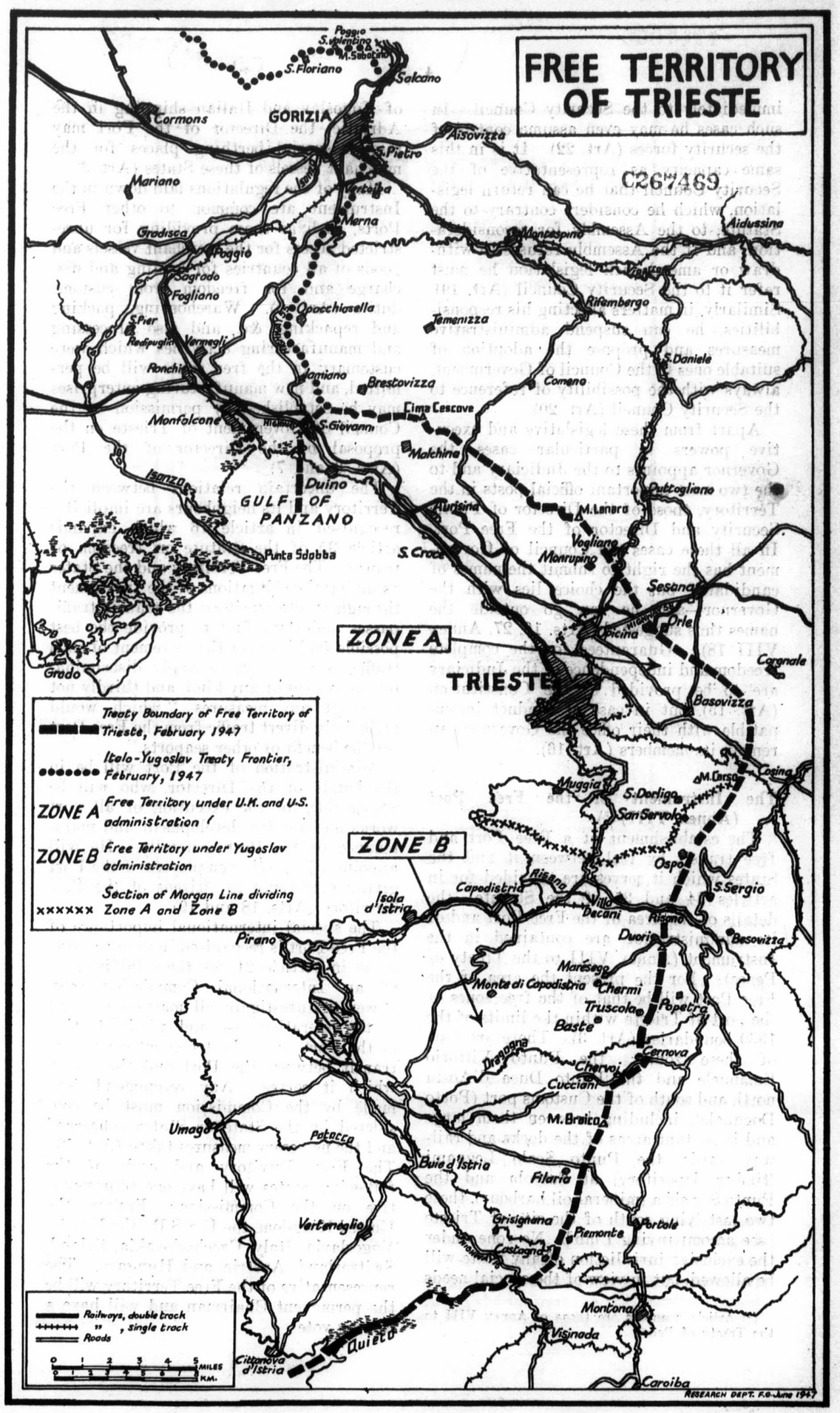
Provision is thus made for a popularly elected legislative body with an executive chosen by and responsible to it. But the central figure in the Territory is the Governor. He is to be appointed by the Security Council after consultation with the Governments of Yugoslavia and Italy, and is to be—

> "responsible, as the representative of the Security Council, for supervising the observance of the present Statute, including the protection of the basic human rights of its inhabitants, and for ensuring that public order and security are maintained by the Government of the Free Territory in accordance with the present Statute, the Constitution and laws of the Free Territory."

He is to be appointed for five years and may be reappointed, and his salary is to be borne by the United Nations. He may not be a citizen of Yugoslavia or of Italy or of the Territory (Arts. 11 and 17).

The wide discretionary powers of the Governor arise in fact from his position as representative of the Security Council. Normally, as has been seen, legislative and executive powers belong respectively to the Assembly and to the Council of Government, but "in matters which in his view affect the responsibilities of the Security Council as defined in Article 2" he can initiate legislation (Art. 19) and even "directly order the execution of appropriate measures," provided that he reports

(2) Article numbers are those of Annex VI to the Treaty of Peace.



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immediately to the Security Council. In such cases he may even assume control of the security forces (Art. 22). It is in this same capacity as representative of the Security Council that he can return legislation, which he considers contrary to the Statute, to the Assembly for reconsideration, and if the Assembly refuses to withdraw or amend such legislation he must refer it to the Security Council (Art. 19). Similarly, in matters affecting his responsibilities, he can suspend administrative measures and propose the adoption of suitable ones to the Council of Government, always with the possibility of reference to the Security Council (Art. 20).

Apart from these legislative and executive powers in particular cases, the Governor appoints to the Judiciary and to the two most important official posts in the Territory, those of the Director of Public Security and Director of the Free Port. In all these cases the Council of Government has the right to submit the names of candidates, but the choice lies with the Governor—and he can go outside the names thus suggested (Arts. 16, 27, Annex VIII 18). Guarantees for the complete freedom and independence of the Judiciary are to be provided by the Constitution (Art. 15), but in case of conduct incompatible with their office the Governor can remove its members (Art. 16).

The Instrument of the Free Port (Annex VIII) (3)

The establishment of a Free Port and free transit by rail between it and the States which it serves are provided for in articles 34 and 35 of the Statute; the details of the area of the Free Port and of its administration are contained in the Instrument (Annex VIII to the Treaty of Peace). For the present the area of the Free Port will be that of the free zones of the port of Trieste within the limits of the 1939 boundaries (Art. 3). There are four of these zones: the Punto Vittorio Emanuele and the Punto Duca d'Aosta north and south of the Customs port (Porto Doganale), including between them large and important areas of the docks and railway yards, the Punto Scalo Legnami (timber depository) at Servola and the Punto S. Sabba (mineral-oil harbour), these two last lying south of the city of Trieste [see accompanying Plan]. No zone under the exclusive jurisdiction of any State will be allowed, but in view of the special needs of Yugoslav and Italian shipping in the Adriatic, the Director of the Port may reserve special berthing places for the merchant vessels of these States (Art. 3).

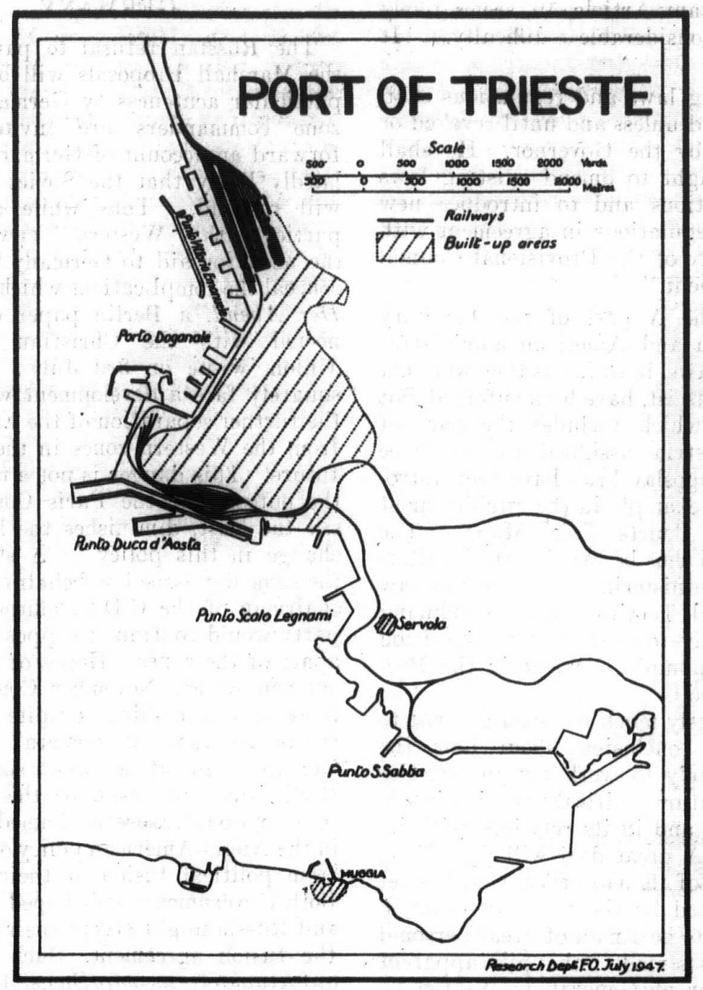
Many of the regulations laid down in the Instrument are common to other Free Ports, such as those providing for unrestricted access for the merchant vessels and goods of all countries for loading and discharge and for freedom from customs duties (Art. 5). Warehousing, packing and repacking, &c., and also processing and manufacturing activities which were customary in the free zones will be permitted, and new manufacturing enterprises may be established by permission of the Council of Government of Trieste on the proposal of the Director of the Port (Arts. 6 and 7).

The uncertain relations between the Territory and its neighbours are implicitly recognised in article 16 which expands article 35 of the Statute on freedom of transit. The Free Territory and the States assuming the obligations of the Instrument through whose territory the transit traffic passes undertake first to provide the best possible facilities for the movement of such traffic, secondly not to apply discriminatory measures of any kind, and thirdly not to adopt any measures "which would artificially divert traffic from the Free Port for the benefit of other seaports."

Administration of the Port will be in the hands of the Director, who will be responsible for the execution of all port works and for the development and maintenance of the Port generally. He will appoint all the other employees of the Port giving preference to citizens of the Free Territory (Arts. 18 and 19).

The special international importance of the Free Port is recognised in the provision made in Article 21 for the establishment of an International Commission with power to investigate all matters relating to the operation, use and administration of the Port or to the technical aspects of transit between the Port and the States which it serves. Any recommendations made by the Commission must be considered by the State or States concerned and the necessary measures taken (Art. 23). The Free Territory and each of the following States will have one representative on the Commission: France, the United Kingdom, the U.S.S.R., the U.S.A., Yugoslavia, Italy, Czechoslovakia, Poland, Switzerland, Austria and Hungary. The representative of the Free Territory will be the permanent Chairman and will have a casting vote.

(3) Article numbers are those of Annex VIII to the Treaty of Peace.



The Provisional Statute (Annex VII) (4)

Formal ratification of the Treaty with the consequent establishment of the Free Territory is expected within the next fortnight, but the Governor of the Territory is unlikely to be appointed until some time after this. In the intervening period the Free Territory will be governed in accordance with Art. 1 of the Provisional Statute, which states that pending assumption of office by the Governor the Territory will continue to be administered by A.M.G. Without a Governor the Provisional Statute cannot come into force, for, although as far as possible administration is to be from the first on the lines of the Permanent Statute (Art. 2), the establishment of the Government is in the Governor's hands. He is to select a Provisional Council of Government from among persons domiciled in the Territory after consultation with the Governments of Yugoslavia and Italy (Art. 2), and in consultation with this Council is to organize the elections of members of the Constituent Assembly, these elections to be held within four months of the Governor's assumption of office (Art. 8).

The difficult task before the Governor is indicated in Article 4, which lays down that "the first concern of the Governor shall be to ensure the maintenance of public order and security. He shall appoint on a provisional basis a Director of Public Security who will reorganize and administer the police force and security services." For 90 days the Governor will have at his disposal a limited number of Allied troops, 5,000 from the United Kingdom, 5,000 from the U.S.A., and 5,000 from Yugoslavia. After that period the troops will cease to be at his disposal and will be withdrawn within 45 days, unless the Governor advises the Security Council that, in the interests of the Territory, some or all should not be withdrawn.

(4) Article numbers are those of Annex VII to the Treaty of Peace.

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One important Article, 10, seems likely to cause considerable difficulty. It states :—

" Existing laws and regulations shall remain valid unless and until revoked or suspended by the Governor. He shall have the right to amend existing laws and regulations and to introduce new laws and regulations in agreement with the majority of the Provisional Council of Government."

In the Zone A part of the Territory under British and American administration Italian laws, in so far as they were not specifically Fascist, have been enforced, but in Zone B, which includes the part of north-west Istria assigned to the Free Territory, Yugoslav laws have been introduced, as for example in the establishment of People's Courts [see Map]. The Governor will thus be faced with the alternative of administering two forms of law inside his small Territory or of introducing measures likely to cause bitter opposition from the Communist element in the Provisional Council.

It is obviously much too soon to come to any definite conclusion about how the Statute is likely to work out in practice or as to the future political situation inside the Territory and in its relations with its neighbours. A great deal will depend on the character of the Governor, who has yet to be appointed by the Security Council. He will need to be a man of great personal courage, as was made unhappily apparent by the murder of General de Winton by Maria Pasquinelli. He has been given considerable powers by the Statute, but, in addition, if the right man is appointed, a man who is both conciliatory and firm, his position will be greatly strengthened because he will have been in authority from the first beginnings of the new State. It is impossible to say what the results of the elections will be; Trieste is full of cross-currents, political as well as national. There is not only the question of Italian versus Slav; there is a small middle-class group of people who are striving above all for an independent Trieste, there are the usual Italian political parties and there is the strong Communist movement among the workers, Italians as well as Slovenes. In their sympathy with the Italian desire to retain an Italian city inside the frontiers of Italy, many British people have perhaps failed to recognise that Communism may prove stronger than nationalism among a majority of the Territory's workers.

[*To be concluded*]

GERMANY

The Russian refusal to participate in the Marshall Proposals will be felt with particular acuteness by Germany. If the zone commanders are invited to put forward an account of German needs it is hardly likely that the Soviet commander will respond. Thus while all German parties with " Western " views insist on the need for aid to Germany they do not conceal the complications which may result. *Der Abend*, a Berlin paper closely connected with the Christian Democratic Union, wrote on 3rd July: " We must squarely face a development which means the further separation of the Eastern zones from the Western zones in the immediate future. This danger is not a new one, but the outcome of the Paris Conference, to say the least, diminishes the hope of any change in this policy." A statement on the same day issued on behalf of the Berlin chairman of the C.D.U. affirmed that the party would continue to oppose the falling apart of the zones. Hopes of a successful outcome of the November Conference are likewise diminishing, despite such statements as that of General Clay. The General said at a press conference in Berlin that the result of the Paris Conference would cause no immediate change in the Anglo-American policy of refraining from political fusion of their two zones. Both Governments still hoped that France and Russia might accept their offer to join the fusion agreement. Such patience is unfortunately incomprehensible to many a German man-in-the-street. An official report on morale in the British zone during June showed that rumours of an impending war between East and West, which have cropped up ever since the capitulation, are now widely current.

Comments by the Socialist Unity Party (SED) on the latest developments in Paris are broadly on the lines laid down by Moscow. *Berliner Zeitung*, a paper with SED leanings, writes that the German people had cause to feel particularly pained by a split between West and East brought about by West-European economic union. The SED itself has declared that the so-called economic aid was only intended to conceal an attack on the independence of small States. Leipzig Radio alleged that Anglo-French proposals to exploit Germany's industrial capacity touched on this issue only from the point of view of the interests of other nations. Germany in fact figured only as an industrial colony. It is too early to say exactly how the

Russians will defend their policy to the inhabitants of the Soviet zone if the Western zones alone should receive economic assistance from the United States. It is only obvious that Russia will continue to proclaim one of her main tasks to be the positive one of rebuilding a peaceful German economy. She will also pursue her policy of tightening trade relations between Germany and Eastern Europe. At present purely material conditions in the Soviet zone are probably slightly better than in the Western zones. Although the occupation troops have to be fed the ration shortages are not quite so acute as in the British zone, since the area was approximately self-supporting before the war. A very high proportion of all current production is taken as reparation but even so there may be more consumer goods available to the inhabitants than there are in the West; finally the policy of full production and full employment may well have made the population feel up till now that, once reparation claims are satisfied, the economic—as distinct from the political—future may not be so grim for them.

A tentative proposal for a loan to Germany was recently made to General Clay by representatives of the Chase National Bank. They apparently mentioned the figure of 500,000,000 dollars and they suggested that transactions should be carried through by a Corporation in the United States. General Clay replied that the right procedure would be to set up a Corporation in Germany. There have as yet been no formal negotiations. It is of some interest that Adenauer is reported to have stated privately that to his knowledge a major American loan to German industry was being negotiated. This may have been little more than guess work but Adenauer's remarks in this connection are important. He stated that help for German reconstruction could come only from the United States. Not only did Britain lack the financial ability to help but she did not even want to help and British industrialists were trying to prevent German competition in the world market. Moreover, Britain had no firm policy towards Russia. This meant that Germany, particularly the Christian Democratic Union, must adapt itself to the economic, political and constitutional ideas of the United States.

A wholehearted welcome for the Marshall proposals was given by Dr. Schumacher when he spoke at the second post-war inter-zonal conference of the SPD held in Nuremberg on the 29–30th June. He voiced the feeling of a growing number of Germans, however, when he regretted that Germany was not represented at discussions—since this might have " fatal consequences, first of all for Germany and also for Europe." In the course of a long speech on a variety of topics he accused the Allied Powers of stifling German initiative and said: " We cannot be reproached for our lack of unity if we are not given the power to create that unity." On the subject of reparations he demanded that the loss of the Eastern territories should be added to the account of what Germany had paid the victors. He made a special appeal for friendship with France—this despite the continued distrust of the French authorities towards Dr. Schumacher and most of his works. No less than 12 foreign Socialist parties were represented at the conference. Both British and French speakers declared, according to the press, that their parties wished to see an end of the occupation.

The disagreement over four-Power control of Berlin government has been carried one stage higher. At a meeting of the co-ordinating committee on the 3rd July the Russian representative proposed that the City Assembly should be informed that Reuter was unacceptable as Lord Mayor. The Russians accused him of being incapable, disloyal to the occupying Powers and possessed of an " obscure " political past. The British representative replied that these allegations were only of a general nature and unsupported by evidence. Unless the Russians could produce something better than that they could not expect the British to reject Reuter. The American representative then reversed the unhelpful attitude taken by his colleague in the Kommandatura and attacked the Russians for undemocratic behaviour. The French representative was faced with a somewhat embarrassing choice since he had evidently been relieved when the Americans showed signs in the Kommandatura of wishing to avoid a fight. Eventually General Bapst supported the Anglo-American proposal for a full report on Reuter. This the Russians refused, and the matter will be discussed again. There is evidence that the opposition to Reuter is prompted more by the desire to overthrow SPD leadership in the government than by personal animosity. Hermann Matern, chairman of the Berlin SED, has openly admitted having proposed to the SPD that they should join with the SED in carrying out a programme for the future government of Berlin. In return the SED would support Reuter's candidature. The

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fact that the SED accuses Reuter of supporting the Nazis did not embarrass Herr Matern in the slightest.

The general reticence about food shortages in the French zone has at last been abandoned in South Baden. At the meeting of the Assembly on the 12th June all four parties presented a resolution calling for an investigation into the cause of the present food crisis and into measures taken to combat it. The resolution, while expressing thanks to Military Government for the minor palliatives they were able to offer, said that the population no longer had faith in promises. They could not work the full hours, and public safety was threatened. Unless decisive steps were taken the whole food system would break down. Spokesmen said that the figures fixed for the potato quotas had not been reached, and the crop would be even worse this year because of lack of seed. The milk and fat quotas set were largely impracticable because the majority of peasants only owned 1 or 2 cows, most of them draught animals. Grain deliveries had almost come up to the mark, but even if all deliveries were perfect and even with the new scheme of bonuses for excess delivery there would not be enough food. The resolution sharply criticised deliveries of cattle for the occupying Powers and called for more grain imports. Dr. Schmid of South Wuerttemberg, when he spoke at the Munich Conference, confirmed that the French zone, as a former surplus agricultural area, has to make substantial food deliveries to the occupation forces owing to the acute shortages in France. The occupying forces have recently suffered a cut in their rations, but there are still several thousand French school children to be fed by the zone. Rations are if anything on a smaller scale than those actually distributed in the British zone and have been so throughout the occupation, but as this is a mainly non-industrial area the hardship to the inhabitants has probably been less acute. Very few indications of public discontent on this subject are allowed to leak into the local press.

The Communist Party of the Saar has withdrawn its only representative from the Saar Administrative Committee on the ground that it could not tolerate the Committee's acquiescence in French policy. In turn this representative, Robert Neufang, announced in mid-June that he had resigned from the Communist Party. He believed that many Communists agreed with him in favouring economic union of the Saar with France and objected to the party's practice of labelling all its opponents "undemocratic." It is possible that the party will now lose some more members.

As forecast last week, the U.S. army is to be made responsible for the actual feeding of displaced persons in their zone. It was announced on the 4th July that the Military Commission of the International Refugee Organisation had taken over the duties of UNRRA and will look after the general interests of displaced persons.

AUSTRIA

The Austrian Cabinet on 9th July decided to accept the Anglo-French invitation to the Paris Conference on the Marshall proposals. The anticipated opposition from the solitary Communist member of the Cabinet failed to materialise, and the Cabinet's acceptance was unanimous. Previous to the announcement of this decision, the Communist organ *Volksstimme* had taken some trouble to warn its readers of the insidious implications of the project, under which Austria's position would be "practically that of a semi-colony." The Socialist Vice-Chancellor, Dr. Shaerf, is reported to have expressed the hope that Austria may be able to take a part in a European plan and make her contribution to the reconstruction of the Continent without becoming involved "in a whirlpool of conflicting views between East and West." Austria is to be represented at the Paris talks by a non-political committee of experts led by Dr. Vollgruber, the Austrian Minister in Paris.

Austria's desire to take an active part in European and international affairs has been emphasised recently in speeches and press articles. These have stressed Austria's need for independence both in relation to speedy conclusion of the Treaty and also as regards remaining aloof from any *bloc* of Great Powers. With these two ends in view Austria's "natural obligation" to join the United Nations has been urged by the Chancellor and the Foreign Minister, who have both pleaded the necessity for a free Austria if the peace of Europe is to last. The need for Austria to steer a middle course and "to meet the storms from East and West alike as Austrians pure and simple" has also been stressed by the three-party paper, *Neues Oesterreich*.

Discussions in the Austrian Treaty Commission have been cencentrated on the oil problem, with particular reference to the (post-*Anschluss*) Bitumen Law of 1938, under which prospecting and production rights of foreign owners were reallocated as concessions or contracts to *Reich* German firms. The Soviet Delegation insist on the validity of this Law and have sought also to prove that it did not discriminate against "foreign" firms and was not Nazi in character. Soviet insistence on the "normal" character of the Bitumen Law and also on the part played by the Germans in the development of the Zistersdorf oilfields is, of course, directed towards establishing the maximum "German" character of the Austrian oil assets. All the Western Delegations contend that the Law, at least in its application, was both discriminatory and Nazi in character. The actual validity of the Law is being seriously contested by the U.S. Delegation; the U.K. Delegation are more concerned to prove that many if not all of the contracts granted under the Law are either already invalid or liable to termination. Under the Law (which is still in force) the exploration and exploitation rights for Austrian oil belong exclusively to the Austrian State, and the United Kingdom Delegation therefore propose to advance the argument that the Soviet Government could only take over the contracts granted to the Germans under the Law, including their obligations and limitations as well as their rights.

Both the Yugoslav and Polish Governments have protested to the U.S. authorities in Austria against the U.S. decision not to prolong the permits of their respective repatriation missions in the U.S. zone. The Yugoslav Government allege that the "expulsion" of the Yugoslav Delegation will result in Yugoslav Displaced Persons being left at the mercy of Yugoslav "criminals and collaborators" in the zone, while the Polish Government seem to fear increased recruitment of Polish labour for foreign countries. The number of repatriable Yugoslav and Polish nationals left in the U.S. zone is comparatively small, and the International Refugee Organisation will shortly be taking over the care of the Displaced Persons. By the 31st March, 1947, 92 per cent. of the Poles and 78 per cent. of the Yugoslavs in the U.S. zone had been repatriated; there remained only some 4,000 Poles and rather more than 5,000 Yugoslavs, of whom 2,000 and 4,000 respectively had been classed as non-repatriable; the remainder were scheduled to be repatriated over the next three months at the monthly rate of 300 and 200 respectively.

CZECHOSLOVAKIA

The Czechoslovak Government have decided to accept the Anglo-French invitation to attend the Paris Conference, stating that their delegation will be led by M. Nosek, the Czechoslovak Ambassador in Paris. Their acceptance constitutes the most encouraging news to come, as yet, from the Slav countries.

The Czechoslovak reply to the invitation to participate in the reconstruction of European economy had been awaited with evident curiosity by the Western Powers, more particularly perhaps by America which sees in the ultimate Czechoslovak reaction a clue to the strength of Soviet influence in the Republic. At variance, however, with their earlier caution, the Czechs have now shown themselves in a bolder light; the Commission, recently appointed by the Government to examine further procedure with relation to the Marshall offer (see last week's *Summary*), unanimously agreed under the chairmanship of the Foreign Minister, M. Masaryk, to co-operate; it therefore recommended the Government to empower M. Masaryk to acquaint the British, French and Soviet Governments with Czechoslovakia's positive intentions. This shift in opinion, encouraged by the increasing interest displayed by Poland and influenced, no doubt, by political as well as economic considerations arising from the Soviet refusal to participate, has led the Czechs to assume the initiative—a step which conforms to their self-imposed mission of acting as a link between East and West.

The latest development is that a delegation, headed by M. Gottwald, the Communist Prime Minister, and M. Masaryk, has left for Moscow in order to discuss the situation and to "find out the real facts behind last week's Paris talks." The results of the Moscow talks—a new economic treaty with Russia may result—and of what will transpire at Paris will have far-reaching effects upon Czechoslovak plans for commercial recovery and internal reconstruction. It is upon the success of her economic planning that the new social system in the Republic largely depends; hence it is logical for the Czechs to emphasise the benefits accruing from economic co-operation rather than to be swayed temporarily by political considerations respecting Soviet Russia. It is interesting to note that Czechoslovakia accepted the Paris invitation *before*

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deciding to send a delegation to Moscow, the inference being that not even the Communists dared to neglect this opportunity of putting the European house into some semblance of order.

Equally important, though from a regional angle only, the negotiations which have been in progress between the Czechoslovak and Polish Governments since the signing of the Treaty of Alliance (March 1947) have resulted in the conclusion of a broad economic agreement. Briefly the agreement (all political and territorial questions have been excluded) provides for the closest collaboration so that the two economies will dovetail. A Joint Council of Economic Co-operation will be set up along with various sub-commissions dealing with transport, finance, agriculture, and scientific collaboration, while a number of mixed committees will deal with problems affecting, *inter alia*, the steel, mining, chemical and textile industries. There will be joint exploitation of the Polish maritime and riverine ports and of the Danubian ports; a committee will be appointed to plan the Oder–Danube canal. Polish estimates claim that trade between the two countries for the year 1947–48 was likely to be almost five times as great as in the pre-War period. A cultural agreement was also signed and the Treaty of Alliance ratified.

Czechoslovakia has entered into trade agreements with Italy and the Argentine.

(See also under "Hungary" and "Poland.")

POLAND

A *Tass* Agency report was the first indication that Poland would not be represented at the Paris talks. The Polish Government were placed in an awkward position by the refusal of M. Molotov to continue with further discussions of the Marshall Proposals. As indicated in *Summary* No. 397, the general background of Polish economy tends to bring it into relations not only with the Soviet Union, Central Europe and the Balkans, but also with Scandinavia and the Atlantic countries. The Government were hoping to obtain loans from the United States, and Poland was, of course, one of the chief recipients of U.N.R.R.A. aid. At the time of the Marshall offer officials in the economic departments in Warsaw were manifestly eager to enter into discussions.

That the joint Polish-Czechoslovak plans for economic development in Central Europe (see also under "Czechoslovakia") would undoubtedly be affected by any developments arising out of the American scheme is evidenced by the sudden diplomatic exchanges between Warsaw and Prague, and Prague and Moscow. The Polish press has been cautious in its comments on the Soviet refusal, and, while the possibilities of joining in the next Paris meeting without Russian co-operation are being sounded out, the United States has been treated with somewhat unusual friendliness. During his visit to Prague M. Cyrankiewicz made a press statement on the 4th July, summing up the Polish attitude as "positive." "The American offer," he said, "must be similar to the aid given during the war. . . . It would have been catastrophic during the war if the Allies had parted ways, but it would be just as catastrophic in peace time if disagreement arose between the three Great Powers in the economic field. To-day, just as during the war, there is a German danger, and it will be met in complete unity."

As a background to Polish comments on America, it is to be noted that the F.A.O. Mission arrived in Warsaw on the 4th July, on the same day also as Colonel Harrison, special representative of the United States Department of Agriculture. He will investigate Polish needs, and confer with the F.A.O. Mission, with the delegation from the International Bank already in Poland, and with the United States Relief Mission. The last is concerned with the grant to Poland of American assistance valued at $68 million.

The nationwide celebrations which ended on the 29th June were proof of the increased interest and importance of the Baltic coast-line to the new Poland. There is a parallel with the phenomenal rise of Gdynia after the 1914–18 war in the energetic manner in which the Government have pushed forward the revival of the three major ports now under Polish sovereignty—Gdynia, Gdansk (Danzig) and Szczecin (Stettin). Control over the Oder (at least its right bank) and Vistula river systems, which compose what is regarded as the Polish "homeland," is of great historical, as well as economic, significance to the Poles. The rebuilding and development of the Baltic ports forms an integral part of the Three Year Plan. President Bierut, speaking at one of the demonstrations held at Szczecin on the 29th June, said that the target set for the ports in 1947 was a turnover of 13,700,000 tons; in 1949, 26 million tons. The sea fleet, which at the outbreak of war consisted of 71 ships totalling 102,000 gross registered tons, was now 42 ships totalling 150,000 tons, and would by 1949 rise to 60 ships totalling 254,000 tons.

The development of Szczecin, in particular, and the proposed Oder–Danube Canal, are subjects of special interest to the Czechs, and are under discussion at the moment. Official statements on the subject put the present loading capacity of Szczecin for coal and ore at 1,375,000 tons per annum; by 1949 this figure should rise to 5 million tons for coal alone.

Warsaw Radio reported on the 4th July a statement made in the House of Commons by Mr. Mayhew, the Parliamentary Under-Secretary, in reply to a question, that the British Government did not recognise the claims of M. Zaleski to the title of President of the Polish Republic, or the existence of a Polish Government in Britain.

THE SOVIET UNION

The Soviet post-mortem on the Paris Conference has revealed no unforeseen complications. *Pravda* has returned a *tu quoque* to the charges made in the American press that the Soviet Government had from the start had no real intention of co-operating, by asserting that the conveners of the conference had consciously aimed at disrupting it "in order to free their hands for further actions." Great Britain and France, according to *Pravda*, "had entered on a path which had nothing in common with the interests of international co-operation, with the true interests of the peoples of Europe." In a more sober assessment, *New Times* exposed what is probably the real core of the Soviet objection to the Marshall offer, namely that it might involve a recasting of the economic plans now being launched in the countries within the Soviet orbit. M. Molotov had hammered home the same point in his speech at the Conference, instancing the possibility of pressure being put on Poland to produce more coal or on Czechoslovakia to increase her agricultural output at the expense of machine-building and so on—to suit American interests. The Soviet Union, now trying to hoist itself up by its own boot straps, is clearly determined that its satellites shall do likewise, unless American help is to be had for nothing. According to *New Times* this would be the barest justice; the United States, owing to the increase of her national wealth during and since the war, was "morally obliged" to help the countries ravaged by Hitler on their own terms. No "co-operation between horse and horseman" could be tolerated.

So far there has been no reply from Moscow to Mr. Marshall's speech of the 1st July vindicating American policy. Only a few Russians, headed by M. Malik, deputy Minister of Foreign Affairs, attended the Independence Day celebrations at the American Embassy in Moscow. MM. Molotov and Vyshinsky were conspicuous by their absence.

In spite of its haughty repudiation of foreign help the Soviet Government does appear to realise that its public, in so far as it is aware of what goes on, is seriously disturbed and disappointed at the failure of the talks, since success might have meant some slight relaxation of austerity. Evidence of this is the aggressively complacent tone of an editorial in *Izvestiya* (5th July) asserting that the Soviet people must have felt peculiar pride in reading of M. Molotov's stand in Paris. "Always we have relied on our own forces and always these forces have been sufficient for victory." From the height of Soviet Socialist ethics, said the writer, the injustice and cupidity of the *bourgeois* world could be clearly discerned. Any people who wished to take up some "up-to-date foreign-ism" were in fact behind the times and had lost the consciousness of their civic dignity. The article harped on Leninist ideology as the greatest achievement not only of Russian but of world culture and insisted on the irreconcilable and merciless attitude of this fighting ideology towards its foes. "A man who stands on the foundation of Marxism–Leninism stands head and shoulders above any *bourgeois* scientist with his idealistic ravings." *Izvestiya* went on to insist on the superiority of Soviet culture in the field of art and literature over *bourgeois* culture which was "drowning in a morass of mysticism and amorality."

The same inordinate self-satisfaction was reflected in the proceedings of the eleventh plenary session of the Board of the Soviet Writers Union which has just been held in Moscow. Fadeyev, the Secretary, reviewing the development of Soviet literature since the decree of the Communist Party ten months ago, expressed immense pride in the latest books which were realistically depicting the new morals of Soviet men and women. Alexander Korneichuk, President of the Ukrainian Authors Union, appealed to progressive American and British authors to counter the slanders being put out against the

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With the opening of diplomatic relations between the U.S.S.R. and India the Soviet press is devoting attention to the Indian theme. There has so far been no comment on the appointment of Pandit Nehru's sister, Mrs. Viayalakshmi Pandit, to be the first Indian ambassador to the U.S.S.R., but *Tass* from Delhi transmitted a message from her in which she expressed her conviction of the need for good will and friendship between India and the U.S.S.R. in view of their position as neighbours. She hoped, besides telling the Soviet Union about the new India, to borrow from the U.S.S.R. certain things which would help to strengthen and consolidate her country. Dyakov, commenting in *Izvestiya* on the British plan for India, asserted that Britain, while formally granting independence, would in fact be able to maintain her control by playing on the religious and other differences existing among the weak individual states. This being so, it was not surprising that opponents of Indian independence such as "the Churchill group" favoured the plan which would in fact buttress all the forces of reaction in India and was bitterly opposed by all the progressive elements. *Tass* published the resolution of the Central Committee of the Communist Party of India on the British plan, which expressed the fear that in Pakistan especially the local feudal lords would attempt to divert the masses from the anti-imperialist struggle and direct them along religious paths.

Trud attacked British policy in Burma on similar lines, arguing that the agreement of 27th January perpetuated British colonial rule and complaining of the persecution of the Burmese Communist Party.

The first Soviet Minister to Siam since the re-establishment of diplomatic relations between the two countries in January 1947 has been appointed in the person of M. S. S. Nemchina. Nothing is known of him beyond the fact that he has been in the Ministry of Foreign Affairs.

The Soviet Repatriation Mission in the British Zone of Germany has almost completed its work, all those Displaced Persons recognised by the British authorities as Soviet citizens having long since been repatriated. The Balts, who are in any case not regarded as Soviet citizens, are not likely to return home in any substantial numbers. General Vershinin, Chief Soviet Repatriation Officer in Berlin, and General Konovalov, head of the Soviet Commander-in-Chief's Mission in the British Zone, appeared to realise this as long ago as April, when they stated, on a visit to General Bishop, that the Soviet authorities did not wish to repatriate any Baltic nationals against their will, and that they proposed to wind up their mission after one final visit to the camps in an attempt to persuade waverers. Since then, however, General Konovalov has been dismissed and his successor, General Shikin, accompanied by General Bassilov from Moscow, informed General Bishop in June that no offer to withdraw the Soviet Mission had ever been made and that a long period of work in the British Zone was envisaged. The conclusion that the Mission is serving other purposes besides its official one appears inescapable.

The Soviet Government are strongly pressing at Paris for the Baltic Republics to remain separate members of the International Postal Union and have threatened to walk out if their demand is not satisfied.

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SCANDINAVIA

Denmark

Recent declarations by two prominent members of the Danish minority in South Schleswig, approving the October note of last year as having granted "Danism" sufficient security at least for the time being, provoked the Prime Minister into yet another ill-considered statement. Speaking at Ladelund, on the 21st June, M. Kristensen said that the statements referred to had greatly surprised him, as he had been under the impression that at any rate one of the two men shared his views on the subject. Now, however, he found that their statements were tantamount to a dissociation from the request made to the Allied Control Council for a referendum to be held in due course. It was, further, a dissociation from all circles in Denmark who held that the future status of South Schleswig should be decided by plebiscite. For these reasons M. Kristensen deplored the utterances as he felt convinced that, if the promise of a plebiscite were not fulfilled whilst the Allies were in occupation of Germany, it would not be fulfilled later. He felt certain, too, that the raising of this demand would pave the way for consideration of the other requests made in the note and on which everyone was agreed.

M. Kristensen's speech caused a storm of protests from nearly every quarter in Denmark. The Social Democrats reminded the Prime Minister of his declaration before the *Rigsdag* a few weeks ago, when he himself had said that the October note and the memorandum of last January formed the basis of Denmark's policy on the frontier question. The speech at Landelund was, therefore, a clear breach of a solemn undertaking given to the Lower Chamber. The Communists went a step further, and in a letter addressed to the Speakers of the two Chambers, their leader, M. A. Larsen, urged that an extraordinary session of the *Folketing* be called without delay. M. Kristensen's rather feeble reply to these accusations was that, although as Prime Minister he was bound by the declaration to the Lower Chamber, as a private citizen he was free to express his opinions and to fight for what he believed to be right.

On the 2nd July representatives of the different parties met the Speakers of the *Rigsdag*, and the question of convening an extraordinary session was considered. The Social Democrats favoured the proposal with a stipulation that a vote of censure should be passed on the Government leading to the issue of writs for a new election. Conservatives and Radicals, though both critical of M. Kristensen, were, however, not prepared to go to such lengths, and by siding with the Venstre Party prevented the *Folketing* from being summoned—thus postponing for some time a Government crisis which, it is felt, is bound to come sooner or later.

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On the 24th June the Government's proposition for an interim law for the regulation and control of prices was debated in the *Odelsting*. The bill, which perhaps has caused greater political controversy in Norway than any other event since the liberation, was characterised by Labour supporters as a long step towards economic democracy. The powers which it confers on the Government and the Price Directorate are indeed sweeping. Firms will not be permitted to cease or to curtail production or trading without Government sanction, and the starting of new enterprises or the extension of existing ones is made conditional upon the approval of the authorities. In addition manufacturers will be compelled to sell at prices determined by the State, and may be called upon to sell goods at lower prices on the home market than those obtainable abroad.

In his speech M. Brofoss, Minister of Finance, noted with satisfaction the agreement of all parties that continued control was necessary in this sphere. The Government had not, as some opposition speakers suggested, asked for the extensive authority embodied in the bill out of any passion for power or because of any desire to bypass the *Storting*, but merely in order to enable them to carry out an active and flexible price policy. Some persons, M. Brofoss concluded, still regarded it as revolutionary that the Norwegian workers should be granted equality also in economic matters. The time was not far distant, however,

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when the right of the workers to participate in the organisation and administration of business undertakings would be generally recognised. These were the fundamental rights upon which the conception of economic democracy rested.

It is perhaps significant that the opposition did not dispute the necessity of the law, but confined its criticisms to the constitutional aspect. The *Storting*, it was argued, ought not to delegate its powers in the manner proposed and ought to determine its attitude in each individual case. M. Brofoss brushed this aside by explaining that his department had recently dealt with the 30,000th price adjustment since the liberation.

On the whole the debate was conducted with great objectivity, and some Conservative speakers who opposed the measure even went as far as to condemn the press campaign which had been directed against M. Thargaard, the man largely responsible for framing the bill, by certain organs of the right-wing press. After being passed by the *Odelsting* on the 25th June, and by the *Lagting* three days later, the bill became law.

There can be no doubt that with the passage of this bill Norway has embarked on a daring pioneering experiment of State-controlled, though privately owned, enterprise the like of which has not previously been attempted in a free and democratic country. If strictly enforced it will make nationalisation, accompanied by the payment of huge sums in compensation, superfluous and not even desirable.

The law, it is true, is valid for one year only, but the Prime Minister has already stated that he hopes to see it superseded thereafter by a permanent price law on similar lines.

Finland

To Finland belongs the dubious distinction of being the first country "provisionally" to refuse, on "political and geographical" grounds, the invitation to participate in the Paris talks. The Diet which is in recess has naturally not been consulted, and it is doubtful even whether the Government as a whole has had a chance to consider the matter. Czechoslovakia's acceptance, announced on the 8th July, the day after the Finns had declined the invitation, may, however, cause the decision to be re-considered, and in the circumstances greater importance may perhaps be attached to the word "provisionally" than would otherwise have been warranted.

Representatives of Sweden, Norway, and Denmark are meeting in Copenhagen on the 9th July finally to determine their attitude. According to press reports all three have unofficially intimated their intentions to attend. The Icelandic Republic has unreservedly accepted the invitation.

THE LOW COUNTRIES

Belgium

Following publication of the Report on King Leopold's conduct during the war [see *Summary* No. 397], the King's position is further to be examined by the Belgian Government. The Cabinet discussed the *question royale*, on the 4th July, giving special attention to the repercussions caused by the Report. M. Spaak has now been asked by the Council of Ministers to "examine the possibility of putting into effect that part of the Ministerial declaration in which it is said that the Government should encourage agreement between the political parties to reach a solution satisfactory to the national institutions." In a conversation with H.M. Ambassador, M. Spaak said that the Christian Social Party had decided to "study" the Report. This he took to mean that they intended to shelve it. He thought it quite likely, however, that the King's Catholic adherents would assemble those parts of the Report most favourable to the King in a pamphlet for distribution in that form. In M. Spaak's view, the Report cannot be regarded as a contribution to a final solution of the *question royale*, which to-day was governed, not by King Leopold's behaviour in the past, but by the consequences of his return to Belgium, one of which would inevitably be the formation of a Communist and Walloon Socialist alliance—bad for Belgium, and probably for Europe.

Meanwhile Comte Pierlot, Prime Minister of the exiled Belgian Government in London during the war, has broken silence on the *question royale* with the first of a series of articles in *Le Soir*, entitled *La fin d'un long silence* (5th July). The publication of the Report, declares Comte Pierlot, made it "impossible" for him to remain silent. "I am certain," he goes on, that "the intentions of the King were always good, but the problem ought to be examined from the political point of view. According to the Committee's Report, the acts of the King deserve approval without reserve."

Belgo-Netherlands-Luxembourg Customs Union

After a debate lasting several days, the Belgo-Netherlands-Luxembourg Customs Union (*Benelux*) was ratified in the Belgian Chamber of Representatives on the 3rd July, by 135 votes to 5 (Walloon Socialists), with 21 abstentions (presumably Communists). Ratification in the Senate is expected in a few days' time. The Union has also received the approval of the Dutch Second Chamber (2nd July), and of the Luxembourg Chamber (3rd July), where it was passed unanimously, except by the four Communist Deputies, who abstained from voting. M. Useldinger, their leader, explained that they did so merely to register their disapproval of the Luxembourg Government: their action was not to be interpreted as an unfriendly gesture towards Belgium or the Netherlands. The Communist Party, said M. Useldinger, accepted *Benelux* in principle, but believed that it might involve politico-economic dangers from the action of foreign Powers. Moreover, there was nothing to show that the Luxembourg Government were opposed to the formation of a Western European *bloc*. *Benelux*, concluded M. Useldinger, might have a prejudicial effect on the workers, whose views upon it had never been sought.

FRANCE

In spite of widespread rumours that the Government would be reshuffled, M. Ramadier came through the trials of last week with his team of Ministers unchanged and with a still largely undefined economic policy. The economic debate (see last week's *Summary*) was continued on the 1st July when M. Philip, Minister of National Economy and the *bête noire* of the Radicals, defended the policy of controls and insisted on their necessity so long as there was a shortage of food and raw materials. M. Philip's eloquence was not, however, taken very seriously, and on the following day an inconclusive speech by M. Ramadier showed that the present coalition does not permit the adoption of any precise policy. The only concrete plan he put forward was yet another scheme for meat marketing. He made the successful if obvious political manœuvre of antagonising the *Parti Républicain de la Liberté* by hinting at its complicity in the conspiracy against the Government (see below), and also condemned the actions of the Communists. Having thus gathered round him the support of the centre parties he obtained from the Socialists a renunciation of their doctrinaire resolution in favour of one that simply expressed confidence in the Government. This was voted on the 4th July by 331 votes to 247, the Communists and the P.R.L. voting against.

Armed with this success M. Ramadier faced the National Council of the Socialist Party which met on the 5th–6th July, and obtained permission to remain in office by a vote of 2,576 to 2,058. This was a slightly larger majority than that which he obtained after dismissing the Communist Ministers in May; the increase is probably due partly to the deterioration in relations between the Socialist and Communist parties, and partly to the international situation. The Socialist Council, however, insisted that M. Ramadier must carry out a policy of reducing agricultural prices and stabilising the cost of living—a policy which will offend the Radicals and will not be easy to enforce. It is true that the wave of strikes is now subsiding and that the holiday season should hold up further demands for higher pay, but the Communists can be relied on to make things as difficult as possible for a Government from which they are excluded and whose foreign policy is contrary to that of the Soviet Union.

The break-down of the Paris talks caused much disappointment in Paris and some fear of the reactions that the Communists would show. Press comment, with the exception of *L'Humanité* whose attacks on the Marshall proposals reached the height of absurdity, blamed the Soviet Government for their attitude, and pointed out that whereas the French and British plans aimed at uniting Europe, M. Molotov had succeeded in dividing it and in creating the very Western *bloc* which he wished to avoid.

The conspiracy whose discovery was revealed last week appears to be the work of an armed anti-Communist organisation which has been compared with the pre-war *Cagoule*. Two Generals, one of them the officer in charge of inspection of the Paris gendarmerie, have been arrested. Simultaneously General de Larminat has been dismissed from his post as inspector of colonial troops and recalled to Paris but he is not as yet accused of complicity in the plot. The Minister of the Interior has denied that General de Gaulle is in any way implicated. The whole affair has been violently exploited by the Left-wing press, but moderate opinion is sceptical and accuses the Government of exaggerating its importance.

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SWITZERLAND

According to a Swiss wireless report issued on the 30th June, the Political Department, after a session of the Federal Council, defined the official attitude to the Marshall proposals. The Federal Council, said the statement, took the view that Switzerland could not but ardently hope for the implementation of a plan of economic recovery, with which all European States could be associated without regard to any political considerations. If Switzerland were invited to do so, she must be ready to collaborate on a footing of equality with other States in the "Marshall Plan," which would enable Europe to reaffirm in the economic domain the solidarity destroyed by the last war. The radio commentator discussed the official statement, carefully underlining three points—the reference to a plan in which *all* European States could be associated; Switzerland's claim to equality with the other countries participating in the Plan; the anxiety to safeguard the national policy of neutrality, which was implied in the cautious reference to economic recovery without regard to any political considerations.

The Grand Duchess and Prince Felix of Luxembourg paid a brief visit to Switzerland at the end of June. While it was explained that the visit had no political significance, it was nevertheless fully reported in the Swiss Press, as was the broadcast speech of the Grand Duchess, in which she expressed the gratitude of her country for the many evidences of sympathy and the substantial material help accorded to her by Switzerland during the war. Her country, like other small powers, had always admired and striven to follow the example of Switzerland in her stand for national freedom and democratic ideals, but the circumstances of the war had drawn the two peoples more closely together than ever.

From the 1st July soap products other than household soap and soap powder are no longer rationed.

SPAIN

The final results of the referendum held in Spain on Sunday, 7th July, will not be published until the end of the month, but it has already been reported that more than 70 per cent. of the "eligible" voters have registered what was in fact a vote of confidence in General Franco. It was the first national poll in eleven years, and persons under the age of 32 were thus exercising for the first time the privilege of voting. That an overwhelming majority of Spaniards would declare themselves to be in favour of the Bill of Succession was a foregone conclusion. Fear was perhaps General Franco's greatest ally in the referendum—fear of reprisals, fear of the future. Though Spaniards, and employees of State or State-controlled undertakings in particular, faced the threat of reprisals if they abstained from voting, there has been no evidence yet of physical intimidation at the polling centres, which were under the control of approved Party stalwarts. Voters were permitted to ballot in secret after the necessary identification of personality, though the fact that identification papers had to be produced doubtless deterred many anti-Francoists from casting their vote.

Everything possible was done to ensure that the Referendum should be a triumph for the present régime. The Government propaganda machine had been working full out. The press took the usual line of complete subservience to the Government. With an egregious piece of logic-chopping *Ya* put the whole matter in a nutshell on the 17th June: the best way to grasp how necessary it was to vote "yes" was to consider what the answer "no" would imply. The Succession Bill affirmed that Spain was a Catholic and Social Kingdom. A negative vote would imply, then, that Spain was not a Kingdom but a Republic, not Catholic but masonic and marxist, not committed to social betterment, but giving up all that had been accomplished in that direction.

Towns and villages had been flooded with posters and leaflets calling Spaniards to the polling booths. Even the Church was called upon to play its part. On the 15th June all newspapers published a pastoral letter issued by the Primate of Spain. Cardinal Pla y Deniel's letter was on the lines of letters issued by the Pope or by the Cardinal Primates of other countries on similar occasions. But its great value to General Franco was that it did not question his attempt at constitution-faking, nor the principle of a referendum at which so many Spaniards were debarred from voting, thus tacitly recognising the whole arrangement as a normal procedure. It is known that pressure had to be brought to bear on the Cardinal before he would consent to issue his letter of guidance to the faithful. In it he called upon all Catholics to vote at "a transcendental moment in the history of Spain," and referred to foreign interference and to those outside the country

who wished to render sterile the martyrdom of so many thousands who suffered death for their religion. General Franco himself broadcast on the 4th July, demanding a favourable vote for a measure on which he had spent ten years of thought. He, also, made a reference to foreign interference and the need for unity, and extolled the new social code which Spain was evolving; "the importance of which goes beyond her national frontiers."

In an interview with Mr. Virgil Pinkley, the Vice-President of United Press—published on the 27th June—General Franco, in answer to a suggestion of greater freedom for the press and radio and the return of full control to newspaper owners, stated: "There is no freedom to slander, to insult; no freedom for activities against the Motherland and against morals. . . ." Newspaper owners, the Caudillo asserted, were restricted only by circumstances of a moral order or of service to the nation prescribed in the laws of the Press. Whatever General Franco may say, Spanish journalism has during the last few months plumbed the depths of subserviency. A stream of directives were issued by the Press Bureau during the Referendum campaign which, in most cases, were copied slavishly. *ABC*, the Monarchist-owned daily, attempted to take a middle line, omitting passages or phrases insulting to the Monarchy, but fell out more than once with the censorship officials. Many of its leaders were suppressed. *Diario de Barcelona* and, in particular, the well-known weekly, *Destino*, are also in hot water, the latter for having published no article about General Franco on the day of his triumphal arrival in Barcelona. *Destino* merely published the Generalissimo's photograph on the front page with a simple salutation, and the following week omitted to mention the Caudillo at all. Thereupon the censorship authorities planted upon it four articles in praise of the régime, together with a number of photographs showing the crowds gathered "spontaneously" to greet the Caudillo in Catalonia. The Chief Editor was even told where the articles and photographs were to be placed. Moreover, the articles were cleverly written in a style intended to hoodwink *Destino's* public into thinking that they represented a recantation of the paper's principles. After the appearance of the first article the Party paper, *Solidaridad Nacional*, added insult to injury by publishing a front-page article congratulating the Editor of *Destino* on his noble exaltation of the Caudillo. The Chief Editor protested and threatened to resign, whereupon the authorities said they would in that case be forced to suppress *Destino* and perhaps to imprison the staff. The Editor was therefore forced to withdraw his threat of resignation lest his staff should suffer. However he did apparently secure temporary permission to refrain from further comment in his magazine during the referendum.

The Ministry of Foreign Affairs of El Salvador on the 16th June issued a communiqué stating that the Government of El Salvador, "without abandoning the principles of international law to which reference was made at the opportune time, in conformity with the invitation to co-operate with the United Nations Organization . . . , has withdrawn its Head of Mission from Spain." It will be remembered that El Salvador was one of the six South American Republics which voted against the Resolution of the United Nations on the 12th December last calling for the withdrawal of Heads of Missions.

VATICAN

Mr. Victor Perowne, the new British Minister to the Vatican, presented his credentials to Pope Pius XII on the 30th June. In a speech on the occasion, which has been regarded as giving approval to the Marshall proposals for the economic reconstruction of Europe, His Holiness praised the British people, who, he said, had endured what was almost beyond human endurance, not only in defence of their own lives and liberties, but as the vanguard fighting for those human ideals and freedom dear to every right-minded man. In spite of mounting burdens, their self-discipline and clear perception of reality, "which one would like to see shared by others," had enabled them to understand the urgency of initiating the work of reconstruction and the disastrous consequences which would follow further delay. Fortunately, the British people were not alone in realising these facts, for farseeing statesmen and clear thinkers in the new world had brought them to be common knowledge. The Pope expressed his ardent wish that this conception of the task of reconstruction—there was no other at once realistic, honourable and Christian—would make headway in the councils of the nations' leaders, and that Great

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Britain, who had the same peace aims as the Holy See, would soon be able to report perceptible progress in advancing the cause of afflicted humanity.

The Holy Father received Señora Perón, during her stay in Rome, with the ceremonial accorded to the wives of Heads of States. Food and emigration problems are said to have been discussed at the audience. To his personal expressions of gratitude for Argentina's help to Europe and to the Papal Aid Commission the Pope added a golden rosary for Señora Perón and he conferred the order of the Grand Cross of Pius IX on President Perón.

SOUTH-EASTERN EUROPE

Hungary

Hungary's reply to the Anglo-French invitation to attend the Paris Conference in the Marshall Proposals has not yet come in. Her own inclinations are not in doubt. On the 1st July *Népszava* reported that M. Ries had authorised the Hungarian Representative in London to state that his country was definitely interested—M. Ries referred to the "Marshall Plan" as the first Peace Conference—while Party leaders, including the Communists, have repeatedly stressed that Hungary would welcome a loan if it had no political conditions attached to it. Hungary is not, however, in a position to decide independently, in spite of M. Mihalyfi's assurances to the contrary. She will no doubt attach greater importance to the attitude of the Polish and Czechoslovak Governments.

Hungarian-Czechoslovak relations are again a centre of interest. A Social Democratic Delegation, numbering MM. Ries and Böhm among its members, has gone to Prague, and M. Böhm's appointment as Minister to Czechoslovakia is considered probable. The Hungarians are said to favour close economic co-operation between the two States, to be followed later by a military pact providing for uniform armaments. The pact would be primarily pro-Soviet but also pro-British. In contrast to the general cordiality of the Czechoslovak Press towards M. Rákosi, the Slovak Democratic newspaper, *Cas*, treated the subject of his recent visit coldly, pointing out that he was still preoccupied with the old theme of minority rights and denying that the situation had been improved by the Hungarian Governmental changes.

The Communists claim that the National Peasant Party sympathises with their wish to present a joint election list, though no such official declaration has been issued, and M. Dinnyés, backed by the Social Democrats as well as by his own followers, here at least appears to be maintaining his ground. M. Gerö's announcement in Paris that there can at present be no question of a one-party régime is hardly reassuring from a long-term point of view, but *Magyar Nemzet* has stated that none of the Parties which contested the 1945 election will be debarred from doing so next time, nor in this respect will any ban be placed on M. Sulyok's Freedom Party. It is now considered unlikely that disfranchisement will extend to the families of those disqualified from voting, but the number of deputies may be reduced by as much as twenty-five per cent., and the names of candidates scrutinised with a view to eliminating the possibility of reintroducing the conspiratorial clique into the National Assembly. It is not yet known what reply will be made to Fr. Balogh's request for permission to form a new Party.

The Supreme Council of Appeal of the People's Court has confirmed the death sentence of M. Donath, but commuted the sentences pronounced on General Véress de Dalnok and Major-General Andras to 15 and 10 years' imprisonment respectively. Among other modifications M. Arany's term of life imprisonment has been reduced to 12 years' penal servitude.

It is reported that Professor Vamberi, who emigrated to the U.S.A. during the Horthy régime, will be offered the post of Minister to Washington and M. Oltvanyi that of Minister to Cairo, while the inept and irresponsible M. Gulácsy, who belongs to the extreme left wing of the Smallholders, may be asked to represent Hungary at Ankara. M. Mihalyfi will almost certainly succeed M. Jekely as *chef de Cabinet*.

Roumania

Roumanian comment on the Marshall plan and the break-down of the Paris Conference, has run along the expected lines, and the expected refusal of the Franco-British invitation has been issued. The Communist organ *Scânteia* described the Marshall offer as an endeavour to paralyse the efforts of the working masses for their own rehabilitation and thus to make them lose their self-confidence and become an easier prey to super-capitalism. The Government press has made great play with the apparently favourable terms granted by the U.S.S.R. for the grain deliveries under the agreement secured by M. Gheorghiu-Dej in Moscow (see *Summary* No. 398, p. 13) setting this by implication over against the Marshall plan. Through this aid given by Moscow "without hope of gain," Roumania would escape from the grasp of international trusts and could repudiate economic obligations (to America) "which would also have involved political obligations weakening her position as an independent State."

Rumours are rife concerning secret clauses of the Soviet-Roumanian railway agreement signed in Moscow on the 12th June. The fact that the negotiations had dragged on since February could in itself be taken as a sign that something more than an ordinary railway agreement was on foot. Whether the Soviet Government has acquired a mortgage on the whole Roumanian railway system or not, the fact that railway credits are to run into trillions of lei suggests that considerable development on the railways is contemplated in the near future.

A serious constitutional situation is developing over the new War Criminals Bill, which was vetoed by King Michael on its submission by the Cabinet. The King took his stand on the ground that, when the original law of the 24th April, 1945, had been extended for two further periods until October 1946, the Prime Minister, Minister of Justice and M. Gheorghiu-Dej had promised that no further legislation would be necessary. The Roumanian Government, excusing themselves for the new Bill on account of Russian pressure, are arranging to submit it again to King Michael through Parliament, which will place him in a difficult dilemma. The fact that the King opened the new Parliament, thereby according it recognition, has weakened his position for overriding its authority with a veto. The new Bill is dangerous because it contains no time-limit and provides for the reopening of cases already judged, thus giving the Government full scope for action against political opponents.

Meanwhile the arrests are continuing despite the American and British notes. The aim of the Soviet pressure exerted on the Roumanian Government is, apparently, to destroy completely the National Peasant Party or to force it to come to terms with the Communists before the ratification of the Treaty and the withdrawal of the Red Army.

The policy of purging and intimidation is being extended to the oil companies with grave consequences to output and efficiency. Key-men are being moved from some of the most important companies, and apathy and despair are prevalent among the staff, who see that their employers are unable to afford them protection.

Yugoslavia

Banditry on the Austro-Yugoslav frontier has been on the increase. The most serious of recent incidents occurred on the 27th June, when a band, about thirty strong, attacked and pillaged a farm, fatally wounding some of the occupants and killing two Austrian gendarmes. A third gendarme was kidnapped by the bandits who then absconded towards the Yugoslav frontier. The direction of their flight, and the facts that, according to an eye-witness, they wore Yugoslav uniform, and that two of the men were identified as suspected OZNA agents, indicate that this band, at any rate, was probably not of "White Guard" or D.P. composition. Hitherto, the reluctance of the local inhabitants to report these incidents immediately for fear of reprisals—or for other reasons—has made it difficult to establish the origin of the bands, although the majority of them are believed to consist of anti-Tito elements. This, of course, is the view of the Yugoslav Government, which published a statement on the 4th July disclaiming all responsibility for these incidents, which they attribute entirely to the "lenience" of Allied policy towards "war criminals."

The Yugoslav torrent of threatening abuse of the Greek Government (and of the subsidiary group of the U.N. Commission) which remained in spate for at least a fortnight after the frontier incident of the 13th June (see *Summary* No. 397 under "Greece"), has begun to subside. The Yugoslav Government has, however, demanded from the Greeks an indemnity of 16,000 dollars in respect of the loss of life and injuries caused on that occasion.

An article in *Civilità Cattolica* on religious persecution in Yugoslavia provoked retaliatory remarks in the Yugoslav press accusing the Vatican of abuse of diplomatic relations and, by implication, threatening a complete rupture. This renewal of interest in Yugoslav religious conditions may have been aroused by Mgr. Hurley's recent visit to Archbishop Stepinac and his discovery that the latter is being subjected to a more rigorous prison life, possibly in order that he may be induced to buy his freedom by resigning from his See.

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The repatriation of Italian prisoners of war was declared to have been completed when a shipload of 849 left Split on the 27th June.

There is the promise of a favourable outcome to the Anglo-Yugoslav negotiations for economic and air agreements. The Yugoslav Government have agreed to send an Economic Delegation to London in August, and are prepared to receive British food experts in Belgrade immediately.

The first meeting on civil aviation was conducted very cordially, each side being aware of the advantages to be gained by the early conclusion of an agreement. The Yugoslav Government have raised no objection in principle to the four routes to the Balkans and the Middle East *via* Belgrade, proposed by the British Delegation, and have asked in return for facilities to operate three routes over British-controlled territory. They incidentally admitted that the Yugoslav-Soviet Air Transport concern was not yet in operation.

Nevertheless, a number of Yugoslav Notes to His Majesty's Government complaining of cases of alleged violation of Yugoslav air space by British aircraft flying from Austria and of raids carried out across the frontier by D.Ps., may serve as a warning that favourable opportunities —and Yugoslav goodwill—do not last indefinitely.

Greece

The Royal tour of Thessaly was a great success. After their enthusiastic reception in Volo, where political sympathies are notoriously left-wing, the King and Queen attended a sports meeting at Trikkala held by bandits recently captured by the Greek Army. Their Majesties were given a warm welcome by the bandits who are reported to have sung patriotic songs (including the Greek battle-song: "What business have the Bulgars in Greece?"). They also visited Kalambaka which is on the edge of bandit territory and Litokhoron at the foot of Mt. Olympus which has only just been "liberated." The King reviewed troops in the area while the Queen distributed gifts to the poor.

The operation conducted by the army to clear the Olympus–Pieria area appears to have achieved little success. Few casualties were inflicted and the majority of the bandits are believed to have escaped northwards to the Vermion mountain range. Another operation to clear the Grammos mountain area is now in progress after a delayed start. Latest reports state that the bandits are offering stiff resistance to the army in their approach march—particularly in the area west and south-west of Grevena. For these operations certain Greek troops are approaching the Albanian frontier and one incident has already been reported in which it is alleged a Greek army patrol was fired on by a band which later withdrew into Albania. Forcible recruiting for the bands continued, particularly in Evros. The Greek press asserts that most of these new recruits are being sent to Bulgaria to be armed and trained for partisan warfare and sabotage, and that bands based on Ortakoy in Bulgaria are operating in the Serres, Drama and Xanthi districts. Recently several abandoned Greek posts in Thrace were completely destroyed and the material carried off into Bulgaria.

It has now been revealed that during the last month the Salonica police have arrested 48 leading members of Opla (Organisation for the Defence of the Popular Resistance), the Communist terrorist organisation which is said to have been responsible for many of the recent political murders in Salonica. It is reported that a similar organisation has been discovered in the Greek Air Force and that all its members have been arrested. These and other arrests were followed on the 9th July by a round-up of Communists in Athens and other districts in connection with an insurrection which, it is alleged, had been planned to take place on that day. The Communist Party and its press have not, however, been suppressed.

M. Porfyroyenis's speech at Strasbourg (see last week's *Summary*) has drawn all the centre parties to the side of the Government against the Communists. Not only has M. Sofoulis, the leader of the Left-Centre Liberals who has so often seemed anxious to appease the Communists, now condemned K.K.E.'s anti-Greek behaviour, but E.L.D. (Professor Svolos's Socialist Party) seem to have decided that they must now sever their connection with the Communists.

The ineffectiveness of the subsidiary group of the United Nations Frontier Commission becomes increasingly apparent. Following the Yugoslav Government's refusal of facilities, it has now been decided that the group will investigate the Greek side of the Kouka and Belesh incidents, but there is considerable doubt whether more than five delegates will make the journey. The Soviet delegate has announced that, in view of the Yugoslav attitude, he is not prepared to take part in the investigation, and the Polish delegate who is now in hospital has agreed

with him; the Syrian and Chinese delegates are away, the Colombian is in hospital, and the Brazilian delegate is reluctant to face the discomforts of the journey.

Sabotage has been suggested (but not proved) as the cause of the serious fire which on the 5th July destroyed part of the Metokhikon-Tameion building in Athens used as the headquarters of the British Army in Greece, the Naval, R.A.F. and Military Missions, the Embassy Information Department, the Economic Mission and part of the Police Mission. There were no fatal injuries to British personnel.

Bulgaria

Things appear to be going from bad to worse in Bulgaria, where the latest rumour is that Petkov has been carried off to Russia for "interrogation." Not unnaturally His Majesty's Government's last note to the Bulgarian Government on the subject of the continued suppression of both the Opposition newspapers (26th June) was a good deal stiffer in tone than their earlier protest dated 3rd June. The explanations offered to them by the Bulgarian Government in their reply of the 10th are dismissed this time as "entirely unsatisfactory and unconvincing": they "will not blind anyone who knows the present political structure of Bulgaria to the real facts of the situation." His Majesty's Government point out that if the Bulgarian Government really considered the action of the Opposition to be in any respect against the country's best interests, they had only to inform the people of the facts through their own press and in the Grand National Assembly. Instead of this, all they have done is to quote their press law of the 30th April, 1946, alleging that this confers upon the Minister of Information the right to determine cases in which a newspaper may be suspended either by him personally or by a decision of the Council of Ministers without any declared state of emergency, without any judicial process and for any length of time. This claim His Majesty's Government regard as most disturbing: for it "means that the Bulgarian Government may suppress any newspaper at any time simply because of criticism which they fear or find unwelcome. His Majesty's Government find it difficult to reconcile the powers which the Bulgarian Government regard themselves as possessing under the law in question with the terms of Article 2 of the Treaty of Peace. It seems, indeed, to His Majesty's Government to be a matter for consideration whether this law does not call for revision in order to bring it into conformity with the text of the Treaty."

To this fresh protest the Bulgarian Government have sent a further reply (3rd July) which does not improve matters. They merely remark that the press law in question was promulgated before the provisions of the Peace Treaty were known to them, and add that anyhow they "intend of their own free will" to revise this and certain other emergency enactments to bring them into line with the new Constitution as soon as it has been voted; "but it goes without saying that so long as this law is in force it will have to be applied." No mention is made of any attempt to revise it "in accordance with Article 2 of the Peace Treaty."

It is more satisfactory to be able to record that the person whom the Bulgarian Government have unofficially asked His Majesty's Government to agree to receive as their future political representative in London seems to be an eminently respectable gentleman. This is Professor Nikola Dolcochiev, a lawyer belonging to the Zveno party who holds a chair at the University of Sofia and has for ten years been vice-president of the Academy of Sciences. He knows some English, having in his youth spent a year in the United States as a Rockefeller Foundation scholar.

The trade delegation from Bulgaria which left for Moscow on the 18th April headed by the Minister of Commerce, M. Bozhilov, is believed to have encountered considerable difficulties. M. Bozhilov was reported over a month ago to have fallen ill there—a not unfamiliar occurrence among leaders of Bulgarian trade delegations to Russia, who have never had an easy passage; and the energetic Communist Vice-Premier, M. Kostov, who is highly thought of at the Kremlin, has since been negotiating there in his place. The Russians are said to have asked that the German credit of five milliard leva due from Bulgaria under the old clearing agreement should now be transferred to themselves. They are not proving nearly such good trade-partners as the Germans were: they accept only limited quantities of Bulgarian tobacco, and they have so far failed to provide the electrical machinery which is so urgently needed for the success of the Two-Year Plan. Meanwhile the Government must do all they can to find exports somehow or other, but no large surpluses can be expected after three years of severe drought. Like other needy Balkan

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countries, Bulgaria would no doubt be very glad, were she allowed, to follow Czechoslovakia in accepting the Anglo-French invitation to this Saturday's economic conference in Paris.

Turkey

It was not surprising that Turkey was among the first countries to signify an intention of accepting the Anglo-French invitation. For, in the first place, she remains true to Atatürk's policy of seeking to be European rather than Asiatic. Secondly, she could hardly fail to associate herself with a move which, in her eyes at least, is primarily designed to strengthen Europe against Russia. Turkish opinion was from the outset highly sceptical about the Russian attitude to Mr. Marshall's offer. It was seen as a momentous event which put the Soviet Union in a quandary and provided a nice acid test for the satellites. Several commentators took the line that Soviet prestige had recently declined and was now in danger of falling still further.

In recent months leading Turks have given repeated indications of their total inability to understand why the British Government should think it worth while to cultivate the friendship of the Soviet Union. Turkey's utter dependence on British and American support in the face of Russian pressure explains such Turkish criticism of British policy. But the fact that the Commander-in-Chief, Mediterranean, who is shortly to take a squadron on a courtesy visit to Istanbul, will then proceed to do the same at Sevastopol, seems to have touched the Turks on the raw. The *Vatan* made an unexpectedly violent attack on British policy towards Russia as one of fatal indecision, evasion and appeasement, and it condemned the Sevastopol visit as another Munich calculated to make the Kremlin persist in its evil policy. The editor, M. Ahmet Emin Yalman, is an astute person and, though a supporter of the Opposition, unlikely to have published so bitter a protest unless he were assured that it would not be altogether displeasing to the Government.

On the 28th June M. Celal Bayar, the leader of the Democratic (Opposition) party, made a speech of some importance to what seems to have been a large gathering at Sivas, a town generally regarded as a stronghold of the Republican People's (Government) Party. According to the press, after again disclaiming all connection with Communism, he dwelt on the disabilities from which his party suffered owing to the animosity of the administration, to the headship of the State being vested in the leader of the Republican People's Party, to the wireless and *Halkevis* (people's institutes) being unavailable for the Democratic Party and, most of all, to the unfair conduct of elections. The Prime Minister (M. Recep Peker), he said, had flatly denied to him that there was any animosity or discrimination. M. Celal Bayar had then approached the President of the Republic and thereupon President Inönü had obtained from the Prime Minister a promise that there should be no official pressure against the Opposition. President Inönü had moreover repeated his own keen desire for the existence of more than a single party. All this caused much discussion in the press, and it was stated, with some appearance of truth, that in the inner councils of the hitherto dominant Republican People's Party it had already been decided to make the concession of dissociating the two presidencies—that of the State from that of the Party.

THE MIDDLE EAST

Egypt

The Egyptian press on the 1st July published a report that an agreed text of Egypt's claim, to be laid before the Security Council, had been sent by air to the Egyptian Ambassador in Washington the previous day, there to remain until the Prime Minister gives instructions for its presentation. Later reports indicate that these instructions may not now be long delayed. The *Mussawar* alleges that a large section of the Opposition is against reference to the Security Council on the ground that once a decision has been reached there—and it might well be one unfavourable to Egypt—it might be impossible to repair the situation. Therefore, the re-opening of direct negotiations with His Majesty's Government is advocated. The same view seems to be held by responsible representatives of the other Arab States also, although it is difficult to see how Nokrashy Pasha can now avoid making an appeal to the United Nations, even though he may hope and work for a recommendation that direct discussions should be resumed. Even so, the hostility of the Wafd is not likely to be appeased, and there is little hope of reaching a workable or enduring agreement while the Wafd is in opposition. Sidky Pasha is expected back in Egypt on the 12th July, and there is an expectation in some quarters that his return may herald ministerial changes which would lead to the resumption of negotiations with His Majesty's Government. The opposition of the Wafd, however, based as it is on the "minority" status of Nokrashy's Cabinet, would not necessarily be silenced, unless Nahas Pasha could be persuaded to participate in the work of a Treaty delegation, if not in the reformed Cabinet itself. His earlier conditions (which included not only a Wafd majority in the delegation and its presidency for Nahas himself, but equally unacceptable proposals about elections) would probably be maintained, and the deadlock would continue.

Angry articles have appeared in the Egyptian press protesting against the suspension of three Sudanese newspapers for personal attacks upon the Chief Secretary. This was followed by the voluntary closing-down of all Sudanese papers at the instigation of the Sudanese Press Association, who also cabled protests to the Foreign Secretary and other addressees. The ban was later raised by the Sudan Government, and the Egyptian press have hailed this as a victory over the administration.

It is not clear whether the papers in the case against the persons arrested in connection with the riot in Alexandria on the 4th March, 1946, are to be filed, or whether the case is simply adjourned until October, as stated in one report.

The premature publication by the new Government paper *Al Assas* of versions of the sterling balances agreement (on which a protest is being addressed to the Prime Minister by His Majesty's Ambassador in Cairo) has provoked numerous articles in the Egyptian opposition press condemning the agreement. On the 2nd July, the Minister of Commerce told the audience at a press conference that he considered £8,000,000 sufficient to maintain Egypt's trade balance this year, and that trade conditions would not be materially affected after the 15th July.

Palestine

The Arab boycott of the United Nations Committee has been continued during their tours in Palestine throughout the past week, although they have been received politely in most places. The Committee decided on the 27th June to hear evidence from seven Jewish organisations, the Jewish Agency, the Vaad Leumi (the General Council), the Histadruth Haovdim (the General Federation of Jewish Labour), the Agudath Israel (Association of Israel —Orthodox), the Ashkenazi Jewish Community, the Central Committee of the Palestine Communist Party, and the Ihud ("Union," the small group led by Dr. Magnes.) Dr. Weizmann will be heard in an individual capacity, and also a certain Mr. J. W. Abileah, who, according to the Jewish Telegraphic Agency, will present a plan for the union of Palestine and Transjordan "with a view to facilitating long-range immigration."

The rumour that the Chaiman and Dr. Hoo had a secret interview in Tel Aviv with leaders of the terrorists is without foundation. During a visit to Acre jail, however, the Chairman had some conversation with three prisoners from dissident groups, and two other members also interviewed some prisoners separately. These apparently complained about their status, claiming that they should be treated as prisoners-of-war.

A resolution was passed on the 29th June by the Committee (the Australian and Indian members abstaining) taking note of published reports of acts of violence committed in Palestine since their arrival, and recording a warning that such acts constitute a flagrant disregard of the appeal made in the resolution of the General Assembly of the United Nations on the 15th May, 1947. The Jewish Telegraphic Agency see in this an attempt to balance the Committee's intervention on behalf of the three members of the Irgun Zvai Leumi who were condemned to death on the 16th June (see *Summary* No. 397), so that the Committee may claim impartiality. Elsewhere in Agency reports are signs of anxiety about the direction in which the Committee's opinions are moving, and the local Jewish press has unremittingly but unsuccessfully attempted to poison relations between them and the Administration.

A large arms factory, which was almost certainly one of a chain of similar establishments making sten guns and ammunition for the Hagana, has been found in Tel Aviv. The discovery followed investigations into an explosion which occurred on the 18th June in a building near Military Headquarters.

The Arab Higher Committee announces four National Conferences in the near future. One, due to start in Haifa on the 6th July, will deal mainly with the boycott of Jewish goods and the prevention of the sale of land to Jews. This will be

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followed by a Women's and a Youth Conference, and one, intended to put an end to family and other feuds between Arabs, entitled "Peace between Brothers." This burst of activity seems to be designed as an answer to widespread criticism of the Committee and to rally public opinion to its support. The appointment of a Chief Administrative Officer in the Jerusalem office has already had some effect, and, as indicated last week, there is a growing feeling amongst Arabs who were at first opposed to the boycott of the United Nations Committee that the policy of doing so was right. Attempts by King Abdullah to get the decision reversed have been politely rejected.

Iraq

The trial of the Communist leaders arrested in January (see *Summary* No. 381) ended on the 24th June, three of them, including Yusuf Salman Yusuf (alias Fahad), being sentenced to death. It was later announced that they were condemned, not because they were Communists, but because they had conspired to overthrow the Government by the use of force, and had incited not only civilians, but also certain of the armed forces and the police to carry arms against the Government.

Speaking in the Senate on the 12th June in defence of the Turco-Iraqi Treaty (see *Summaries* Nos. 396 and 397) Nuri Said denied that the Treaty robbed Iraq of her freedom of action in the event of a conflict between Turkey and another Arab State. Iraq's obligations, he said, would be in accordance with the United Nations Charter, as laid down in Article 3 of the Treaty. He also repudiated the suggestion that the Treaty conflicted with the Charter of the Arab League, since Turkey was outside the orbit of the League.

Persia

It appears that agitation against the Prime Minister and his entourage is growing. Splits are already apparent in his Democrat Party, and it is no longer certain that he will be able to secure a vote of confidence from the Majlis when it assembles. An attack by hooligans on the printing offices of three of the Opposition newspapers on the 26th June is believed locally to have been at his instigation.

Afghanistan

The Afghan Government have reacted strongly to the provisions in the Declaration of policy on India of the 3rd June for the holding of a referendum in the North-West Frontier Province to decide whether the Province should join Pakistan or India. Representations were made in both London and Kabul on the 11th June, requesting that the inhabitants be given the opportunity of deciding whether they wished to become independent or to join themselves to Afghanistan. Extravagant claims have been made, to the accompaniment of a vociferous press and radio campaign, that the Province is inhabited by "Afghans" and was annexed by Great Britain to India during the Anglo-Afghan wars of the last century. His Majesty's Government intend to reject the Afghan demand on the grounds that the Anglo-Afghan Treaty of 1921 confirmed the Durand line, fixed in 1893, as the frontier between India and Afghanistan.

THE FAR EAST

Japan

Talking to a group of American publishers and editors on 28th June, General MacArthur is reported to have amplified his views on the Peace Treaty. He is stated to have advanced the opinion that a Peace Treaty with Japan need not necessarily wait on the conclusion of the German Treaty and that it might be signed at latest within a year or eighteen months; also he hoped that it would be drafted in such a way as not to enslave the Japanese people; and he declared that the military potential of Japan had been destroyed for at least a century. (Speaking on the same date, Mr. Atcheson, the United States Ambassador and Chairman of the Allied Council in Tokyo, also said that there was not much more that could be done by way of directive or political and social programme in Japan—the Japanese had been freed from their shackles of the past.)

Speaking of the islands adjacent to Japan, General MacArthur is reported to have said that possession of the Ryukyu and the Bonin Islands should be retained by the United States as one of her strategic frontiers; also—somewhat surprisingly, if the report is correct—that "possession by the United States of those islands and the maintenance of a United States air force there would be for Japan a guarantee against aggression." His idea was that the army of occupation should be withdrawn from the country immediately after the treaty had been signed. Thereafter

Japan would require supervision for a generation, a task he suggested might be undertaken by the United Nations, or, failing that, by such of the eleven members of the Far Eastern Commission as were willing to assume the responsibility.

The Supreme Commander also expressed the view that Japan should be permitted to build up her export trade to enable her to purchase 15 per cent. of her food abroad. In the meantime he proposed to ask the United States to supply 1,500,000 tons food for the ensuing year. Japan, he said, was also in need of fertilisers which, with the exception of some salt, were being supplied at the moment by the United States. It should be noted that this last statement is somewhat misleading as, in fact, for some time phosphates have been coming from stock piles on Angaur, the southernmost island in the Palau group of the Caroline Islands, formerly under Japanese mandate and now controlled by the United States.

Until the 1st July the phosphate rock deposits on Angaur had been mined for use in Japan by an American firm under the supervision of the United States Navy. An official announcement has now been made, however, that the Japanese Government will assume the responsibility for the complete operation of the island's phosphate rock project under the supervision of S.C.A.P. And in a further press release from S.C.A.P. Headquarters on 28th June, General MacArthur's action is defended on the ground that the phosphate is required to supply Japan with fertiliser required to increase the production of indigenous food and thus ease the strain on the United States in meeting the food deficit in Japan; that the use for this purpose of the phosphate obtained from Angaur was authorised initially by the Combined Food Board—an international body; that General MacArthur had been authorised from Washington to operate the enterprise with Japanese labour; and that the new arrangement ensures the continuance of this essential undertaking.

An entirely erroneous report from an American correspondent in London had conveyed the impression in Japan that a spokesman of the Foreign Office had criticised General MacArthur's unilateral action in permitting the Japanese Government to take over the Angaur mining enterprise. In fact, however, His Majesty's Government have made no official criticism of this operation. Nevertheless, coming but a few days after the announcement that S.C.A.P. has authorised a Japanese whaling expedition to the Antarctic again this year (see *Summary* No. 397)—over which there is considerable feeling in this country—it is only natural that this second surprising announcement should draw considerable unofficial comment and criticism.

About the same time as General MacArthur was giving his views on the Peace Treaty, the Japanese Premier was expressing the hope that the Government might be able to secure additional land for Japan which was over-crowded. The Foreign Minister denied that he had made a bid for the Ryukyu Islands specifically, but asked for the return to Japan of as much territory as the Cairo Declaration and subsequent Allied proclamations would permit.

Mr. Katayama also expressed the hope that a Peace Treaty might be concluded at an early date in his first administrative address to the Diet on 1st July. He dwelt mainly on the measures called for to meet the economic crisis. He warned the country of the hardships to be faced in the struggle to achieve economic stability through the promotion of exports. He went on to say that Japan desired moral and economic support from the Allies; and he emphasised the need for the importation of foreign capital. In conclusion, Mr. Katayama expressed his Government's faith in their ability to establish democracy through the new Constitution, and he appealed for popular support of a national movement for the reconstruction of Japan.

According to press reports from Tokyo Mr. Katayama's address aroused little enthusiasm in the Diet; even those political parties supporting the Government—the Democratic and People's Co-operative Parties—maintaining a stony silence as the Premier finished speaking and left the platform. His speech was followed by one from Mr. Wada, Chief of the Economic Stabilisation Board, which, as at least representing a concrete statement of economic policy, had a generally more favourable reception in the House. He asserted that the rapidly developing decline of the country's economic position could be arrested by increased industrial production, controlled distribution of raw materials, and increased foreign trade. Chinese textile industrialists, on the other hand, are reported to be disturbed at the tendency to increase the number of spindles already operating in Japan.

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Indonesia

Earlier radio messages from Jogjakarta to the contrary notwithstanding, after a week of discussion Dr. Soekarno was able to announce the formation on 3rd July of a Coalition Government.

When the left-wing parties withdrew their opposition it was thought that the way had been opened to re-admit M. Sjarir to the Premiership. M. Sjarir, however, did not take the helm, being unwilling to do so unless he was given full powers to negotiate a settlement with the Dutch. Instead, the new Government, which have announced their intention of following M. Sjarir's policy, are headed by Dr. Amir Sjarifoeddin, a member of the Socialist Party and Minister of Defence in the Sjarir Cabinet, which portfolio he continues to retain. He will be assisted by two Deputy Prime Ministers, Dr. A. K. Gani, who also retains the portfolio for Economic Affairs, and M. Setiadjit, a newcomer to the Cabinet without portfolio, but, nevertheless, well known and the Indonesian representative at the World Federation of Trade Unions Congress recently held at Prague. The Ministries of Finance, Justice, Education and Labour are also filled by newcomers, while the particularly important post in the present crisis of Minister for Foreign Affairs has been given to M. Hadji Agoes Salim, formerly M. Sjarir's deputy in that Ministry, but who is at the moment out of the country, at the head of the Indonesian Delegation to the Middle East.

The new Government is representative of almost all the recognised political parties and contains more than a sprinkling of left-wing adherents, including one Communist. It is interesting to note, however, that all the more important posts have been filled by men who occupied responsible positions under M. Sjarir.

On 29th June, Dr. van Mook addressed yet another Note of considerable length and detail to President Soekarno, requiring to be furnished within a week with a clarification of a large number of points in Dr. Soekarno's letter of 27th June in reply to the aide-mémoire of the Netherlands Government.

The first task of Dr. Sjarifoeddin's new Government, therefore, was to take this matter in hand. Press reports recorded the new Prime Minister as having expressed confidence in his Government's ability to reach a final settlement with the Dutch by peaceful means. Nevertheless, the Republican reply, which was handed to Dr. van Mook on the evening of 6th July, again rejected the Dutch proposal for the formation of a joint gendarmerie. And, although it accepted all Dr. van Mook's other requirements, it did so in terms so vague that Dr. van Mook pronounced it to be entirely unacceptable and referred to The Hague for further instructions.

In the meantime an emergency Cabinet meeting was called at Jogjakarta to consider the exceedingly critical position. Dr. Sjarifoeddin also broadcast a statement on the situation on the evening of 7th July. But, although he declared that the Indonesian Republic was prepared to recognise the *de jure* authority of the Netherlands during the period of transition, he made it clear that the Indonesian Government were not prepared to agree to a joint gendarmerie, or to brook any interference in the authority which they held it their right to exercise. The tone of this broadcast, as reported, conveyed the impression that it was more an endeavour to justify the Republican stand than a last moment attempt at conciliation.

Meanwhile, however, M. Thamzil, the Republican Acting Minister for Foreign Affairs, had seen both Mr. Mitcheson and Dr. Foote, the U.S. Consul-General, on the morning of 7th July. Both warned him in the most forthright terms of the danger of the situation and advised immediate acceptance of the Dutch proposals. M. Thamzil saw H.M. Consul-General, Mr. Mitcheson, again the following morning and said that the Republican Government were preparing a supplementary Note clarifying their previous reply and making their answer more positive, as Mr. Mitcheson and Dr. Foote had suggested.

This supplementary reply was delivered to Dr. van Mook on the evening of 8th July. It expressed clear and positive agreement on all points of the Dutch proposals, except on that for the joint gendarmerie on which it left the door open for discussion.

The Dutch consider the reply as satisfactory as could be hoped and, as a result, they have called off the military action which was to have begun on the night of 9th July, under authority from the Hague.

Negotiations to set up the Interim Government are expected to start almost at once and discussions on the question of the joint gendarmerie have already begun.

THE UNITED STATES OF AMERICA

The Soviet refusal to join the other countries of Europe in drawing up the proposed recovery programme is generally taken in the United States to mean that the long-anticipated parting of the ways between East and West has at last been reached. As the *New York Herald-Tribune* remarks, "the rest of the world had been prepared for the Russian answer; it will now have to prepare to take the consequences." Emphasis is given to the fact that it is "by Russia's own choice" that the gulf is being permitted to widen. It is also observed that, in withdrawing from the Paris talks, M. Molotov has indicated to Europe, including the Soviet satellites, "that Russia has nothing to offer the world except sterile fears and the dry husks of an outmoded narrow nationalism." The Kremlin, it is suggested, will now make every possible use of Communist groups to sabotage the Marshall offer of assistance wherever it is accepted. It is pointed out, however, that this will be one occasion when the Soviet Union cannot hold up a beneficial international project by the formal application of its veto.

In the United States itself there is a general belief that Congress will react more favourably to the Marshall proposals now that the Soviet Union has decided to accept the "Plan" as a challenge and not as a blessing. Some members of the national legislature, like the economy-minded Chairman of the House Appropriations Committee, Mr. John Taber, are expected to remain obdurate when the Plan is translated into a request for the necessary funds. (On 3rd July Mr. Taber ran true to form, by intimating that, in his opinion, there had been no justification for the appropriation to finance the 400 million-dollar assistance programme for Greece and Turkey and that his Committee had not been satisfied with the evidence offered in support of the 350 million-dollar general relief Bill). Nevertheless, the brusque and abusive way in which the Soviet Government have this time rejected the possibility of co-operation with the Western Powers has helped to dramatize the Marshall offer in precisely the manner needed to arouse the more obtuse of Congressmen to an appreciation of its merits.

Speculation continues upon the likelihood of Congress being called to consider the Marshall proposition in a special session this autumn. In this connexion it is perhaps significant that the President's newly-appointed "non-partisan" Advisory Committee (see last week's *Summary*), which is to meet on the 24th July, hopes to complete its work in "two or three months." In making an announcement to this effect on the 30th June, Mr. Harriman, the Chairman, stated that the Committee would not confine its investigations to Europe but would include in its final report to the President recommendations regarding Japan, Latin America and other areas. In any event, if Congress is not ready to consider the project this year it will not be for the lack of the relevant information. As Mr. Marshall recently revealed, the Policy Planning Committee of the State Department is already engaged upon a study of foreign relief and rehabilitation problems. Furthermore, Congress itself is pursuing an inquiry in the same field through the medium of a sub-committee of the House of Representatives Foreign Affairs Committee. In a preliminary report published on the 3rd July the sub-committee estimated that 9,970 million dollars would be required to meet the deficits in the international trading balances of the European countries (excluding the Soviet Union) over the next three years. It pointed out that, of these, about 7,000 million dollars were still uncovered by existing loans and credits.

An early, although not necessarily conclusive, test of the ability of Congress to grasp the lessons which the current international situation teaches is expected to be provided by the final vote on the State Department's information services. The proceedings with regard to the future of these services have thus been prominently reported by the press. For its part the State Department is not failing to draw attention to Soviet misrepresentation of American aims abroad as good reason for continuing its own information activities —particularly its much-debated "Voice of America" broadcasts—at their present volume. Mr. Marshall has made no less than four appearances before a sub-committee of the Senate Foreign Relations Committee which, under the Chairmanship of Senator H. A. Smith of New Jersey, has been conducting hearings on a Bill to give full legal status to this branch of the State Department's work. The Bill, which is

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sponsored by Representative Karl Mundt, a former isolationist from South Dakota, has already received the approval of the House of Representatives. It is passing through the Congressional mill simultaneously with the 1948 appropriation for the information services, which a Senate-House Conference Committee on the 3rd July fixed provisionally at 12·4 million dollars. (Mr. Truman originally asked for 31 million dollars, but the House of Representatives recently disallowed this item in his Budget entirely.)

At a meeting of the Senate sub-committee on the 2nd July Mr. Marshall said that it seemed evident that the United States was involved in a great world struggle and that the country was, in a sense, being disarmed if its information activities were curtailed. Reverting to the same question in its wider international aspects in his Independence Day address two days later, the President himself drew attention to the way in which some Governments had erected barriers against the flow of information and ideas into, or out of, their territories. At the same time he rebuked certain countries, not specified by name, for "withholding their support of reconstruction plans on the ground that this would mean interference by some nations in the internal affairs of others."

The prospect of the recent demonstrations of the miners against the new Taft–Hartley Labour Act developing into prolonged resistance has now receded with the news that a "tentative agreement" has been reached between Mr. John L. Lewis and a number of Northern mine-owners. This agreement is reported to involve basic pay increases of up to 44½ per cent. and, that being so, it bids fair to recover for Mr. Lewis the prestige which he lost in his fight with the Administration last winter. One clause in the agreement—and that which has apparently presented the main difficulty in the negotiations between the United Mineworkers and the employers—is said to be designed to nullify the provision in the Taft–Hartley Act which makes it possible to take the union to court if the miners break their contract by striking. Meanwhile the Administration, which handed the mines back to the owners on the 30th June, is stated to be watching the effect of Mr. Lewis's latest gains upon the wage and price position in other industries. The President once again alluded to the ever-present danger of inflation in a message on the 1947 Housing and Rent Act which he sent to Congress on the 30th June. Although, as he pointed out, he had been left with "no choice but to sign" this Act, Mr. Truman roundly condemned the measure as a "step backward" in the drive to protect tenants against unjustified rent increases. (The Act permits a 15 per cent. "voluntary" increase in rents.) At the same time he called upon Congress to investigate the "selfish and shortsighted" real-estate lobby which had allegedly constituted "one of the most stubborn obstacles in the way of any housing programme."

LATIN AMERICA

Inter-American Affairs

The objections of the United States Government to holding the Rio de Janeiro Conference in August (see *Summary* No. 397) have now been withdrawn. The Brazilian Government have accordingly issued invitations for the 15th August, now presumably the authoritative date for the opening of the Conference, which may be held in Rio instead of Petropolis, owing to difficulties of communication at the latter place.

According to broadcast reports Señor Gonzalez Videla, President of Chile, in a speech at Rio de Janeiro (see *Summary* No. 398), expressed hopes for the successful outcome of the Rio Conference, and stated that Chile was prepared to sign a pact which embodied the principles of the Chapultepec Act and provided for consultation for continental co-operation in case of aggression. Señor Gonzalez Videla, who is known to have discussed continental defence problems with President Dutra of Brazil, stated at a press conference that he favoured the project for a standardisation of armaments, but was opposed to a unified command, as Chile would not accept a foreign commander for her armed forces.

Nicaragua

The decree issued by the Provisional President, Señor Lacayo Sacasa, calls for elections to a Sovereign National Constituent Assembly to take place on the 3rd August, not on the 10th, as noted in *Summary* No. 397.

According to a statement made to H.M. Minister by the Nicaraguan Chief of Protocol, the Liberals—*i.e.* General Somoza and his satellites—are hoping that the projected Constituent Assembly, as representing the people, will be accepted by the other nations as a legal "solution" of the difficulty created by the *coup d'état*. Recently, however, there appears to have been a good deal of support for the alternative idea of Dr. Arguello's restoration as the only legal way out of the present constitutional *impasse*.

Meanwhile there seems to be no inclination to recognise the *de facto* régime of Señor Sacasa. The Guatemalan Congress has very firmly condemned the *coup d'état* as endangering the security of nations and recommended the Guatemalan Government to withdraw its diplomatic representative from Managua. This was followed by a statement from the Foreign Minister, which described events in Nicaragua as a threat to the peace of Central America and refused recognition of the existing régime. The Government of El Salvador has also declared that "it is not inclined to recognize the régime which has arisen in Nicaragua following acts of force." Finally, the United States Government have decided to withdraw Colonel Greco, chief of the Military Mission in Nicaragua, with his staff and equipment, pending establishment of an internationally recognized Nicaraguan Government. H.M. Government are limiting their contacts with the Sacasa régime to the necessities of routine business, while avoiding anything formal that could be interpreted as recognition.

El Salvador

Broadcast reports state that the Government of El Salvador has officially announced the discovery of a plot to overthrow President Castaneda's Government. Arms were found in the house of a certain Antonio Cornejo; arrests were made, and many persons are said to be involved.

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EUROPE

SPECIAL ARTICLE

THE FREE TERRITORY OF TRIESTE—II

As regards the Territory's external political relations, there has perhaps been a tendency in this country to an undue pessimism. Italy regards the loss of Trieste and the loss of most of her Navy as the two bitterest pills she is obliged to swallow, but she knows that she cannot attempt to retain or to regain Trieste by force of arms. For a time it seemed that Yugoslavia might take the law into her own hands and occupy the whole of the Free Territory at the earliest opportunity. There appears less reason to fear this now, and it seems likely that the Yugoslavs will aim at securing control of the constitutional machinery and so compass the annexation of Trieste by exploiting the position of the Territory's Communist party. If Trieste gets the right Governor, he may be able to counteract such activities sufficiently to allow the new State to find its feet.

Unhappily for Trieste the economic outlook is much gloomier than the political. Much of the undue optimism which has prevailed about the economic future of the Territory is due to a failure to appreciate the relative importance during the inter-war period of its industry and commerce. Before 1914 Trieste was the chief port and shipbuilding centre of the immense area lying within the Austrian customs union, and railway rates were so arranged as to make it advantageous for great parts of the Austro-Hungarian Monarchy to trade through Trieste rather than through the North Sea and Baltic ports. After 1918 the Succession States in many cases found it cheaper to use these ports because of the expensive railway haul over the watershed between the Adriatic and the Danube. Thus Czechoslovak trade went by the Elbe to Hamburg to the Czechoslovak Free Zone, and is likely to continue to do so even though some trade, e.g. oil may go through Trieste (Czechoslovak trade on the Elbe is in fact already under way with the help of

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H.M.G.). In addition to this change in the direction of trade conditions in Central Europe were such for several years after the war of 1914–18 as to preclude any flourishing trade at all. If this was true after 1918, it is even more true now when much of Central Europe lies in ruins and when such communications as are intact or repairable are not fully available for political reasons. This is markedly the case with Trieste's overland communications, the most important of which are at the mercy of Yugoslavia.

Trieste's gradual recovery during the later 1920s, and again after the economic crisis of the early 1930s, was in the main due to the development of industry carried out by Italy. By the late thirties about 70,000 workers were engaged in industry, 20,000 in the main industry, shipbuilding, and a considerable number in the oil refineries. But industry needs raw materials, and the Territory, as constituted, has none. Even before 1939 it was estimated that 50 per cent. of the cost of a ship from the Trieste shipyards was accounted for by imported materials. Trieste will suffer from another difficulty; the Trieste–Muggia shipyards were not independent entities, but were run in connection with the Monfalcone yard now outside the Territory. All three yards were under the management of the "Cantieri Riuniti," and labour was moved from one to the other as required. The bunker trade in coal and oil was and might be again of great value to Trieste. Oil always had to be imported and this should still be possible, but much of the bunker coal came cheaply by sea from the Arsa mines in Istria. Even if Yugoslavia wished to send this coal to Trieste, it is doubtful if she could afford to do so, for reports indicate that she is short of coal, even of such poor coal as the Istrian. The annual productive capacity of the Trieste branch of the Ilva iron and steel works is estimated at 140,000 tons pig-iron, 34,000 tons steel ingots, 24,000 tons steel-plates. If metallurgical coal is available, and if the works can be re-equipped (there is great need of modernisation, and there is also serious war damage), they could meet local requirements, especially those of shipbuilding. But the amounts of coal and iron-ore required are large.

The Free Territory will not only have to import all the raw materials for industry. Apart from a certain amount of vegetable produce from north-west Istria, and from such fish as can be procured by a much depleted fishing-fleet, it will be entirely dependent for its food supplies on outside sources.

The following tentative, unofficial estimates have been made of some of the Territory's needs for the current year :—

Food—
Grain : 52,800 tons.
Sugar : 3,600 tons.
Fats : 4,560 tons.
Evaporated Milk : 13,800 tons.
Frozen meat : 6,300 tons.
Cheese : 5,040 tons.

Coal: 290,000 tons. This includes 43,000 tons for space heating of public buildings and domestic consumption, but not coal for railways, for which the present estimated consumption is 40 tons a day, i.e. over 14,500 additional tons yearly. The figure also includes 8,100 tons for small scale commercial bunkers. To rehabilitate the port it is estimated that 36,000 tons a year would be the minimum required in order to start full bunker operations.

Petroleum products
Petrol : 58,600 U.S. barrels.
Gas Oil : 62,200 U.S. barrels.
Kerosene : 7,100 U.S. barrels.
Fuel Oil : 13,600 U.S. barrels.
Solvents : 6,500 U.S. barrels.
White spirit : 1,500 U.S. barrels.
Lubricating Oils : 207,000 gallons.
Greases : 111,200 lbs.

An initial quantity of 3,000 tons of fuel oil would be needed as stock for reactivation of the bunkering business. Repair of the refineries and the resumption of refining has been taken in hand, and the prospect of development in this industry is attractive, if the crude oil is available.

These estimates are for bare minima. If the merchant fleet is to be rebuilt and replaced (90 per cent. of Italy's merchant fleet, including Trieste ships, was destroyed during the war), if existing industries are to be rehabilitated, and new ones developed on a scale bearing any sort of relation to that of the pre-war years, it is estimated that the Territory will need the following industrial raw materials :—

Coal : 300,000 tons.
Crude Oil (non-paraffin) : 456,000 tons.
Iron Ore : 320,000 tons.
Oil Seeds, 262,000 tons.
Solvents : 1,750 tons.

It must also be remembered that Trieste produces virtually no consumer goods;

there is no textile industry and no manufacture of boots and shoes. Consequently these goods will also have to be imported.

How is the Free Territory to pay for all these essential imports? and even if she obtains them what likelihood of prosperity is there for the shipbuilding industry which flourished, partly because it obtained considerable subsidies from the Italian Government, partly because it formed an integral part of Italian industry? In August 1946 Signor Cosulich of the great Trieste shipping firm made a rough estimate of what seemed to him likely to be the financial situation in the Territory in the immediate future. His estimate took due account of the importance of industry in the economic life of the Territory, and he considered that the Budget would have to reckon with about 30,000 unemployed, and with a shipping subsidy. The latest economic report from H.M.G.'s Political Adviser in Trieste corroborates this view of the shortage of work. It estimates for a "hard core unemployment figure of approximately 25,000." Signor Cosulich's estimated Budget showed a deficit of some 4,000 million lire (say, £3 million at the exchange rate in September 1946). That his view is not unduly pessimistic is suggested by the financial conclusion reached by the U.K. Working Party in October 1946. They considered that the Territory would be faced with a continuous deficit of about £5 million annually for at any rate the first five years of its existence.

The creation of the Free Territory is the result of a compromise between the Great Powers who were unable to agree on the rival claims of Italy and Yugoslavia to Trieste. The idea of such a Territory had presented itself for some time before July 1946 as a possible solution, but the actual area of the Territory seems to have been agreed upon without full consideration of the political and economic implications. The French line, proposed as a boundary between Italy and Yugoslavia, would have left comparable numbers of the nationals of each country under the rule of the other. But the Territory was cut out of the area allotted by the French to Italy—with the result that far more Italians were left in Yugoslavia than Yugoslavs in Italy, and consequently the Italian sense of an unjust decision was heightened. Undoubtedly the Statute has tried to secure the political independence of the Territory, but politics and economics are inextricably mixed up in this area, and it is difficult to see how a small State whose overland communications with the outside world are wholly commanded by its neighbours can be politically independent. Trieste's transit trade with Central Europe must be free if the city's commerce is to flourish, no matter how good the regulations are for the Free Port. But right across the main line to Austria *via* Postumia and Ljubljana is Yugoslavia, and it is impossible to say what Yugoslavia will do when once the port of Fiume, which is badly war-damaged, is able to function properly. Across the other big railway line to the North is Italy, and it is doubtful how much interest Italy will show in the encouragement of Trieste's trade. Economically the compromise has produced a situation which seems to have been only too accurately described as "economic nonsense."

GERMANY

A highly important agreement affecting policy towards Germany has been reached between General Robertson and General Clay for a new industrial plan which is intended primarily for the bi-zonal area but is also a plan for the whole of Germany. The announcement of this agreement has been delayed until the machinery constituted at the Paris Conference is in operation. It provides for a revision of the Four-Power Agreement made in March 1946 which had the effect of cutting German industry to some 55 per cent. of her 1938 level. The need to modify these restrictions if Germany were to become a workable economic unit, while still maintaining security safeguards, was rapidly recognised not only by the United Kingdom and the United States but also by the Soviet Union (who in particular needed big reparations from current production). The need to raise steel production was one of the few subjects on which these three Powers—but certainly not France—could agree at Moscow. For some time, the failure to secure economic unity has made it more urgent that the bi-zonal area at least should be given the means to stand on its feet, even if the limits so far imposed on her industry have often been above the output that could actually be reached. News of the revised plan has already begun to leak out and has caused considerable anxiety in French circles, but the French Government have known for some time that such a change must be faced. Despite the

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Russians' desire for increased steel any change in the level of industry now will presumably be used by them as propaganda against the Paris discussions, whose object, they allege, is to "put Germany first."

The plan has been awaited with keen anxiety by the Germans who want perhaps more than anything to know where they stand—what they may produce and what will be dismantled and what will be retained. The lack of a firm decision and clear explanations has been a significant factor in increasing the opposition to dismantling. Frequent protests have been made in recent weeks, particularly over the fate of the Krupps works in Essen where the population wish at least to save the buildings for peaceful production. If a firm announcement about the plants now to be removed should follow swiftly on an announcement of the higher level of industry, it would be more likely to produce co-operation among the workers than continued uncertainty coupled with the vague hope that dismantling may be dropped.

The most important feature of the new plan is steel production. It is significant of the United States changed policy towards Europe, and their anxiety that Germany shall not be an economic drag, that they reversed their earlier desire, at the time of the Moscow Conference this year, for a lower steel figure than was then proposed by the British and Russians and proposed a figure higher than the British could accept. The figure for annual *production* (as compared with a somewhat higher capacity) has eventually been fixed at 10·7 million ingot tons for the bi-zonal area. This is based on a figure of 11½ million tons for the whole of Germany excluding the Saar. This shows clearly the present dependence of Eastern Germany on Ruhr steel, particularly as long as she has not access to Upper Silesia. 1936 production for the whole of Germany was 19·2 million tons. Substantial increases will be allowed for other industries. Details of these increases and certain points on which there is not yet agreement will be discussed in a later *Summary*.

On the 11th July, agreement was provisionally reached with General Clay on a way to reorganise the management of German mines in the bi-zonal area. This does not affect the question of ownership which is to be discussed in the near future. An American proposal to postpone the question of ownership for five years and to appoint interim trustees makes careful discussion necessary. H.M. Government are, however, particularly anxious that this problem should not delay the transfer to the Germans of responsibility for coal production. This transfer is now likely to take place subject to the following provisions: a department of the bi-zonal administration shall be set up to deal with all matters essentially conducted by a Government department; eventually an organisation will be set up to manage the coal industry but for the present only the chief executive will be appointed; he will be chosen and controlled by the British and U.S. Military Governments and he will in turn choose departmental heads. The Economic Council thus has no direct say in the appointments, and Military Government control remains close. Highly misleading allegations were made by the Socialist Unity Party organ *Neues Deutschland* of the 9th July when it said that H.M. Government had accepted the American plan for trustees and that the Ruhr coal mines would never be socialised. Several aspects of the Ruhr coal problem are likely to be discussed shortly in an Anglo-U.S. economic conference on Germany in Washington which is being called at the suggestion of the United States Government. According to press reports, General Clay stated publicly in Berlin on the 11th July that the possibility was being considered of a loan of $300,000,000 for modernising the Ruhr mines. This loan, he suggested, might be financed by the world bank but not by national Governments.

General Clay told General Robertson on the 3rd July that, even if the money could be found, there was not enough food available to raise the normal consumer's ration in the bi-zonal area from 1,550 to 1,800 calories this year. It had originally been hoped to make this increase in October. Nevertheless, in mid-July a joint programme for imports up to June 1948 was drawn up which aims at providing for this increased ration mainly by additional supplies of food other than grain. The plan is not restricted to available financial resources, but some at least of the additional food is known to be available. On the other hand, forecasts for the German harvest are poor so that the general outlook is still uncertain. Recent visits to Germany of members of the United States Administration, including the Secretary of State of Agriculture, have, however, undoubtedly stimulated the American Government's sense of urgency with regard to the food problem. Record grain imports arrived during June and July to help make up some of the ration

which has not been met during the past three months. The first fat imports since the capitulation have also been purchased. This good news is somewhat offset in the German mind by the rejection of the Bi-Zonal Administration's request that Germany might resume whaling; the refusal is based on decisions taken at Potsdam. There have been no food demonstrations in the British zone in the last week or so.

All six parties in the British Zonal Advisory Council rejected on the 9th July the Draft Land Reform Bill proposed by the British Control Commission, some like the C.D.U. and the German Party (the Lower Saxon Peasants' Group) because it is too radical, others like the S.P.D. because it is not radical enough and all partly because they were not given more say in its preparation. The counter-recommendations produced by the Z.A.C. appear to afford a satisfactory basis of agreement.

The latest act in the tragicomedy of Berlin Government took place on the 10th July. The Russian delegate to the Control Council failed to produce real evidence that Reuter was unsuitable to be Lord Mayor. Reuter was defended by the British and United States delegates who repulsed the Russian accusation that they themselves were disrupting the work of the Government. In the end it was decided that the Kommandatura must inform the Assembly that no agreement had been reached and that Reuter's election was not approved owing to Soviet objections. No fresh election, however, has been ordered since the British and U.S. representatives consider this pointless. It is believed that the S.P.D. and C.D.U. would prefer to leave the matter in abeyance rather than go through the farce of another "free" election. The Assembly has now decided, against the votes of the S.E.D., that it will confine its activities to essential administrative work (presumably that which does not require the approval of the Kommandatura) and it will, apparently, refrain from work on legislative programmes which it expects to see held up indefinitely by the Russian veto. This makeshift can obviously not suffice for long.

(See also under "Scandinavia")

AUSTRIA

The Austrian Government have applied for admittance to membership of the United Nations. When the application was discussed by the Security Council on the 10th July, the Soviet Union, supported on technical grounds by Australia and Syria, objected that the application was premature in view of the fact that no agreement had yet been reached on a treaty for Austria. No formal motion to shelve the application was, however, tabled, and the Austrian request was accordingly referred to the Security Council Committee on New Members. Dr. Gruber, the Austrian Foreign Minister, has privately stated that the Austrian Government had previously been assured of strong support for the application from the U.S. Government. He has added that a further motive in pressing the application at this stage has been the possibility of lodging an appeal with the United Nations, should the next Conference of the Council of Foreign Ministers fail to produce a treaty for Austria. It will be recalled that, in the closing stages of the Moscow Conference, Mr. Marshall proposed that the whole problem of the Austrian Treaty should be referred to the General Assembly of the United Nations.

Austrian pessimism in regard to an early conclusion of a treaty has been increased by the breakdown of the first Paris talks on the Marshall proposals; the consequent East-West division of Europe is reported to have produced considerable uneasiness in view of Austria's central position on that continent. According to newspaper reports in the British press, Austria's acceptance of the Anglo-French invitation to the European Reconstruction Co-operation Conference has produced a state of tension in the relations between the Austrian Government and the Soviet authorities in Vienna; the latter are reported to have warned the Austrian Government not to accept offers or plans in Paris which would involve that part of the Austrian economy which is in the Soviet zone; fears are said to be growing that the Marshall offer may lead to the division of Austria into two economic and political units. Speaking at a Socialist rally on the 13th July, the Austrian Minister of the Interior emphasised the economic character of the Paris conference, but at the same time he warned his listeners of the danger of Austria being drawn involuntarily into the maelstrom of differences between the Big Powers. Herr Helmer again stressed Austria's desire to steer a middle course politically and firmly refuted current rumours that the Austrian Government intended to transfer their seat from Vienna to Salzburg.

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Further evidence of Soviet jealousy of Western influence in Austria was shown in the objections raised at the Allied Council's meeting in Vienna on the 10th July against the Austro-U.S. Relief Agreement of the 15th June. (See *Summary* No. 398.) According to General Kourasov the Agreement contravened the Moscow Declaration of 1943, the Zonal Agreement of 1945 and the Control Agreement of 1946. It aimed, he declared, at "a clear and unilateral infringement of international agreement regarding Allied control in Austria and attempts to create for the U.S. Element a régime of exclusive control and interference in the economic affairs of Austria." All this, the Russian member maintained, was in direct contrast to the attitude of the Soviet Government in their "relief efforts."

Discussions on the oil problem continue in the Austrian Treaty Commission, and the Soviet Delegate has on at least three occasions shown a definite tendency to stray from the straight and narrow path of the agreement on procedure which was eventually reached on the 18th June after weeks of tiresome negotiations. M. Novikov protested (most unsuccessfully) against the selection, by the French Delegate, of the Steinberg-Naphtha concern as "important and typical" for purposes of discussion of Item 3 of the Oil Agenda (the validity of the acquisition of financial interests and shares by the Germans by the process of increasing the share capital without the participation of all the shareholders). Later, when Sir George Rendel suggested that this was a clear case for examination by the Committee of Experts, which should now be set to work as agreed, M. Novikov again stalled and demanded time not only to study the case in this regard but also as to whether it should even be considered further by the Commission. Finally, and again contrary to previous agreement, M. Novikov refused to pass on to discussion of another item on the agenda before discussion on Item 3 had been exhausted. The Commission thereupon adjourned. An unsuccessful Soviet attempt at an earlier meeting to drive a wedge between the United Kingdom and United States Delegates on the subject of the validity of the Bitumen Law resulted in virtually reconciling the U.S. Delegate to the views of the U.K. Delegate on this point.

The critical shortage of oil supplies for local consumption was again brought up by the British member at the Allied Council's meeting on the 10th July. Brigadier Cooke called the attention of the Council to the wide discrepancies between the supplies promised by the Russians and the amounts actually delivered, and he declared that the Soviet action was seriously prejudicing Austria's economic recovery. In the view of the British member the Soviet action was either deliberate or due to the incompetence of the management of the Soviet-controlled oil industry to carry out orders. Though he at first tried to attribute the blame to the Austrian Government, General Kurasov eventually agreed to check the facts and figures presented by the British member.

CZECHOSLOVAKIA

Although the Czechoslovak Government's acceptance of the invitation to attend the Paris Conference for European Economic Co-operation had been explicitly made subject to certain conditions and reservations, the sudden reversal of the Government's earlier decision—consequent upon the visit of M. Gottwald, the Communist Prime Minister, and M. Masaryk, the non-party Foreign Minister, to Moscow—has profoundly shocked a large proportion of the Czechs. The latter, though fully conscious of their country's dependence upon its powerful next-door neighbour for reasons of national security, sincerely desire free and open relations with the democracies. The Slovak attitude, in view of the Democrat-Communist feud, needs no special explanation. To both the Czechs and Slovaks the Soviet argument that the presence of a Czechoslovak delegation at Paris would in itself constitute an act hostile to the welfare of the Slav nations must appear in the light of a *Diktat:* indeed, it is said that a large section of the population views the Russian attitude with grave concern, describing it as "a Munich in reverse"—strong criticism from a nation no section of which has particular cause to welcome the events of 1938.

To sweeten the pill the two States have now concluded a new Five-Year Trade Agreement whereby Czechoslovakia in return for the delivery—during 1948 alone—of 200,000 tons of wheat, 200,000 tons of feeding-stuffs, and some 85,000 tons of fertilisers, cotton, wool, and the raw materials essential to her industries, will supply Soviet Russia with finished products—railway equipment, machine tools, sugar, shoes, textiles and the like. M. Gottwald upon his return, said that these deliveries would prove "significant for the development of our economic plan and full industrial employment." It is reported that to accelerate the flow of trade to and from the Soviet Union a new frontier station has been completed near Cop on the south Slovakian–Ruthenian border.

The new Treaty, considered along with the series of multilateral and interdependent agreements already (or about to be) concluded between the Slav nations and remaining Satellite States, is intended as a powerful response to the "Western" plan for continental rehabilitation. At first sight it certainly appears an irrefutable answer: with the destruction of German industry and doubts concerning Allied intentions with that country's future, the Silesian–Moravian industrial region is destined, if only temporarily, to supersede the Ruhr. A vast market for Polish-Czech production lies ready to hand in Eastern and Balkan Europe, whilst Soviet Russia, striving to repair her shattered economy, is a gigantic field for exploitation. On the other hand, Czechoslovak trade with the "West" has been steadily increasing since the Liberation; trade returns with "other countries" far outweigh trade with Russia and other satellites. Czech industrialists are also dissatisfied with the quality of deliveries from Russia, particularly in respect of raw materials upon whose import Czech economy is so dependent. If, as now appears likely, the whole of Czechoslovakia's industrial economy must conform to the Soviet pattern and requirements, it will be interesting to see what effect it will have upon Czech recovery.

The political results of the Agreement and the Moscow visit are even more important. The next election will be held, according to M. Gottwald, in May, 1948: in the meantime a "stepping-up" of Communist propaganda is to be expected, whilst the Opposition will be cautious, though caustic critics are even now calling on the Marxists for a reckoning. President Benes and M. Masaryk, both tried friends of democratic ideology in the traditional liberalism of President Masaryk, face an unenviable future which will call upon all their resources of diplomacy. Though the Communists are generally reported to be losing ground, the two statesmen must devise a scheme which will ensure internal independence without encouraging the Kremlin to tighten the screw.

In view of the scarcity of more detailed information and the extreme delicacy of the Czechoslovak Government's situation in this matter, final judgment must still be reserved.

(See also under "Hungary.")

POLAND

The final decision of the Polish Government not to accept the invitation to take part in the Marshall discussions has been defended officially on several grounds. First, the economic aid to be given by the United States will, it is argued, be made only on the acceptance of certain political conditions, and the Marshall offer constitutes therefore merely an extension of the Truman doctrine in respect of Greece and Turkey—aid of a kind which *Rzeczpospolita* terms a "narcotic injection." The Polish Government find in the supposed threat to their sovereignty a danger which menaces the future of the various national and international plans undertaken by the Slav countries. Upon the success of these plans, of course, the reputation of the several governments largely depends.

With this defence of the principle of sovereignty is interwoven the deeply-seated Polish fear of a renascent Germany. The Government consider that the countries most devastated by German aggression should receive priority in any scheme of European reconstruction. "But, in the invitation issued by the French Government," said a news commentator on the 8th July, "there is not a word about observing any priority of needs. On the contrary, it is stated that the Conference will explore the problem of aid to Germany . . . the tendencies shown by the United States financial circles, on whom depends Congress's consent, imply . . . . a return to the situation before the war when Germany dictated conditions in many European markets."

The repercussions of the Marshall offer have once more underlined the differences between the Socialists and the Communists. The former, fearing more restricted freedom of action as a result of non-participation, favoured the Plan from the moment of its inception. The general attitude of the Socialists was manifested in no unmistakable manner at the meeting of the Supreme Council of the P.P.S. on the 30th June. M. Osobka-Morawski, Minister of Public Administration and Chairman of the Party's Executive Committee, who unexpectedly made a strong defence of close collaboration with the Communists, was called upon to resign, and, although the fact has not been publicly announced, he has been succeeded by M. Rusinek, Minister for Social Welfare. At the same time, it

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is reported that there have been further arrests of independent right-wing Socialists.

As a counterweight to the effect of the Polish refusal upon public opinion, further arguments have been produced which aim at showing that Poland, because of the importance of its food and coal to Western Europe, need not hurry to accept irksome conditions. This opinion is supported by the belief that the United States needs European help to solve the problem of their surplus wealth as much as Europe does to solve its poverty. The Government appear to feel or hope—not surprisingly with the various American and International delegations (see last week's *Summary*) at present in their midst, that the door has not been irrevocably closed. For their part, the Russians, who are holding discussions in Moscow with M. Grossfeld, Deputy Minister of Industry and Trade, are possibly offering more attractive conditions than have hitherto been forthcoming, as it would appear they have already raised the stakes for the Czechs.

General Zoligowski, who died in London last week at the age of 81, helped to organise Polish forces during the Russian revolution, and, in 1920, on Pilsudski's orders, led the brief campaign which led to the capture of Vilna and its later incorporation in Poland. He subsequently became interested in politics, particularly the cause of Slavonic cooperation. During the war, he supported first Sikorski, then Mikolajczyk, and finally the Warsaw Government, in their collaboration with the U.S.S.R. He had hoped to return to Poland next month. Arrangements are being made for his remains to be carried back to Warsaw.

(See also under "Czechoslovakia.")

SOVIET UNION

Since the refusal of the U.S.S.R. to be represented at Paris, the tone adopted by the Soviet press towards the European Economic Co-operation Conference has inevitably been one of aloof superiority. The most important commentary came from the pen of Viktorov, who maintained that it was clear that the proclaimed "economic co-operation" was nothing but a cloak for political plans, since the leading participants in the Conference had proved themselves utterly incapable in the economic field at home. How could the planning of Europe be undertaken by countries so inexperienced in planning as Britain, herself suffering from acute dollar hunger, or France, tottering towards economic castastrophe? He made much play with the reservations of the Swiss Government, alleging that they would have been unnecesary had the Conference possessed merely an economic character. American imperialism, according to Viktorov, was using the situation to create a Western *bloc* of which Western Germany would be the nucleus, and was setting in motion a new Dawes plan. He concluded that the new plan would fail like its predecessors.

Little or no publicity was given to Czechoslovakia's original acceptance of the invitation to the Conference but her subsequent refusal was quoted as an instance of a clear reply of an independent State to attempts of foreign circles to impose "plans contrary to their interests upon European States." Great satisfaction was expressed with the conclusion of the Soviet-Czechoslovak five-year Trade Agreement signed on the 11th July (see under "Czechoslovakia"). The relations between the two countries were described as a model of what relations between a great Power and a small country should be, based, as they were, on mutual respect for each other's independence and on the principle of non-interference in each other's internal affairs. M. Stalin accorded the Czechoslovak delegation the honour of entertaining them himself at dinner.

Tass, discussing Albania's refusal to go to Paris, described it as due to that country's reluctance to be confronted with accomplished facts and her deep concern about the "consolidation of democratic peace and sincere co-operation among the nations." It remains to be seen whether General Hoxha, who had the honour of being received by MM. Molotov and Vyshinsky on his arrival in Moscow on the 14th July, will receive any similar *quid pro quo* in the shape of grain for the lost dollars. (See under "Albania.")

Nothing final has yet emerged from the Anglo-Soviet trade negotiations now proceeding in Moscow.

On the whole this country has come in for rather less press criticism lately than the U.S.A. Two minor instances of unpleasantness have been the complaints put out by *Trud* of the arrangements for the visit of the Soviet metal workers' delegation which has just returned to Moscow from Great Britain and the refusal of the Soviet Book Sales Organisation, *Mezhdunarodnaya Kniga* to accept delivery of 3,000 copies of "Land Operations in North Africa" in Russian, ordered in March 1946. It was alleged that the

Soviet metal workers had had no opportunity of contacting British workers at mass meetings but had enjoyed only official Trade Union hospitality, the impression being given that there had been a deliberate attempt to prevent the delegates from telling the truth about the U.S.S.R. to their British comrades. It was also complained that insufficient publicity had been given to the visit in the British press. As to "Land Operations in North Africa," the books did not reach Moscow until a year after the agreement to purchase, and *Mezhdunarodnaya Kniga* has taken advantage of this delay to wriggle out of the contract on the ground that interest in literature of this sort was now on the wane.

The Far East has recently been coming to the fore again. *Tass* of the 9th July issued a denial of the story put out in the Chinese paper *Sin Min Wan Pao* that the Soviet troops had occupied the city of Tachen in Chinese Sinkiang, and this was followed two days later by a communiqué which occupied 1½ columns in all Soviet newspapers, refuting in detail the recent allegations of the Chinese Ministry of Foreign Affairs that the Soviet Government had hindered the establishment of Chinese civil administration in Port Arthur and Dairen. The Chinese communiqué was branded as a statement calculated to assist the anti-Soviet campaign now being conducted in China, in which certain Chinese and foreign circles were showing particular interest in order to distract attention from the real situation. (See under "Far East.")

Izvestiya waxed sarcastic over the apparent monopoly enjoyed by American films in Japan which prevented the Japanese from seeing good Soviet anti-Fascist films. The commercial gentlemen on General MacArthur's staff should remember, the writer said, that they were not operating on the stock exchange where one could "indulge in dark machinations without fear of punishment." The recent claim of the Japanese Foreign Minister Ashida to the Kurile Islands produced a further attack on the American authorities, whose toleration of the Japanese militarists encouraged their shady doings and led them to behave as if there had been no act of unconditional surrender. The trial of the Japanese War Criminals was criticised in *Krasnaya Zvezda* on familiar lines.

The Gosplan results for the second quarter of 1947 which have just been published contain certain features of interest. Though the improvement shown by the published figures must be to some extent discounted by the fact that the June quarter is the easiest in the year, and though some quite serious shortcomings are admitted, nonetheless there is clearly ground for those in authority to feel more confident concerning the economic development of their country, than they did a year ago, or even in the first quarter of this year. The most encouraging feature of the report, from the Soviet point of view, was the fact that the plan for industrial output during the quarter had been fulfilled 103% and that the total industrial output of the country was 15% above that of the same period last year. Only the Ministries of Transport, Engineering, Agricultural Machinery Production and the Timber Industries fell short of their plan, but by a greatly reduced margin compared with their earlier failures. More important, however, is the fact that certain vital Ministries reached their target for the first time, namely, Iron and Steel Production, Non-Ferrous Metal Production, Coal Production in the Eastern Regions and Natural and Synthetic Rubber Production. In the case of Non-Ferrous Metals, the figures for copper, zinc and aluminium were clearly unsatisfactory; as the industry as a whole, however, fulfilled its plan 108%, the production of a number of other important non-ferrous metals—no details of which have been given anywhere—must have considerably exceeded the planned figures. Relief for the harassed consumer still seems as far away as ever, the rates of increase during the quarter in the whole range of consumption goods, particularly food and housing being lower than those fixed in the 1947 plan for the year.

In the meantime, ideology is not being neglected. The All-Union Society for the Dissemination of Scientific Knowledge is proceeding vigorously with its campaign to counteract any possible effects of the restricted liberties enjoyed anew by the Church. At a recent general meeting of founder members of the Society the Chairman of the Organising Committee announced that branches had been established in all the Union Republics and larger towns of the U.S.S.R. The June number of the Komsomol Journal, *Molodoi Bolshevik*, gave some evidence that even the young are still not sufficiently convinced of the folly of religion; in spite of the fact that, according to the publication, the

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material conditions of life in the U.S.S.R. were such as completely to eliminate the causes of religion, nevertheless some were still led astray by the difficulties of life and an incomplete appreciation of science. *Molodoi Bolshevik*, however, did not advocate strenuous measures to eradicate the remnants of religious feeling since religious prejudices were people's misfortunes, not their fault. Long patient work was necessary.

The new penal laws to protect property are being put vigorously into operation; a recent statement from the Public Prosecutor's Office is, apparently intended to show that even private property is being safeguarded in accordance with the law. One man received a sentence of five years in a labour camp for stealing a wallet in a tram and another one of eight years was for snatching money from a woman in the market.

Diplomats are still encountering the same difficulties as private people in getting their Russian wives out of Moscow. To the case of the Greek Ambassador is now added that of the son of the Chilean Ambassador (not himself a diplomat) and that of the Ethiopian Chargé d'Affaires.

SCANDINAVIA

Denmark

On the 7th July the Danish Ambassador in London handed His Majesty's Government another Note on the South Schleswig question. The contents do not in any way deviate from the policy defined in the representation made on the 19th October of last year (see *Summary* No. 365), and the purpose of the new Note is merely to draw attention to a number of points which at the present moment are of particular interest to the Danes. Adverting to a recent statement by Air Vice-Marshal de Crespigny concerning the removal from Schleswig-Holstein of some of the 1,250,000 East-German refugees, the Danish Government consider that such a transfer ought in the first place to be made of persons at present settled in the districts directly bordering on Denmark. The status of the South Schleswig Association is also brought up, and the Note points out that the concessions granted at the time of the elections did not confer on the Association the rights of a political party. Dissatisfaction is further voiced over the latest directive of the administration in Kiel concerning the admittance of children to Danish schools; equal rights with the German populations in this respect are demanded for the "Danish-minded" minority. The last point in the Note asks for full freedom of expression for the minority, and this, according to the Danish view, should entail the right of issuing a newspaper *in German* championing the cause of "Danism." Requests made for such facilities have been rejected by the Military Government, but a certain grievance may perhaps be said to exist in that the Danish *Flensburg Avis* is permitted to print official notices only in German.

The prolonged strike of the Copenhagen printers (see *Summary* No. 395) came to an end on the 4th July when with 1957 votes to 1812 the men decided to go back to work. There were 207 abstentions.

After the Swedish, Norwegian and Danish Foreign Ministers had met in Copenhagen on the 9th July a non-committal statement was made in which it was said that the three countries were unanimous on a number of measures affecting the implementation of the Marshall offer. A joint acceptance of the invitation to Paris could, however, not be announced as none of the three countries had at that time officially decided to attend.

The proceedings in Paris have already shown the extreme caution with which the Scandinavian countries have decided to participate in the work of the Committee of European Economic Cooperation, and there can be little doubt they would have preferred that the American proposals should be handled by the United Nations Economic Commission for Europe. (How exactly this could have been done after M. Molotov's refusal and the consequent non-participation of the Soviet Union and her satellites remains a mystery.) The fact that these three countries are represented at the Conference not by Cabinet Ministers but merely by their respective diplomatic representatives and certain other senior officials is perhaps significant. An examination of the composition of the various committees formed in Paris rather reinforces than dispels these doubts. Sweden is not, it should be noted, a member of the iron and steel committee. In this connexion it is interesting to note that Sweden and Denmark, at any rate, received memoranda from the Soviet Government expressing the Russian views on the Marshall Plan. Reports circulating in Sweden to the effect that the Soviet Union had urged Sweden not to accept responsibilities for the reconstruction of Europe which might interfere with the fulfilment of the Swedish-Soviet trade agreement were promptly denied in Stockholm.

Finland

The Finnish "provisional refusal" of the invitation to Paris reported in last week's *Summary* was immediately refuted by M. Enckell, the Foreign Minister, who ascribed it to usual Communist tactics and added that at the time the Government had not even considered the question. Czechoslovakia's sudden *volte face* undoubtedly sealed such hope of Finnish participation as may have existed, and the Finnish people were given another demonstration of Soviet methods through learning of their country's refusal over the Moscow radio in advance of their own news reports and press.

Iceland

A strike of dockers and transport workers organised by the Communists recently broke out in Reykjavik and is threatening completely to paralyse the economy of the country. Several ships are lying in the harbour unable to discharge their cargoes, whilst others have made for Norwegian ports. M. Olafur Thors, former Prime Minister, explained that the Communist minority had through their influence in the trade union movement attained a position enabling them in this manner to terrorise the rest of the community. M. Thors' explanation of the strike was that the Communists wanted to avenge themselves for being excluded from the Government last January.

FRANCE

Mr. Bevin broadcast from Paris a message to the French people on 14th July, the anniversary of the fall of the Bastille which has been celebrated this year with pre-war pomp and merry-making. Mr. Bevin spoke of the common objectives desired by both the British and French peoples, their common aims of maintaining freedom and resisting tyranny, and their resolve to "work together, not to dominate others but to co-operate with everyone."

The conference in Paris (see under "The European Economic Co-operation Conference") is still the centre of attention and there is in fact a tendency to look upon it as a panacea for all the ills of France. The withdrawal of Czechoslovakia from the conference caused bitter comment and papers of the Right and Centre compared the pressure put on the Czech Government by the U.S.S.R. to that exercised by Hitler at the time of Munich and the *Anschluss*. M. Ramadier, speaking at Chambéry on the 13th July, expressed profound regret at the absence of the Soviet Union from the conference but said that Soviet reservations could not prevent the other countries from going ahead and organising their own recovery with the help of the U.S.A.

It is now generally assumed in France that the Government's acceptance of the plans for European economic co-operation has made impossible the return to office of the Communists. Opposition to the Communists is therefore becoming more outspoken and there are signs that the latent split in the trade union movement may become a definite break between the Communist-led C.G.T. and dissident organisations. This split may not, however, prove of advantage to the Socialists, and the Government have been gravely embarrassed for the last fortnight by the threatened strike of 1,200,000 civil servants, organised in the Socialist-led Union of Civil Servants. After much bargaining the strike was averted and it now seems probable that the civil servants will accept the decision of the National Assembly to which the Government have submitted their proposals. The civil servants are acknowledged to be badly paid and the Government had promised to raise their salaries by the 1st July. The re-grading which must precede these salary increases is not yet completed and the Government have therefore offered to pay an interim bonus which, although much inferior to that demanded by the union, will nevertheless be a heavy additional burden on the budget.

There is some possibility that a new level of wages and prices will be established in the next few weeks. The C.G.T. and the employers' association have arranged to negotiate directly on questions of production, wages and prices, and it is unlikely that the Government will be able to hold out against their combined demands. It is to be hoped that the new price for wheat, fixed by the Cabinet last week at a level 70 per cent. higher than last year, will not involve an increase in the prices of other foodstuffs, which have in the past risen far more than the price of wheat.

General de Gaulle spoke with approval of the Marshall proposals when he addressed the Anglo-American press association on the 9th July. He talked mainly of the need for restoring European prosperity and urged the need for the prior recovery of France herself and for real and sincere agreement between France and Britain.

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North African affairs are again coming into the limelight with the announcement that the "Statute" of Algeria was at long last approved by the Cabinet on the 11th July and is due for discussion by the Assembly very shortly. Details are not yet known, but from press reports the statute does not appear to be revolutionary. It provides for an Algerian assembly with 45 members elected by the European college and 45 by the native college by universal suffrage, but this assembly will have only limited powers, mainly financial.

In Morocco there have been wild rumours that the French were about to depose the Sultan as a result of the Tangier incident (see *Summary* No. 393) or that they were keeping him under house arrest. The situation now appears to have improved, and the Sultan has signed three decrees embodying constitutional and administrative reforms. These reforms strengthen the Moroccan side of the administration and are designed to promote closer liaison between the Sultan's Government and the French authorities. General Juin, in an interview given to the Paris paper *Combat* (5th July), said that these reforms might seem elementary, but that Morocco was still a feudal country and development must take place gradually. General Juin said that his first duty was to restore order, and that he would consolidate the Sultan's Government by building up a Moroccan constitution. His statement that it was now time to replace many minor European officials by Moroccans should have a great effect if it is implemented.

(See also under "Middle East.")

SWITZERLAND

It is reported that Switzerland has accepted the invitation to the European Economic Co-operation Conference, provided that the Conference is of a purely economic character, with no political significance.

In the course of the final Parliamentary debate on the Federal budget for last year, the Minister of Finance stated that the balancing of the current year's budget was extremely problematical, unless tremendous economies were made. Expenditure of 1,500 million francs, as compared with 675 million in 1938, was much too high. The present figure included 400 million francs for interest charges and 150 million for food subsidies. Already for 1947 there was a deficit of 235 million francs, which, it was estimated, might rise to 400 million if all demands under consideration were approved.

The order of the 11th December, 1946, prohibiting the export of armaments has been prolonged for a further six months, though exceptions are permitted in the case of small arms to enable manufacturers to maintain production and be in readiness to accept Swiss orders.

A proposal by the Federal Council to establish a central organisation for the production and distribution of electricity has been rejected by Cantonal representatives.

The director of the meat section of the Swiss Food Office states that there are in the country at the present time 20,000 head of cattle less than there were a year ago, while the position regarding breeding cattle is the worst since 1931. The total meat production barely covers three-fifths of existing rations. It is estimated that production in 1948 will be about 130,000 tons, leaving 55,000 tons to be met by imports. If foreign deliveries can be assured, meat rationing might then be discontinued.

Trade unions are reported to have raised objections to the acceptance of any more foreign workers. Since the war, over 100,000 male and female workers have entered Switzerland from Italy.

An advisory commission has been formed within the Federal Department of Industry and Labour to study and report on questions submitted to it by the Federal Economic Department, such as those dealing with wage disputes, compulsory collective wage agreements, and the fixing of minimum wage rates for "home industries."

ITALY

The Italian Government accepted with alacrity the invitation to attend the Conference for European Economic Co-operation and is represented in Paris by Count Sforza. The Italians are very conscious that they have obtained in Paris the right to take part as equals with other Europeans, and Count Sforza is perhaps overzealous in his determination to put the 46 million inhabitants of Italy in the foreground of the European picture. His proposal, which has not been accepted for the present, to set up a fifth technical committee of the Conference to deal with labour and emigration questions is a natural one to come from an Italian, for the one considerable contribution which Italy can make to the needs of Europe is a supply of labour, skilled and unskilled, and her own constant problem is what to

do with her surplus population. Great satisfaction will be felt by the Italians on the election of Italy as one of the five members of the executive committee of the Conference, as well as to membership of the committees on Food and Agriculture and Fuel and Power. It may be hoped that this recognition will help to dissipate part at least of Italy's sense of inferiority.

The problem of the illegal immigration into Italy of large numbers of Jews and of their subsequent departure for Palestine from Italian ports has been a cause of genuine distress to the Italian Government, who have shown anxiety to do what they can to stop these activities (see *Summary* No. 392 of the 14th May, 1947). They have co-operated with the British authorities in delaying the departure of suspected ships, like the *President Warfield*, in this particular case by arranging for an Italian warship to shadow the ship when she left Italian waters. They have now agreed on the adoption of various measures for strengthening the control of the northern Italian frontier, particularly in the area between Italy and the French Zone of Austria, a step which had been urged for some time by His Majesty's Government. The Italian frontier police will now be required to keep much stricter watch and ward on the northern frontier, particularly in the area of the Brenner and Resia Passes, and will sequestrate all vehicles, in whatever way they may be marked, found to be transporting illegal immigrants. The Italian Government have also ordered the police to arrest any illegal immigrants found in the province of Bolzano and have added the doubtful proposition to send them over the S. Candido Pass into the British zone of Austria. The Italians obviously regard this plan as a solution of the problem raised by the reluctance of the French authorities to take back the immigrants into their zone, but, apparently, take no account of the difficulties that they would cause for the British authorities in Austria. Illegal immigrants found in other Italian provinces will be arrested and confined in the small island of Ustica, which lies about 40 miles north of Palermo, Sicily. Finally the Italians have asked His Majesty's Government to appoint a liaison officer from the British zone in Austria to act in co-operation with Dr. Vargas, the Italian inspector of the frontier area. It has not been easy for the Italian Government to take action, in view of the help known to be given particularly by Jewish workers in U.N.R.R.A. and A.J.D.C. to these immigrants both inside Italy and in the French and American zones of Austria. Steady encouragement and pressure from His Majesty's Government have at last produced some results, and, though some of the proposals may be unacceptable, it is gratifying to find Signor De Gasperi's Government prepared to take action.

Italian ratification of the Peace Treaty still hangs fire. On the 9th July the Treaty Commission of the Constituent Assembly voted by 13 to 10 for its immediate ratification, and Count Sforza, who takes to himself all the credit for this favourable conclusion, expressed the view that this vote suggested that the Constituent Assembly was likely also to favour ratification, as the proportion of the political parties is the same in the Assembly and in the Commission. Count Sforza added, however, that there was still likely to be a further delay of 10 to 15 days. On the 13th he seemed to be taking a less cheerful view of the prospect. He told the Secretary of State in Paris that general opposition to ratification was growing and that he did not think Signor De Gasperi was strong enough to resist this opposition. The Socialists and Communists seem to be waiting for Russia. Signor Nenni said on the 8th that, as the Treaty only came into force when the ratification of the Big Four had been deposited, he favoured waiting until the U.S.S.R. acted, and he admitted that he had no idea when this would be. His Majesty's Government have made it clear to Count Sforza that Italy's position and influence at the meetings of the Conference in Paris will be much stronger if she carries out her obvious duty as promptly as possible.

SOUTH-EASTERN EUROPE

Hungary

The refusal of Hungary to attend the European Economic Co-operation Conference, in common with all the other Russian-dominated countries, reversed her previous decision. The Communist newspaper, *Szabad Nép*, has attempted to justify this refusal by talk of a Western economic dictatorship. But few will believe that the Hungarian Government acted on their own initiative; and indeed, it is common knowledge that a delegation, led by M. Gerö, the Communist Minister of Communications, had been appointed when General Sviridov sought an interview with M. Dinnyés in order to impart to him the details of M. Molotov's last Paris speech. The following day the Coalition Parties rejected the Anglo-French invitation: only the Opposition voted in its favour.

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The means of pressure used to bring about Hungary's change of front are said to include German and Italian assets (forfeit to the Soviet Union), Hungarian prisoners-of-war in the Soviet Union, and an indefinite delay in the ratification of the Peace Treaty. The non-Communist Press has ventured to admit disappointment, *Népszava* declaring that the Social Democrats "would have welcomed a decision to take part in the Conference," but that the pursuit of peace must continue to guide Hungary's policy; Soviet friendship was necessary, but Hungary should remain detached from the disputes of the Great Powers (see *Summary* No. 397) and mobilize her own resources. The organ of the Bourgeois Democrats, *Világ*, went so far as to deny that participation in the Conference would have been tantamount to joining a Western *bloc*. Consolation is generally derived from the thought that Czechoslovakia suffered even greater humiliation both as a former Allied country and by reason of the publicity attached to her withdrawal.

The contradiction issued by the Czechoslovak Press of the statement that schools for the Hungarian minority were to be re-opened has once more lowered the fluctuating temperature of Czechoslovak-Hungarian relations. M. Ries, on the other hand, attested to the satisfactory character of his conversations with MM. Fierlinger and Masaryk, and the two countries have concluded a three months trade agreement by which Hungary is to deliver food in return for raw materials. In addition goods to the value of $20,000,000 will be exchanged between Hungary and Yugoslavia during the current year, and Hungary expects shortly to sign a trade pact with Bulgaria.

The introduction of the Three Years' Plan on 1st August is to be accompanied by an improvement in the standard of living. Increased bread and oil rations are to become available, and extra fuel will be supplied to private houses next winter. A reduction is forecast in the cost of potatoes, shoes, textiles, gas and tram fares, and new rates of pay for the Civil Service are to be established as from 1st January of the present year.

A clash between the Communists and the Freedom Party, in which M. Vasary and other followers of M. Sulyok were injured, is alleged to have been caused by M. Vasary's criticism of the Three Years' Plan as destructive to personal liberty and the beginning of Hungary's enslavement. The Freedom Party has also hotly denied Communist accusations of responsibility for fires which have broken out in various industrial undertakings.

The Cabinet has now agreed on the final text of the new electoral bill which is to be rushed through the National Assembly during a single session. Most important of the changes is that disqualifying former deputies of Government parties under the Horthy régime from offering themselves for re-election. The bill is clearly aimed against M. Sulyok who was a member of General Gömbös' National Unity Party. Such a measure might not be unjustified if its application were wider, but even on the Left enlightened opinion unofficially deplores its timing and direction in view of M. Sulyok's otherwise uncompromised record. Those who remember that he was considered worthy to act as Public Prosecutor against the leading war criminals, and to be considered as a candidate for the Premiership find this sudden discovery of his demerits absurd. Nor will it be forgotten that there are others in high places whose past will less easily bear investigation, as, for instance, Professor Szekfü, at present Ambassador to Moscow, but once a right-wing historian and Bethlenite. Again it was M. Tildy, not M. Sulyok, who voted in favour of war with Russia and the first anti-Jewish law. It is doubtful whether this deliberate piece of victimization was justified by expediency, since not all M. Sulyok's followers are as restrained as their Conservative but sober-minded leader.

M. Sulyok's followers have so far constituted the only serious Opposition Party, a bewildering number of at present unco-ordinated small groups is distracting public attention. At one time M. Erdei, Secretary-General of the National Peasants, suggested that the Church should form a specifically clerical Party rather than attempt to influence any of those in existence, but the Freedom Party would already appear to have filled that gap. There are, moreover, the two branches of the Democratic People's Party which failed to make use of its right to contest the 1945 election, but one wing of which is reorganising under the leadership of Professor Eckhardt and the journalist, M. Barankovics. Dissident Smallholders have also the choice of joining M. Pfeiffer or M. Parragi, who in turn broke away from M. Sulyok and is said not to differ idealogically from the Government. The new Party, which Fr. Balogh appears to have received permission to organise, will

presumably be Catholic in its allegiance, though at the same time anti-Mindszenty, as the Cardinal takes an unfavourable view of Fr. Balogh's activities. Finally there is talk, admittedly vague, of the formation of a Calvinist Party.

Yugoslavia

Yugoslav comments on the Paris Conference, since the Government's refusal to participate, have adhered so closely to the Soviet and satellite pattern as to be barely worthy of mention. The Minister for Foreign Affairs does not seem to have enjoyed the task of conveying his Government's point of view. This seems to have been considered a convenient moment for the republics of Slovenia and Macedonia to announce Five-Year Plans which are miniature replicas of the central Yugoslav Plan. And Albania and Yugoslavia have reaffirmed their friendship on the anniversary of their Treaty by concluding a Cultural Convention on the lines of those signed by Yugoslavia with Roumania, Czechoslovakia and Poland.

On the other hand the Anglo-Yugoslav economic and civil aviation talks do not seem to have been affected by Yugoslavia's attitude to the Marshall Plan. The Yugoslav Government have welcomed the British acceptance of their global offer in the compensation negotiations, and are prepared to send a delegation to London for further discussions.

The negotiations for a civil air agreement have been temporarily suspended pending consideration of an urgent American request for a firm Anglo-U.S. agreement not to grant overflow rights over our zones of Germany and Austria without the consent of the other, and also not commit ourselves about the Middle East until we saw what we would get in return. The State Department tell us that they now consider the evidence points to a general Soviet policy of keeping aircraft from outside the curtain out of the U.S.S.R., and operating in the West and the Middle East with disguised companies registered in, say, Poland and Yugoslavia, granting in return rights to the U.K. in those two countries and excluding the U.S. altogether. The Americans feel that if Justo (the Yugoslav-Soviet Air Transport Co.) is to operate from London to Istanbul and Cairo, we and the Americans should secure the right to operate to Bucharest, Budapest and Sofia as well as Belgrade. It may not be easy to find a formula which covers the requirements of both sides. The authorities in the British zone of Germany have agreed to accept 600 Yugoslavs from Egypt, where their presence is no longer desirable.

In Yugoslavia the irritation caused by the expulsion of a Yugoslav Repatriation Mission from the U.S. Zone of Austria was increased by the arrest in the British quarter of Vienna of Captain Kosta Kilibarda, a member of another Repatriation Mission. This arrest has nothing to do with repatriation, but is connected with recent abductions in which Captain Kilibarda, as a suspected OZNA agent, is believed to have had a hand.

The press has continued to grumble at the Vatican. The hint of a possible diplomatic rupture has been repeated and even dropped in the ear of the American Chargé d'Affaires by the Assistant Foreign Minister, but it has not yet been conveyed to the Papal Nuncio, who, sanguinely, believes it all to be part of a war of nerves.

Mr. Cannon, the new American Ambassador, arrived in Belgrade on the 9th July.

Greece

After the threat recently uttered by M. Porphyrogenis at the Communist meeting at Strasbourg that the Greek rebels would soon set up a "free" government, the idea of action against the Communists was much in the air of Athens. But the wholesale arrests of Communists in the early hours of 9th July took everyone, including the Communists, by surprise. 1,400 were arrested in Athens, 600 in Piræus and 500 in the suburbs. Among them were Partsalides, Secretary-General of EAM and leading member of the Communist Party, his wife, who is a well-known official of the party, three Communist trades unionists and the editor of the Communist paper, *Rizospastis*. There were no incidents and no-one was hurt. 900 people, including a number of intellectuals, were arrested at Salonica, 200 at Volo and some at Patras, Trikkala, Lamia, Verroia and Nigrita. Further arrests have since been reported. Except for a few who were very quickly released, these people were shipped off to Ikaria and other islands where their cases will be reviewed.

The Government explained that, acting on the principle of prevention being better than cure, they had nipped in the bud a plot for producing disturbances in towns all over the country as from 1 a.m. on 10th July. There was, however, no justification for the assertion that the British and American Governments had given prior approval to their proposed action. Whether a Communist *coup* was imminent

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or not, the Greek Government could not have been expected to ignore the warning that they received at Strasbourg. In effect their aim appears to have been to round up the urban part of the organisation whose military forces are challenging them in the mountains, and to forestall disturbances designed as a means of diverting the army, from pursuit of the rebels, to police duty in the towns. The attitude of the Liberals (Opposition) was somewhat reserved, but it was soon clear that the country as a whole approved of the Government's action. Well-meaning critics in Fleet Street and elsewhere who deplore the drastic measures taken, fail to see that the bitter struggle in Greece focusses a world-wide conflict and that methods of conciliation appropriate to a merely local issue may be worse than useless. So far the Government have not outlawed the Communist Party nor suppressed the Communist *Rizospastis*, which published on 12th July an article attributed to Zachariadis insisting that a "free" government must be set up.

The Rebels, working from Albanian territory, have continued their activities in the area of Mount Grammos, and on 13th July a force estimated at some 2,000 momentarily surrounded the little town of Konitsa, six miles inside Greece (see under "Albania"). Further towards the north-east, too, in the area of Mt. Beles where the Greek, Yugoslav and Bulgarian frontiers join, the rebels seem to be trying to establish a base with their backs to the territories from which they receive arms and reinforcements. It is scarcely surprising that the burden of M. Tsaldaris' remarks on the occasion of his visit to the State Department should have been to emphasise the need for enlarging the Greek army.

Albania

The Albanian Government's reply to the Anglo-French invitation to the Paris economic conference was given in a *Tass* agency despatch from Tirana on the 11th July. It was a curt refusal. One sentence read as follows: "In the light of the hostile attitude which the American Government, without any ground whatever, have persistently shown towards the Albanian People's Republic at all international conferences and meetings, whenever Albania's interests and rights have been in question, the Albanian Government doubt whether in making these proposals the American Government genuinely mean to offer any assistance to a small European country like Albania."

Further unfriendly references to the United States and to this country were made by the Prime Minister in a speech before the Assembly two days later. According to the Tirana wireless Hoxha, not for the first time, declared that the Albanian Government possessed documentary proof that the British and American representatives who left Albania in the course of last year had been spies and saboteurs engaged in preparing an armed revolution to overthrow the régime. He also repeated the fantastic charge that it was most probably the British themselves who laid the mines which damaged their own destroyers in the Corfu Channel last October.

Within a few hours of this tirade about two thousand armed men were reported to be crossing the frontier from Albania into Greece. They proceeded to attack the little border town of Konitza, evidently hoping to draw down the Greek troops from Mount Grammos, farther north. However, they met with such strong resistance that they were soon falling back beyond the Aoos river towards the frontier without having apparently accomplished more than the destruction of a bridge.

By this time (14th July) another interesting piece of information had been published: this was the sudden arrival in Moscow of Enver Hoxha, accompanied by the Deputy Prime Minister and other officials.

Turkey

The United States Ambassador at Angora signed with the Turkish Government on 12th July a short and simple agreement laying down the general conditions on which the American grant of $100 million is made and accepted. In accordance with the original stipulations of Congress provision is made for ensuring that proper use is made of American money and equipment. Details about the form in which aid is provided are to be agreed later between the two Governments.

In a statement issued on 11th July President Inönü declared that as head of the State his responsibilities towards the two rival parties—Republican People's Party and Democratic Party—were equal. This is taken as confirmation of the general view that the two-party system really is to be made more of a reality and that President Inönü will therefore shortly divest himself of the leadership of the Republican People's Party.

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THE MIDDLE EAST

Egypt

The Egyptian Note was handed to the Secretary-General of the United Nations on the 11th July by Muhammad Hassan Pasha, Egyptian Ambassador in Washington. The Note, signed by Nokrashy Pasha, is a general complaint of British policy towards Egypt. Dealing first with the question of the British troops, the Note states that such troops are "maintained in Egyptian territories" (a clear indication that Egypt and the Sudan are regarded as an integral whole) "against the unanimous will of the people," and adds: "the presence of foreign troops within the territory of a member of the United Nations Organisation in time of peace and without its free consent constitutes an offence to its dignity, a hindrance to its normal development, as well as an infringement of the fundamental principle of sovereign equality, and is therefore contrary to the letter and spirit of the United Nations Charter, and to the resolution adopted unanimously by the General Assembly on the 14th December, 1946." The Note then refers to "the unwarranted occupation of Egypt by British troops in 1882, and, as a consequence, their occupation of the southern part of the Nile Valley, the Sudan," as having enabled "the Government of the United Kingdom since 1899 to force upon Egypt their partnership in the administration of the Sudan, and subsequently to assume exclusive authority therein. Taking advantage of this situation," the Note continues, "they have adopted a policy designed to sever the Sudan from Egypt; discrediting Egypt and the Egyptians; creating discord between them and the Sudanese, and dissension among the Sudanese themselves; and instigating and encouraging artificial separatist movements. By this policy the Government of the United Kingdom have endeavoured, and are endeavouring, to impair the unity of the Nile Valley, notwithstanding that this unity is urged by the common interest and aspirations of its people." Dealing with the Treaty negotiations, the Note states: "In conformity with Article 33 of the Charter of the United Nations, and despite the fact that the presence of foreign troops is in itself incompatible with the freedom of negotiations, the Egyptian Government attempted with good faith to reach a fair settlement of this dispute by means of direct negotiations with the Government of the United Kingdom. These long and arduous negotiations having failed to achieve their end, the Government of the United Kingdom are striving to avail themselves of the Anglo-Egyptian Treaty of 1936, which cannot bind Egypt any longer, having outlived its purposes, besides being inconsistent with the Charter." The Note ends by stating that the dispute with His Majesty's Government is brought up under Articles 35 and 37 of the United Nations Charter, and requests the Security Council to direct "(i) the total and immediate evacuation of British troops from Egypt, including the Sudan; (2) termination of the present administrative *régime* in the Sudan."

The Chairman of the Security Council has stated that, despite the fact that the Council agenda is heavily loaded with the Greek case and other important matters, the hearing of the Egyptian appeal might begin on the 21st July. It seems more likely, however, that the hearing will not take place before the end of July or early August.

The Council of Ministers announced that the following Ministers will deputise for those absent in New York: Khashaba Pasha, Minister of Justice, will deputise for Nokrashy Pasha as Premier and Minister of the Interior; Abdel Ghaffar Pasha, Agriculture, for Ibrahim Saleh Pasha, Public Works; Dessuki Abaza Pasha, Communications, for Nokrashy Pasha as Foreign Minister; Badr Pasha, Finance, for Mamduh Riax Pasha, Commerce and Industry; and Aly Abdel Bey, Waqfs, for Abdel al-Razaq al-Sanhury Pasha, Education. This was published on the 1st July and appeared to be intended as a conclusive proof of the intention to go to the Security Council, and thus to silence "critical comments on the delay."

Sidky Pasha returned to Egypt, as expected, on the 12th July (see last week's *Summary*). In a statement to the press on the Egyptian Appeal he said that, in the event of a decision against Egypt, he thought that the best solution would be a return to direct negotiations with Great Britain. He then stated that, in time, he could have reached agreement with Mr. Bevin, but that the talks broke down as a result of his own ill-health and "the circumstances necessitating the departure of Mr. Bevin from England." Sidky expressed the view that the text of the Appeal was "good and natural," although it contained a new item, namely the

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abolition of the administrative system in the Sudan.

The presence of Abdel Karim in Egypt lends additional importance to the resolutions of a conference, describing itself as "the Congress of the Arab Maghrab," held in Cairo last February. These resolutions include the abolition of the treaties imposed upon Tunisia and Morocco and the denial of all French rights in Algeria; a demand for the complete evacuation of foreign troops from the three countries, and non-participation in any form of union with France. The Congress also decided to raise the "Maghrab question" before the United Nations, and to request the Arab League to recognise the independence of the three countries. As a result of this conference, the Moroccan, Algerian and Tunisian Committees in Cairo were formed into a single organisation entitled "The Office of the Arab Maghrab." Among the members of the Committee which runs the Maghrab Office are a number of extremists, whose presence turns the organisation into a dangerous centre of agitation against the French and Spanish *régimes* in North Africa. Muhammad Ben Abboud, for example, a delegate from Spanish Morocco, who has been acting as an unofficial political agent with the Arab League, is reported to have been one of the emissaries who persuaded Abdel Karim to disembark at Port Said (see *Summary* No. 394).

There are now nominally no less than fourteen other organisations in Cairo supporting independence for the North African countries, at least two of which—the National Council for the Liberation of Libya and the Egypto-Tripolitanian Union—have been actively encouraged by Azzam Pasha, Secretary-General to the Arab League. Azzam has also been trying to weaken the position of Sayed Idris el Senussi, who has hitherto been loyal to His Majesty's Government. It seems, indeed, that King Farouk and Azzam Pasha are deliberately working to make Cairo a centre for North African agitation. Early in July a meeting of Egyptian and North African elements is reported to have been held at the premises of the Young Men's Muslim Association (a nationalist youth movement led by Saleh Harb Pasha), at which a Spanish Moroccan delegate outlined the aims of the Maghrab Office. These were the removal of French and Spanish influence from North Africa and the establishment of independent Arab Governments which would become members of the Arab League. Great Britain was then attacked in the same breath as France and Spain, but the United States praised for her policy of freedom. Another sign that the North African question is coming more to the fore is a recent statement from Damascus by Sayed al Fadhil al Warthlany, Secretary of the League for Defence of Morocco (one of the fourteen organisations mentioned above) to the effect that the North African Arabs' case, no less important or less urgent than the Palestine case, would be placed before the Security Council of the United Nations, and that the Arab League would support it fully. In this connection it may be of interest to remark that last April Azzam Pasha promised the Sultan of Morocco the full support of the Arab League in his demands for independence.

Palestine

Dr. Chaim Weizmann, speaking on the 8th July before a large audience at the Y.M.C.A. Building, Jerusalem, where the U.N.S.C.O.P. is conducting its hearings, made a moving plea for partition with enough room for 1,500,000 Jewish refugees in the Jewish State. He recommended that the area of this State should include Galilee, the coastal plain, the Negev and the Jewish area of Jerusalem. Telling the Committee that anything less than "Jewish sovereignty in the whole of Palestine" was "admittedly a compromise," Dr. Weizmann recommended partition and independence of the partitioned part as the only solution. Later he stated that the advantages of partition were, first, that it was final, second, that it helped to dispel Arab fears. "It means equality of status with our Arab neighbours," he said, "which is most important, since, as long as they consider us inferior, they are not anxious to make peace." Earlier he made a reservation that the area of the Jewish State should be so drawn as to give it accessibility to the water and electrical power resources. Other points which he made were praise for the "thoughtful" speech made at the special United Nations session on Palestine by M. Gromyko; an attack on the White Paper, and a reference to Transjordan as constituting the greater part of Palestine as defined by the Balfour Declaration. Dr. Weizmann also read a letter which he had received from Field-Marshal Smuts advocating partition. He was loudly applauded by the large audience. Asked by Judge Sandström for his opinion about dividing Palestine into federal States, Dr. Weizmann said: "All these plans have gone through our heads. They do not

have the advantages of partition, which is final, definite, and crystallized."

Mr. Ben Gurion, who opened the formal presentation of the Jewish Agency case before the Committee on the 4th July, gave as his solution to the Palestine problem, "immigration and statehood for the Jews; economic development and social progress for the Arabs." On bi-nationalism Mr. Ben Gurion remarked that, for those who were satisfied with maintaining the *status quo* and freezing the development of the country, such a form of government might be satisfactory, but if development and immigration were the objectives, a *régime* of such a nature was utterly unsuitable. On the 8th July Mr. Ben Gurion explained that the Jews needed three to four years to establish an independent, democratic Jewish State under the United Nations; but he pointed out that this was only a transitional stage because the ultimate aim was a Jewish State under its own sovereignty with a Jewish majority, and democratic rights for all.

The Jewish economic case was presented on the 6th July by Mr. David Horowitz, Economic Expert of the Jewish Agency, who stated that the absorptive capacity of the country was not static, and that it was adequate for any Jewish immigration. Comparing the population density in various countries, Mr. Horowitz drew the conclusion that absorptive capacity does not depend on space but on the spirit of enterprise.

The religious case for a Jewish State in Palestine was presented on the 11th July by the Palestine Chief Rabbis, Dr. Isaac Herzog and Ben-Zion Usiel. Dr. Herzog made the charge that a survey by the Palestine Government had sought to reduce "the glorious pages of the Bible" that dealt with Jewish history to a "miserable recital of tribal worship and tribal warfare." He added that, "while the survey gives every detail of the sacred associations of Palestine for Christians and Muslims, it is completely silent on the message of the Hebrew prophets. A good deal of the failure of the Government's handling of the present problem could be explained by its unsympathetic, uncomprehending and shallow interpretation of Jewish history." Chief Rabbi Herzog then attacked those who admitted Jewish religious needs, but denied the Jews land, settlements and industry. On the same day the Agudath Israel presented a memorandum to the Committee proposing, until a final decision is reached, the granting of a monthly quota of 5,000 immigration certificates.

A non-Jewish voice was heard for the first time on the 11th July when the Bishop in Jerusalem, the Rt. Rev. W. H. Stewart, and other ecclesiastical dignitaries told the Committee that there was a bigger element of co-operative ability in Palestine than the political leaders admitted. Speaking for a unitary State, they said that it was in the interests of the whole world that there should be one land of Palestine. Co-operation should be developed along religious and cultural lines, lifting the country from the realm of politics. The purely political approach to the problem, they maintained, was bankrupt.

The Committee has appealed to the Arab Higher Committee to abandon the boycott, but no change in its attitude seems likely, and, in general, the boycott has continued to be observed. The Committee will visit Beirut from the 20th to 23rd July in order to hear evidence from representatives of the Arab countries, but it will not visit the Cyprus detention camps.

The first of the Arab Higher Committee conferences (see last week's *Summary*) was held at Haifa on the 6th July. Seventeen resolutions were passed, including the strengthening of the boycott of Jewish goods and the prevention of land sales. Mention was made of a scheme whereby every Arab able to do so is to buy a "dunum" of land (approximately a quarter of an acre) which will be preserved in perpetuity from Zionist purchase.

There are signs that the Arabs are preparing for more direct action, but, despite increasing tension, rumours of an approaching insurrection are probably exaggerated. Jamal al Husaini, Acting Chairman of the Palestine Arab Higher Committee, stated on the 7th July that an Arab uprising was inevitable unless Britain granted immediate independence to Palestine. The ex-Mufti made a broadcast statement on the occasion of the Usara and Miraj (the Prophet's journey from Mecca to Jerusalem). Thanking the Arabs for their expressions of joy on his return, the Mufti said that this was proof of their devotion and sincerity, and proof that the Arabs meant "to struggle in the face of the very serious Zionist invasion of our country and the imperialist conspiracy. Your efforts will be crowned with success. We have returned to our land more confident of the justice of our case and of our final victory." The Palestinian Ikhwan

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al Muslimin are reported to have sent a delegation to Cairo recently to convey their allegiance to the Mufti and to promise that their members would follow the Arab Higher Committee and support Mahmud Labib, the Supreme Commander of the Palestine Youth Organisation (see *Summary* No. 394).

On the 12th July two Military N.C.O.s of the Field Security, accompanied by a Jewish clerk, were abducted in Nathanya by a party of armed Jews. The Jewish clerk has since been recovered. As a result of these kidnappings Nathanya was declared a controlled area under the Defence Emergency Regulations on the 14th July.

The death sentences on the three Jews arrested in connection with the attack on Acre prison (see *Summary* No. 391) have been confirmed by the General Officer Commanding.

(See also under "Italy".)

Transjordan

King Abdullah visited Baghdad between the 8th and 12th June. Addressing a press conference, he stated that the Arabs, by selling their land to the Jews and refusing co-operation with the Mandatory Power, were largely responsible for the present deadlock in Palestine. He then went on to deplore the Arabs' policy of boycotting the United Nations Committee. In reply to a question about the 'Iraqi-Transjordan Treaty His Majesty emphasised the fact that, at his age, he was not aiming at personal aggrandisement, but was working for the benefit of the Arab nation. Referring to the demands for Syrian unity, he stated: "I am only repeating those decisions taken in 1920, which continued to be upheld by those now in power in Syria." He then denied that there was any misunderstanding between himself and the Syrian President. He referred in warm terms to the Egyptians (a somewhat novel departure), and expressed satisfaction at the creation of Pakistan. His wish to see "one Islamic Family extending from Tibet to Casablanca" seems to hark back to the grandiloquent statements of the early Arab Nationalists.

The frontier discussions between the Transjordan and Sa'udi Arabian Governments (see *Summary* No. 398) have been postponed by mutual agreement until October. A meeting between King Abdullah and ibn Sa'ud is expected to take place when the negotiations are under way. King Abdullah has been favourably impressed with the wording of the latest Sa'udi Note on the negotiations, and is now more hopeful that their outcome may be successful.

The Transjordan Government have stated that they would be pleased to give evidence before the U.N.S.C.O.P., but would only do so on Transjordan territory.

Syria

Polling (except in the Jebel Druze) finished on the afternoon of the 10th July. There were a few incidents and some fatal casualties, but, on the whole, the disturbances were fewer than might have been expected. The results are not yet known, but it appears that the Opposition have done surprisingly well at the expense of the President's supporters. There is as yet no evidence of Government attempts to influence the electorate. Mindful, no doubt, of the outcry raised in the Lebanon against alleged Government interference, the Syrian Government appear to have maintained strict neutrality.

The elections in the Jebel Druze have been postponed on account of a quarrel between the Assali and Atrash factions, which is now reported to be patched up. The Amir Hassan Atrash, Governor of the Druze, has complained that the Government are pursuing a "divide and rule" policy, and has sent delegates to Amman. This is no new departure, for the Druze, mindful of the protection which King Abdullah afforded to Sultan Pasha al Atrash between 1925 and 1938, have always looked to Amman rather than to Damascus for a lead, and are, in general, supporters of the Greater Syria plan. On this occasion Abdullah appears not to have encouraged the Druze delegates, but to have confined himself to expressing sympathy with their troubles.

A preliminary agreement is reported to have been signed on the 3rd July between Syria and Lebanon on the laying of the pipe-line from Saudi Arabia through Syrian and Lebanese territory to a point on the Lebanese coast between Saida (Sidon) and Es Sur (Tyre).

Iraq

On the 9th July sentence was passed on the Communist leader, Daoud es Sayigh, and his associates in the League of Iraqi Communists, an organisation similar to, but not proved to be connected with, the Communist body whose leader, Yusuf Salman Yusuf, was sentenced to death on the 24th June (see last week's *Summary*). Daoud es Sayigh and one of his confederates were given sentences of life imprisonment, sixteen others sentences of varying severity, while eleven were acquitted.

The 1947–48 Budget has revealed a remarkable expansion of foreign diplomatic representation. Several new legations are to be established in Europe, and the Rome Legation, closed during the war, is being re-opened. An Iraqi Consulate has already been opened in Alexandria, and another is to be established at Deir-es-Zor in Syria.

Persia

As the result of a Cabinet crisis, both Generals Ahmedi and Aqevli, Ministers of War and the Interior respectively, have resigned. General Ahmedi's resignation appears to have been due to his withdrawing his signature from a decree reimposing military government in the capital, on the grounds that it should first be submitted to the Shah for his approval. The Prime Minister held that this was unnecessary. Ahmedi was then called upon to resign, refused, and was finally dismissed by the Shah. Aqevli's resignation, on the 10th July, was probably a gesture of sympathy. The re-imposition of military government on the 8th July, sanctioned by the Shah in an official decree, seems to have been precipitated by reports that the Opposition elements were planning to stage serious disturbances in the capital when the new Majlis assembled.

The Prime Minister made a long broadcast appeal for greater unity on the 2nd July at the anniversary celebrations of his Iran Democrat Party. "The Party," he stated, "has already proved that it symbolises Persian unity. The Party which won a victory over the separatists will smash the reactionaries. Moreover, the Party, with the help of its deputies, will do everything possible to improve the conditions of the people." This speech was followed on the 6th July by a meeting at which sixty-five newly-elected deputies swore on the Quran to support Qawam and his policy. The oath also contained the clause: "I swear to resist and fight against any foreign influence which is contrary to the independence of the country and destroys the rights of the Persian nation."

Sentence has now been passed on the mutineers in the Meshed insurrection (see *Summary* No. 308, of 29th August, 1945). The sentences include two death-penalties.

THE FAR EAST

China

On 4th July the State Council in Nanking adopted a proposal put forward by General Chiang Kai-shek for the enforcement of national general mobilisation to quell the Communists in China, whom he described as "an armed rebellious group" bent on impeding the Government, obstructing the progress of reconstruction and generally threatening the safety and welfare of the nation.

On the eve of the "Double Seventh," the anniversary of the Marco Polo Bridge incident which led to the outbreak of Sino-Japanese hostilities in 1937, General Chiang broadcast to the nation—for world consumption—an address in which, after dwelling on the virtuous but fruitless peace efforts of the Government, he scathingly accused the Communists of responsibility for the death of "thousands of Chinese soldiers" and promised the nation to make every effort to suppress their insurrection and to restore peace to the country.

A natural sequel to the recent order for the arrest of the Communist leader, Mao Tze-tung, there is nothing surprising either in this decision itself, or in the Generalissimo's provocative broadcast. Both may give a momentary fillip to anti-communist sentiments, and the general mobilisation order may serve to still—if not to soothe—the tongue of complaint against the Central Government and local officials for the increased activities of already active press-gangs and for an even more ruthless commandeering of foodstuffs and other materials. But, in practice, beyond locking the already closed door against any further pretence of striving for a peaceful settlement, national mobilisation can mean little change in the course that has been pursued with such scant success ever since the Communist delegates were returned to Yenan last November, and their subsequent rejection of the proposal to send a Government representative to talk matters over in Yenan.

What is surprising, however, is that the mobilisation proposal should have been adopted by the State Council, apparently without a murmur of dissent from any of the representatives of the "middle of the road" minority parties so recently persuaded to participate in the broadening of the Government—and this in the face of

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the final resolution passed by the People's Political Council for the immediate resumption of negotiations with the Communists. Nor does the order appear to have had any immediate reaction among the students, whose demonstrations against the continuance of civil war so recently made front-page news. A *Central News* report states that, through their leaders, the minority parties have pledged their support for the proposal, and quotes Carson Chang, leader of the Democratic Socialist Party, as justifying the Government's action in the absolute necessity to take strong military measures against the Communists.

So far as the Generalissimo himself is concerned there can be no doubt but that recently his general attitude has undergone a marked stiffening. He may genuinely believe—and have succeeded in convincing those about him—in his ability once again to pull a steadily deteriorating situation out of the mire by an all-out military effort. On the other hand, he may be using, as the *Washington Post* believes, the Government's life-or-death struggle against the Communists as an appeal to the United States in "the hope of winning all-out American aid." Alternatively some disturbing whisper may have reached his ears of a growing desire for a change of leadership, or even of a plot to overthrow his régime.

Rumours are circulating that among certain military leaders such a plot is afoot. The idea appears to be that, assisted by Li Chai-sum, now sheltering in Hongkong, the 67-years-old Anhwei General, Feng Yu-hsiang—who has held many important offices in the Kuomintang—should be invited to return from the United States and replace General Chiang Kai-shek. It is suggested that this movement can rely on the active support of some thirty divisions and quite a number of influential military leaders, including the recent victor of Kalgan, Fu Tso-yi, and the once famous Shansi war lord, Yen Hsi-shan; also that, although none of the groups in the Kuomintang are involved at the moment, General Pai Chung-hsi, the Minister for Defence, and the Generalissimo's representative in the north, Li Tsung-jen, are being kept closely informed in the hope that their support also may be obtained, once the movement has been launched and is giving promise of a reasonable certainty of success. The Communists would then be invited to discuss terms with the new Government.

Whatever reliance can be placed in these rumours—if any—it is nevertheless certain that there is considerable talk of removing Chiang Kai-shek from office. Competent observers, however, remain convinced that, were his mind really set in that direction, the Generalissimo could lead the country in the path of true democracy and, what is more, that at the moment he is the only person in China capable of doing so.

The Government continue to complain that their garrisons in Sinkiang are being subjected to repeated attacks by large numbers of Outer Mongolian troops, supported by planes bearing Soviet markings. On 11th July press reports stated that the Ministry for Foreign Affairs at Nanking had lodged fresh protests with both the Mongolian and Soviet Governments, demanding the punishment of those responsible for the attacks and reserving the right to claim damages.

On the same date all papers in Moscow carried a *Tass* communiqué refuting the allegations recently made to the press by the Chinese Ministry of Foreign Affairs that the Soviet Government had hindered the establishment of the Chinese civil administration in, and the passage of Chinese troops through, Dairen and Port Arthur (See *Summary* No. 398). The *Tass* communiqué declares that the sending of Chinese troops to the Port Arthur district and the quartering of troops in the Dairen area would be entirely contrary to the Sino-Soviet Agreement of 1945, and asserts that there are not, and never have been, any Chinese Communist troops in the whole area of the naval base, or around Dairen. *Tass* claims that, by liberating Manchuria from the Japanese and then withdrawing its forces, the Soviet Union has carried out its obligations to give China military support and to respect her sovereignty.

Generally speaking, the Russian press has adopted a sharper tone lately in commenting on events in China. *Izvestiya* advises its readers to reverse the Chinese Government "slanders" regarding Soviet intervention on the Communists' side and to regard them as a cover for large-scale United States intervention and as a bid to obtain American dollars and arms. A quotation from the *New York Times* on the sale of American munitions to China (see *Summary* No. 398) suggested that the Chinese Government might also be able to purchase arms from Britain and other countries.

In this connexion it is interesting to note that in its issue of 8th July, the *Washington Post*, which voices the opinion of a substantial section of the American public, although not necessarily that ruling in official circles, expresses the view that "all-out aid for Chiang against the Communists would mean that China would absorb energies and dollars of ours which we must now conserve to reconstruct our Western civilisation . . . . The job of running the sub-continent of China is beyond the genius of anybody but the Chinese."

At the same time an official communiqué in Washington has announced that Lieutenant-General A. C. Wedermeyer, former Commander of the United States forces in China, will leave for China and Korea immediately as a special representative of the President with the rank of Ambassador, to make an appraisal of the over-all situation in that region. General Wedermeyer's mission will be fact-finding and he will be accompanied by a small group of experts.

THE UNITED STATES OF AMERICA

President Truman and the leaders of the Senate and House of Representatives have now agreed that a special session of Congress should not be necessary after all this autumn to consider proposals which may emerge from the European Economic Co-operation Conference. In making an announcement to this effect after a meeting at the White House on the 14th July Senator Vandenberg explained that, if a plan for European reconstruction in response to the Marshall offer were completed by the Paris Conference, the Senate Foreign Relations Committee could be recalled late in the year to prepare legislation for "quick Congressional action" next January. At the same time he made it clear that the President reserved the right to change his mind if an emergency arose.

This decision has clearly taken some press and radio observers in Washington by surprise. Every indication so far had seemed to be that the State Department Policy Planning Committee, the President's "non-partisan" Advisory Committee and the other bodies studying foreign relief problems would have something to offer Congress from the American side by about October. When questioned on the subject at his press conference on the 10th July Mr. Truman proved evasive, although it was understood by correspondents present that he was awaiting the outcome of the Paris Conference before deciding whether a special session of Congress would be necessary or not. As commentators have pointed out, 1948 will be a Presidential election year when, even as early as January, Congressmen will be seeking to eschew controversial issues and when they may find it irksome to have a major decision put before them. There is, moreover, a danger that the sense of urgency, which Congress is apt to lack even at the best of times, may be lost entirely if the call for action is delayed too long. The supporters of the Marshall proposals emphasize that, in any event, the very fact of Russia's refusal to participate in the Paris Conference makes an early Congressional decision—to quote the *New York Herald-Tribune*—"highly desirable, if not absolutely essential" in that it is "easy to see how the Russians would plume themselves on refusing to take part in an American project which Americans delayed in carrying to fruition." In his address to the annual conference of State Governors in Salt Lake City on the 14th July Mr. Marshall himself pointed out that the United States now stood "at a turning-point in its relations to its traditional friends and to the nations of the old world," and he warned the country that it must protect its "incalculable stake" in Europe by enlarged economic aid or see that continent turn away from democracy. For his part Mr. Marshall has recently taken a much-needed step to bring the State Department and the national legislature into closer touch on matters of foreign policy by resuming the meetings *in camera* with the Senate Foreign Relations Committee which Mr. Hull found so useful during his term of office.

Proponents of unlimited "free enterprise" like the *Wall Street Journal* sourly predict that the response of Congress will not be a favourable one if the Paris Conference merely produces "more schemes for State controls." In their view the dollar crisis in foreign countries is due largely to "mismanagement" on the part of Socialist Governments. The Left-wing Liberals, on the other hand, have clearly taken more kindly to the Marshall proposals than they did to the Truman programme for Greece and Turkey, and even Mr. Henry Wallace mildly rebukes the

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Soviet Union for not accepting the Paris invitation. In a recent impromptu debate on foreign aid in the House of Representatives the ideas which Mr. Marshall propounded in his Harvard speech were stoutly championed by Representative Everett M. Dirksen, an influential Republican member of the Committee on Appropriations, who had opposed the British loan, the Reciprocal Trade Agreements Act and similar economic measures likely to benefit other countries. Senator Walter F. George, however, suggested on the 11th July that the Administration would do well not to put forward a long-term programme and intimated that he personally would vote for the Marshall proposals only on a year-to-year basis. (Senator George is a leading Democratic member of the Senate Foreign Relations Committee.)

In some quarters on Capitol Hill there is a growing feeling that, having forced a "showdown" with Moscow on the European economic issue, the United States and the Western nations must likewise face up to Soviet failure to co-operate in the political sphere. On the 9th July therefore a group of ten Senators, drawn equally from the Republican and Democratic parties and led by Senator Homer Ferguson (Republican, Michigan), tabled a resolution calling for the revision of the United Nations Charter to "strengthen the United Nations as an instrument to prevent war and maintain world peace." This was followed by the introduction of other resolutions in the Senate and the House of Representatives asking for specific authority for the United Nations to enact, interpret and enforce "world law to prevent war." In a statement to the press explaining the object of his resolution Senator Ferguson said that he and his colleagues had been gradually coming to the conclusion that, if Russia persisted in her refusal to co-operate, it might be necessary to re-organize the United Nations without her. The Senate resolutions have now been referred to the Foreign Relations Committee. Notwithstanding the sanguine expectations of their sponsors they seem to have little chance of being put to a vote before Congress adjourns at the end of this month.

Congress still has much outstanding business to transact before the present session closes. With characteristic disregard for the express wishes of the President, Senator Taft on the 11th July brought the new 4,000 million dollar tax reduction bill to the top of the list of "essential legislation," and the measure was finally approved by the Senate on the 14th. The Bill is similar to that which Mr. Truman vetoed on the 16th June (see *Summary* No. 396), except that it postpones till the 1st January, 1948, the date when the tax relief becomes effective. The President has already threatened the measure with another veto.

Important legislation which may fall by the wayside includes the Stratton Bill to admit 400,000 European displaced persons into the United States over the next four years and the Bill for the unification of the United States armed forces. The Stratton Bill has been held up for some time by a House of Representatives sub-committee on immigration; the armed forces Bill was passed by the Senate on the 9th July. One signal achievement in the closing days of the session, however, has been the enactment on the 10th July of a revised Presidential Succession Bill, as urged by Mr. Truman since the summer of 1945. Under the new Bill the Presidential succession devolves, in the absence of a Vice-President, upon the Speaker of the House of Representatives, instead of upon the Secretary of State as hitherto.

LATIN AMERICA

Inter-American Affairs

As none of the American nations have recognised the Nicaraguan Government which took over last May, a committee of eight nations—Argentina, Bolivia, Chile, Haiti, Peru, El Salvador, Uruguay and Venezuela—has been appointed by the Pan American Union's Governing Board to consider the Nicaraguan situation and draft an interrogatory to the American governments. Replies to this interrogatory will determine whether Nicaragua shall be invited to the Rio de Janeiro Conference. The Brazilian Government's suggestion that Nicaragua should not be invited is under discussion by the Directorate of the Pan-American Union, though it has met with some criticism, on the ground that Nicaragua will always be at liberty to adhere to the agreements formulated at the conference. Brazil has agreed to abide by the Union's decision, without prejudice to any views which she may have on direct relations with the present Nicaraguan régime.

According to a Reuter report from Washington the State Department is hopeful that legislation now before Congress for the supply and standardisation of arms in the Western Hemisphere will be approved before the Rio conference meets in August. Washington officials are reported to be taking the view that the closest possible standardisation is desirable as the technical basis of the proposed defence treaty. On this point, General Sosa Molina, Argentine Minister for War, informed the press that Argentina was willing to have arms standardisation on condition that the arms were produced in Argentine factories, and that any proposals in connection therewith must be based on the arms which each country already has.

A broadcast report states that Señor Torres Bodet, Mexican Foreign Minister, has requested the extension of the Marshall proposals to Latin America. Continental defence, he contended, could not be achieved solely by military pacts; the American republics must also be economically strong.

Argentina

President Perón's broadcast of the 6th July hardly justified the importance attached to it in advance. The President had much to say about permanently banishing exploitation, destruction, hatred, social injustice and so on. The Argentines represented a country which had always respected the principles of liberty, the self-determination of peoples and the belief that all differences could be settled in accordance with the rules of law and justice. Argentina was fully aware of the needs of the world, and must help to replace misery by plenty, without falling into the unpardonable error of turning help into charity. She wished to tell the world that her contribution to peace consisted in adding her resources to world plans of assistance. There was much of this kind of talk, fortified by such phrases as "patriotic duty," "energy of the workers," "lofty mission," "spirit of liberty" and the rest. The general lines of action proposed by the President were: fuller respect for the sovereignty of nations; economic aid to countries in distress and association of the efforts of all to achieve the organisation of a permanent peace. This implied a closely related spiritual and material work, which might be summed up under three heads: (1) Spiritual disarmament of humanity (abolition of war psychosis); (2) a plan of action designed to achieve the ideal of peace (eradication of capitalist and totalitarian extremes, right or left, raising the level of social culture, replacing competition by co-operation) and (3) the firm purpose of working untiringly for the cause. The general impression left by the broadcast is that of well-meaning verbosity, the part to be played by Argentina in helping suffering Europe being left very vague and undefined.

On the 7th July the Argentine Government addressed a note to all American Governments and to the Holy See, inviting their support for President Perón's broadcast appeal for world peace. In the note, the other countries of the American continent were urged (1) to adhere firmly to pacifist principles laid down in the note, and (2) to make a joint approach with the Holy See to other peoples of the world to adhere to these principles and to offer to them the economic co-operation which is indispensable for their realisation. The note also urged that the American nations should undertake to proclaim and seek to put into effect these principles before international assemblies, congresses and conventions.

Sr. Gonzalez Videla, President of Chile, arrived in Buenos Aires on the 6th July on an official visit. He was welcomed by General Perón, members of the Argentine Cabinet and Service Chiefs. The President, who was the guest of the Argentine Government, visited Tucumán with General Perón on the 9th July, to watch a big military parade in commemoration of Argentine Independence Day.

Haiti

The State Department announced on the 10th July that with the acquiescence of the United States Government the Government of Haiti will soon float an internal loan of 10 million dollars. The Executive agreement signed in 1941 between the two Governments provided that the public debt of Haiti would not be increased until the amortisation of the whole of the bonds of the external debt of 1922–23 of the Government of Haiti had been completed, except by previous mutual agreement. In requesting the consent of the United States under the agreement provisions, Haiti states that the proceeds of the internal loan will be used in part for amortisation of the bond issues.

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THE UNITED NATIONS

Economic Commission for Asia and the Far East

The first meeting of this Commission, which is a Commission of the Economic and Social Council, on the same basis as the Economic Commission for Europe, was held in Shanghai from the 16th to the 24th June.

The Commission consists of ten members at present; India, China, Siam, Philippines, U.K., U.S.S.R., U.S.A., France, Netherlands and Australia. Its territorial scope includes British and Dutch Colonial possessions in South-East Asia.

The first meeting was devoted largely to procedural matters, but a considerable period was devoted to discussing the work which would be undertaken by the Secretariat before the second meeting which would take place in November.

The Indian Delegate was anxious to formulate a vast programme of enquiries in accordance with the Commission's Terms of Reference and in expansion of the Report of the Working Group for Asia and the Far East of the temporary Sub-Commission on Economic Reconstruction of Devastated Areas. The U.K. view was that it would be premature to set out an ambitious programme, before the Secretariat had had time to settle down, and suggested that a series of limited enquiries, *e.g.*, into coal and transport difficulties and the needs of the area as regards technical and administrative training, would be sufficient at this stage. The Russians were insistent on the need for field investigations to be carried out, primarily in India and China—a proposal which was unwelcome to both the countries concerned. In the end, a Resolution was passed which, though far too ambitious in scope, gives the Secretariat the opportunity to be selective in practice.

A point which raised some controversy was the question of associating in the work of the Commission the Nationals of the non-self-governing territories in the area. The Indian Delegate pressed for the inclusion, as full members, of all Asiatic countries such as Burma, Ceylon, Indonesia, Viet Nam. The U.K. Delegate, while expressing sympathy with this view, suggested that the needs of these territories would be more suitably met by the status of associate membership of the Commission and promised to enlarge on this at the meeting of the Committee of the Whole of the Commission, which was to take place in New York.

The Committee of the Whole met in New York on the 10th July and is still in session at the time of writing. The purpose of this Committee is to make recommendations on those terms of reference of the Commission, which were left undecided at the meeting of the Economic and Social Council in March, 1947. These include relations between the Commission and the Allied Control Authorities in Japan, the geographical scope of the Commission and the question of associate membership mentioned above. The latter subject has already been generally discussed, and the U.K. draft Resolution, suggesting that "any Territory or parts or groups of territories which is responsible for its own international relations may be proposed by the Member responsible for the international relations of such territory to be admitted as an associate Member of the Commission," has been favourably received by most Delegations, although the Indians are anxious to insert a provision that the Delegations of such Associate Members should be nationals of the territories concerned.

It will be difficult, before the next Session of the Commission in November 1947, to estimate how valuable this body is likely to be. The first Session has no doubt brought home to most Delegations the present rather nebulous character of the Commission's functions, and more constructive proposals may be expected in the future. As to the political tendencies expressed, the general line up was a majority of seven against a minority of 2; the Russians and Indians in the minority with the Siamese generally abstaining. The Russians supported the Indians on every possible occasion and the Indian Delegate frequently reciprocated this approach verbally, though in practice he appeared to have little desire to collaborate and on important occasions did oppose Russian proposals. There is little doubt that the Indians regard this Commission as a fruitful field for Asiatic collaboration under Indian direction. The Chinese Delegation having supplied the Chairman, Dr. T. F. Tsiang, entirely lacked personality and gave little indication of their ambitions, which are presumably similar to those of the Indians.

A symbol of the clashes that are likely to occur between the Asiatic Powers is the rivalry between India and China for the headquarters of the Commission. The decision on a permanent headquarters will not be taken, however, until 1948. The Siamese and Philippines (in addition to the Indians of this area) have meanwhile made a bid for the next session to take place in their capitals.

International Cereals Conference

Some forty nations were represented at the special Cereals Conference which was held at Paris between the 9th and the 13th of July. It was called by F.A.O., at the instance of the International Emergency Food Council, to assess the extent of apparent cereal shortages in the harvest year beginning on 1st July, and to impress on all consuming countries the necessity for them to arrange to collect and distribute the utmost possible from their own production, before coming to rely on imports from a limited pool of supplies.

The gravity of the world food supplies problem has been emphasised at recent meetings of the I.E.F.C. At its fourth meeting, at the end of May, its Secretary-General reported on the serious outlook. When I.E.F.C. was set up in 1946, he said, it had been hoped that the main difficulties would have been overcome by the harvest of 1947 (or of 1948 at the latest); but in spite of bumper crops in North America, this estimate has turned out over-optimistic. Another bumper wheat harvest was forecast in the U.S.A., but the maize crop was much smaller than last year and, in any case, transport difficulties would prevent greatly increased exports; the outlook for the coming crop year in Europe was not bright and the importing countries would, if they had another bad winter, find themselves less well off than even in 1946. Countries must be tided over with cereals till they could use the 1947 harvest. The moral was the need for continuation of I.E.F.C. control and a great effort everywhere to get cereals into consumption and to increase supplies. One practical proposal was that of Mr. Clinton Anderson for a cereal conference to be held in Europe. Mr. Anderson, who was present, reinforced this suggestion and emphasised that no appreciable increase in cereal exports from the U.S.A. could be expected this year, and that the conference should be a means of increasing grain collections in all areas. The U.K. delegate and some others questioned the utility of a conference, since it could only re-hash what everyone knew already; but it was finally decided to ask the Food and Agricultural Organisation to invite the Ministers of Food and Agriculture from the chief countries to meet in the third week of July.

The Conference was duly convoked and went over once more the whole topic of shortages. One country after another explained its growing and urgent need of imports. Attention was particularly drawn to the limiting effects of the shortage of nitrogenous fertilisers in holding back the desired increase of cereal production in all parts of the world.

The gist of the recommendations approved by the plenary session on 13th July was that the world as a whole was seriously short of cereals (the figure of 18 million tons as the size of the deficit was given, but this was characterized by the U.S. and Canadian delegates as quite unrealistic) and that all countries must make the greatest possible effort to collect their own crops, maintain rationing and make the best use of their own supplies.

THE EUROPEAN ECONOMIC CO-OPERATION CONFERENCE

Delegations representing the 16 countries which had accepted the Anglo-French invitation began their meetings at the Quai d'Orsay on Saturday morning, the 12th July. The first meeting of the full conference at which Mr. Bevin took the chair, lasted less than an hour. Without any discussion the conference appointed an all-delegation Working Committee to define the scope of the Conference and to determine the number of technical committees to be set up and their composition. This Working Committee held a first meeting the same afternoon and another on the morning of the 13th. Within twenty-four hours it contrived to prepare a draft plan of organisation which was presented to the conference at its second meeting on Sunday afternoon by its chairman M. Hervé Alphand (France) and forthwith approved.

At the inaugural meeting M. Bidault in his speech of welcome had made allusion straightaway to the missing European nations. He declared that "everything that was in our power to do has been done to obtain a favourable answer from a unanimous Europe to the appeal made by

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Soviet Union for not accepting the Paris invitation. In a recent impromptu debate on foreign aid in the House of Representatives the ideas which Mr. Marshall propounded in his Harvard speech were stoutly championed by Representative Everett M. Dirksen, an influential Republican member of the Committee on Appropriations, who had opposed the British loan, the Reciprocal Trade Agreements Act and similar economic measures likely to benefit other countries. Senator Walter F. George, however, suggested on the 11th July that the Administration would do well not to put forward a long-term programme and intimated that he personally would vote for the Marshall proposals only on a year-to-year basis. (Senator George is a leading Democratic member of the Senate Foreign Relations Committee.)

In some quarters on Capitol Hill there is a growing feeling that, having forced a "showdown" with Moscow on the European economic issue, the United States and the Western nations must likewise face up to Soviet failure to co-operate in the political sphere. On the 9th July therefore a group of ten Senators, drawn equally from the Republican and Democratic parties and led by Senator Homer Ferguson (Republican, Michigan), tabled a resolution calling for the revision of the United Nations Charter to "strengthen the United Nations as an instrument to prevent war and maintain world peace." This was followed by the introduction of other resolutions in the Senate and the House of Representatives asking for specific authority for the United Nations to enact, interpret and enforce "world law to prevent war." In a statement to the press explaining the object of his resolution Senator Ferguson said that he and his colleagues had been gradually coming to the conclusion that, if Russia persisted in her refusal to co-operate, it might be necessary to re-organize the United Nations without her. The Senate resolutions have now been referred to the Foreign Relations Committee. Notwithstanding the sanguine expectations of their sponsors they seem to have little chance of being put to a vote before Congress adjourns at the end of this month.

Congress still has much outstanding business to transact before the present session closes. With characteristic disregard for the express wishes of the President, Senator Taft on the 11th July brought the new 4,000 million dollar tax reduction bill to the top of the list of "essential legislation," and the measure was finally approved by the Senate on the 14th. The Bill is similar to that which Mr. Truman vetoed on the 16th June (see *Summary* No. 396), except that it postpones till the 1st January, 1948, the date when the tax relief becomes effective. The President has already threatened the measure with another veto.

Important legislation which may fall by the wayside includes the Stratton Bill to admit 400,000 European displaced persons into the United States over the next four years and the Bill for the unification of the United States armed forces. The Stratton Bill has been held up for some time by a House of Representatives sub-committee on immigration; the armed forces Bill was passed by the Senate on the 9th July. One signal achievement in the closing days of the session, however, has been the enactment on the 10th July of a revised Presidential Succession Bill, as urged by Mr. Truman since the summer of 1945. Under the new Bill the Presidential succession devolves, in the absence of a Vice-President, upon the Speaker of the House of Representatives, instead of upon the Secretary of State as hitherto.

LATIN AMERICA

Inter-American Affairs

As none of the American nations have recognised the Nicaraguan Government which took over last May, a committee of eight nations—Argentina, Bolivia, Chile, Haiti, Peru, El Salvador, Uruguay and Venezuela—has been appointed by the Pan American Union's Governing Board to consider the Nicaraguan situation and draft an interrogatory to the American governments. Replies to this interrogatory will determine whether Nicaragua shall be invited to the Rio de Janeiro Conference. The Brazilian Government's suggestion that Nicaragua should not be invited is under discussion by the Directorate of the Pan-American Union, though it has met with some criticism, on the ground that Nicaragua will always be at liberty to adhere to the agreements formulated at the conference. Brazil has agreed to abide by the Union's decision, without prejudice to any views which she may have on direct relations with the present Nicaraguan régime.

According to a Reuter report from Washington the State Department is hopeful that legislation now before Congress for the supply and standardisation of arms in the Western Hemisphere will be approved before the Rio conference meets in August. Washington officials are reported to be taking the view that the closest possible standardisation is desirable as the technical basis of the proposed defence treaty. On this point, General Sosa Molina, Argentine Minister for War, informed the press that Argentina was willing to have arms standardisation on condition that the arms were produced in Argentine factories, and that any proposals in connection therewith must be based on the arms which each country already has.

A broadcast report states that Señor Torres Bodet, Mexican Foreign Minister, has requested the extension of the Marshall proposals to Latin America. Continental defence, he contended, could not be achieved solely by military pacts; the American republics must also be economically strong.

Argentina

President Perón's broadcast of the 6th July hardly justified the importance attached to it in advance. The President had much to say about permanently banishing exploitation, destruction, hatred, social injustice and so on. The Argentines represented a country which had always respected the principles of liberty, the self-determination of peoples and the belief that all differences could be settled in accordance with the rules of law and justice. Argentina was fully aware of the needs of the world, and must help to replace misery by plenty, without falling into the unpardonable error of turning help into charity. She wished to tell the world that her contribution to peace consisted in adding her resources to world plans of assistance. There was much of this kind of talk, fortified by such phrases as "patriotic duty," "energy of the workers," "lofty mission," "spirit of liberty" and the rest. The general lines of action proposed by the President were: fuller respect for the sovereignty of nations; economic aid to countries in distress and association of the efforts of all to achieve the organisation of a permanent peace. This implied a closely related spiritual and material work, which might be summed up under three heads: (1) Spiritual disarmament of humanity (abolition of war psychosis); (2) a plan of action designed to achieve the ideal of peace (eradication of capitalist and totalitarian extremes, right or left, raising the level of social culture, replacing competition by co-operation) and (3) the firm purpose of working untiringly for the cause. The general impression left by the broadcast is that of well-meaning verbosity, the part to be played by Argentina in helping suffering Europe being left very vague and undefined.

On the 7th July the Argentine Government addressed a note to all American Governments and to the Holy See, inviting their support for President Perón's broadcast appeal for world peace. In the note, the other countries of the American continent were urged (1) to adhere firmly to pacifist principles laid down in the note, and (2) to make a joint approach with the Holy See to other peoples of the world to adhere to these principles and to offer to them the economic co-operation which is indispensable for their realisation. The note also urged that the American nations should undertake to proclaim and seek to put into effect these principles before international assemblies, congresses and conventions.

Sr. Gonzalez Videla, President of Chile, arrived in Buenos Aires on the 6th July on an official visit. He was welcomed by General Perón, members of the Argentine Cabinet and Service Chiefs. The President, who was the guest of the Argentine Government, visited Tucumán with General Perón on the 9th July, to watch a big military parade in commemoration of Argentine Independence Day.

Haiti

The State Department announced on the 10th July that with the acquiescence of the United States Government the Government of Haiti will soon float an internal loan of 10 million dollars. The Executive agreement signed in 1941 between the two Governments provided that the public debt of Haiti would not be increased until the amortisation of the whole of the bonds of the external debt of 1922–23 of the Government of Haiti had been completed, except by previous mutual agreement. In requesting the consent of the United States under the agreement provisions, Haiti states that the proceeds of the internal loan will be used in part for amortisation of the bond issues.

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THE UNITED NATIONS

Economic Commission for Asia and the Far East

The first meeting of this Commission, which is a Commission of the Economic and Social Council, on the same basis as the Economic Commission for Europe, was held in Shanghai from the 16th to the 24th June.

The Commission consists of ten members at present; India, China, Siam, Philippines, U.K., U.S.S.R., U.S.A., France, Netherlands and Australia. Its territorial scope includes British and Dutch Colonial possessions in South-East Asia.

The first meeting was devoted largely to procedural matters, but a considerable period was devoted to discussing the work which would be undertaken by the Secretariat before the second meeting which would take place in November.

The Indian Delegate was anxious to formulate a vast programme of enquiries in accordance with the Commission's Terms of Reference and in expansion of the Report of the Working Group for Asia and the Far East of the temporary Sub-Commission on Economic Reconstruction of Devastated Areas. The U.K. view was that it would be premature to set out an ambitious programme, before the Secretariat had had time to settle down, and suggested that a series of limited enquiries, *e.g.*, into coal and transport difficulties and the needs of the area as regards technical and administrative training, would be sufficient at this stage. The Russians were insistent on the need for field investigations to be carried out, primarily in India and China—a proposal which was unwelcome to both the countries concerned. In the end, a Resolution was passed which, though far too ambitious in scope, gives the Secretariat the opportunity to be selective in practice.

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The Committee of the Whole met in New York on the 10th July and is still in session at the time of writing. The purpose of this Committee is to make recommendations on those terms of reference of the Commission, which were left undecided at the meeting of the Economic and Social Council in March, 1947. These include relations between the Commission and the Allied Control Authorities in Japan, the geographical scope of the Commission and the question of associate membership mentioned above. The latter subject has already been generally discussed, and the U.K. draft Resolution, suggesting that "any Territory or parts or groups of territories which is responsible for its own international relations may be proposed by the Member responsible for the international relations of such territory to be admitted as an associate Member of the Commission," has been favourably received by most Delegations, although the Indians are anxious to insert a provision that the Delegations of such Associate Members should be nationals of the territories concerned.

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the United States Secretary of State '' and once more gave assurances that the door was wide open for the absentees. The conference itself, so promptly convened, was he said the clearest disproof of the allegation that what they had in mind to do was a menace to the nations sovereignty and independence. The purpose was quite simply to establish a special temporary organisation which could draw up the balance sheet of the resources and needs of Europe. The united effort of the nations represented would make it possible to limit American assistance to strict necessities. Speed was of the essence of the problem. M. Bidault was at pains to refute the charge that their unavowed aim was to rebuild Germany first. In the name of the French Delegation he desired to state that that was a crass distortion of their object. The formula he offered was " the resources of Germany should be utilized for Europe, including Germany." And finally, the conference had the right to speak in the name of, and to act for, Europe as a whole.

Mr. Bevin took up this theme, declaring that the speech of Mr. Marshall had been rightly regarded as a challenge to Europe to put her own house in order with all speed. He would emphasize, he said, the voluntary nature of the arrangements now being undertaken and also that the conference was economic and not political in its conception or intention. Count Sforza, the chief Italian delegate, was the only other speaker. He made an eloquent appeal for the people of Italy—"46,000,000 men and women living in the centre of Europe . . . . they have understood that everything would be in vain failing European coordination on a large scale. We must be selfish enough to suppress our selfishness."

At the meeting of the Working Committee there was a general disposition to accept in principle the Anglo-French proposals for a main committee of cooperation to direct the work of stocktaking and four technical committees, dealing respectively with food and agriculture, fuel and power, iron and steel, and transport. Certain changes were suggested, however, in matters of detail :—

(1) that the Cooperation Committee should be enlarged to include all members of the Conference and should have power to bring in the representatives of countries that might later wish to join,
(2) that a smaller executive committee should be established to help the main committee in the detailed day to day work,
(3) that the main committee should have power to make changes in the machinery of organization as and when required.

The Netherlands delegate speaking for the Benelux group of countries placed on record their view that the four-year period of the proposed survey would present certain difficulties—his own Government, for instance, were committed to planning for a shorter period.

A number of delegations favoured the creation straightaway of additional technical committees, but in the end agreed not to press their points on the understanding that such committees could be set up as and when necessary. M. Hammerskjold (Sweden) expressed the anxieties of the Scandinavian countries about the possible effects of the work of the committees of the conference on inter-European trade arrangements. Finally, at the instance of the Swedish delegate a form of words was devised to bring out more clearly the need to keep in close touch with United Nations organisations, its specialised agencies and the existing inter-governmental economic organisations. The draft plan of organisation was in the end approved unanimously by the Working Committee. It is stipulated that the report concerning European availabilities and requirements shall be submitted to the U.S.A. before 1st September, 1947.

A third plenary session on Tuesday afternoon, 15th July, approved the Working Committee's recommendations for the membership of the technical committees. The United Kingdom and France are represented on each one, and every country has a representative on one or other of them. Members of the small executive committee are the United Kingdom, France, Italy, Norway and the Netherlands.

(See also under " Italy ").

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A special article on the significance of the recent Anglo-Egyptian Financial Agreement will be found on page 30.

EUROPE

GERMANY

In the past fortnight the Western Occupying Powers have been concerned chiefly in re-examining their policies towards Germany in relation to each other and to Europe as a whole. Russia has played a more silent if none the less important rôle than of late.

The smooth progress of the Conference for European Economic Co-operation has offered hope for the future, but it has not yet made Germany's position much clearer. The Conference decided that on this matter it should seek instructions from the Control Council and that "every recommendation concerning the development of German production must conform to the decisions of the Foreign Ministers' Council and of the Control Authorities." If this means that the four control authorities must act together, there is little chance of the Conference receiving instructions. The Conference itself has lent special significance to, and in a sense complicated, the Anglo-U.S. discussions on German industry which were reported last week. There is no wish to conflict with the scope of the Conference, yet these talks have appeared to do so. Great, even excessive, publicity has been given to the disagreements which have arisen. These are first between French policy on the one hand, which is still concerned to put security before economy and to secure aid for other countries before Germany, and Anglo-U.S. policy on the other hand, which seeks to strike a balance between the demands of security and economy and to prevent Europe falling apart as the result of dry rot in her German economic core. Secondly, there are difficulties between the United Kingdom and the United States over the conflicting demands of security and economy (now largely resolved), over socialisation and

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over the scope of the official discussions proposed for the near future (the U.K. wanting to enlarge, the U.S. to limit, their scope).

The announcement from Berlin of U.S.–U.K. agreements on the level of industry and the management of the Ruhr mines has been temporarily suspended, and the whole subject is under review at Ministerial level. In view of French apprehensions at the impending changes Anglo-French meetings were held on the Quai D'Orsay on the 16th and 17th July at which U.S. representatives were also present. The French Government were informed fully of the proposals, which provoked in them the utmost dismay. (See under "France.") A Note of protest stated that the French Government "could not consider" that the United Kingdom and United States Governments were qualified to lay down measures for the control of the Ruhr mines and the level of industry for Germany. These were subjects for the Council of Foreign Ministers and the Peace Conference. (In particular, they fear that their plans for Allied Control of the Ruhr will be prejudiced.) By raising the industrial level now, while the details of American aid to Europe were still uncertain, the Occupying Powers would be giving Germany priority over other countries. If these measures were confirmed, the French Government would be obliged to make "a solemn and public protest." In a letter of reply Mr. Bevin wrote that he fully appreciated the difficulties of the French Government and that no announcement of new measures would be made until the matter had been considered with the United States Government. The latter had received a similar French communication.

French opposition is strengthened by the Government's internal difficulties. M. Bidault feels that if he should agree to a large increase in steel production as an immediate result of Mr. Marshall's proposals the Government would be overthrown by the combined votes of the Communists and De Gaullists. In M. Bidault's view it would be particular madness to risk this now when the Germans cannot even reach the level of production that they are allowed. As for the question of the French zone joining the economic fusion M. Bidault told H.M. Ambassador that he had always been prepared to agree to this, preferably after the November Conference, but that the latest steps threatened to destroy any such prospect. On the 19th July M. Chauvel, Permanent Secretary to the Quai D'Orsay, held out the hope that the difficulties might be overcome if the increase in industrial production were related to an overall plan for Western Europe although the French still had fundamental objections to the proposed level of steel production. It seems clear that the French would wish for preliminary Three Power discussions if it should be decided to bring the matter before a European Conference and that they no longer expect the Russians to be party to these plans. Unfortunately the inevitable delay while the matter is being considered will have a most deleterious effect on the attitude of the German population.

United States insistence on the need to revive German economy was underlined in a new Statement of Policy issued on the 15th July (see under "United States"). Most of the points add nothing to what is already known. The Statement makes it clear, however, that the question of public ownership versus private ownership must be decided by the Germans themselves. The United States also proposes to increase its dollar expenditure for Germany if this is necessary to restore normal trade relations between Germany and the rest of Europe or even to compensate the German economy though providing relief monies to other countries so that they can pay for German goods. Nevertheless, as Mr. Harriman, U.S. Secretary of Commerce, pointed out the following day, the United States has no intention of giving Germany priority in economic recovery and only intends her to share in the task of European recovery.

The keystone to this recovery is considered by the United States to be an increase in Ruhr coal production. No decision has yet been reached as to whether Anglo-U.S. talks on coal will be held shortly. The United States Government originally suggested talks between experts in Washington on coal production and mine ownership (see last week's *Summary*). H.M. Government, however, wished to discuss the question of ownership at Ministerial level and with other interested Governments. They also considered that there was little point in discussing coal in isolation from general German economic problems. In particular H.M. Government wish to change the financial provision of the fusion agreement, since they cannot continue to support the drain on their dollar resources. They also wish to arrange for an increase in the food ration to 1,800 calories daily and to reach decisions on the essential questions of currency reform and an exchange rate for the mark.

(It has not yet been possible to fix the latter owing to the unreal German economic situation—see also below). The United States Government refused to extend the scope of the talks, partly because they feared that they would cut across the Paris discussions, partly because of Congressional difficulties and partly because the Administration have not finally faced up to the food and financial problems. A State Department representative has told H.M. Ambassador that the United States Government could offer no additional financial assistance to Great Britain except as part of a general plan for European recovery. As a result of the United States attitude H.M. Government consider it useless to hold a meeting in Washington since the question of coal production alone can be equally well discussed in Berlin. It is felt that General Clay may be opposing most forcibly any extension of the talks unless or until he has his way over ownership of the mines. Coal production in the Ruhr has risen slightly in the last three months. The daily average in May was 215,800 tons, June 218,700, first part of July 220,740, but this is well below the March record of 238,000 tons and is little more than half the 1936 average.

Statements by a number of smaller European countries about German economic recovery have been made during the past week. The Polish Ambassador in Washington followed the Moscow line when he stated on the 20th July, according to the Press, that his country would protest against any plan which would give priority to German needs. The Netherlands delegate to the Conference for European Economic Co-operation has stated that the permitted level of Germany's industry must be revised and her resources integrated in any plan for Europe. In the United Nations Economic Commission for Europe, the Belgian representative, supported by the Netherlands and Czechoslovakia, has accused the Occupying Powers of hindering the restoration of normal trade relations between Germany and the rest of Europe. He criticised bureaucratic obstacles and the failure to bring the German internal price structure into line with world market prices. The foreign buyer must be allowed, he said, to negotiate directly with German firms as to prices, and the Occupying Powers must fix an overall exchange rate for the mark instead of continuing to fix a rate of exchange for each different transaction in an attempt to reconcile German and international price patterns.

In Berlin the political obstacles to satisfactory Four-Power Government continue to provoke mingled despondency and indignation in the German administration. The case of the Lord Mayor is in abeyance. The dismissal by the Kommandatura of Nestriepke, head of the Education Department, provides an alternative subject of debate. The reasons for Nestriepke's dismissal have never been clearly explained. The *Magistrat* (Governments) were told that he had behaved incorrectly towards the Occupying Powers. Subsequent statements by the U.S. Commander and in the press indicate that he was "impertinent" to the French and Russian authorities and that he contravened a Control Council order—although no one has yet said which order. The Four Power Kommandatura may have had excellent reasons for dismissing Nestriepke, but the manner in which it was carried out has provoked justifiable indignation. The press were informed of the decision some days before the Government, and apparently neither the Lord Mayor nor Nestriepke himself were given any warning. The case has generally been taken by the Social Democrats and Christian Democrats as another attempt—owing to the Russian use of the veto—to undermine the rights of the German Government. Dr. Schumacher told a press conference on the 11th July that the S.P.D. "would like to take the Nestriepke case as an example to explain to the world the methods applied in Berlin . . . . We shall no longer be able to look on idly if one occupying Power 'steam-rollers' the others." The question of a successor to Nestriepke and the Assembly's right to elect him without interference will cause more fireworks in the Kommandatura.

AUSTRIA

Czechoslovakia's withdrawal of her acceptance of the invitation to the Conference for European Economic Co-operation has lent added emphasis to the avowed Austrian desire to steer a middle course in Europe. Commenting on the Czechoslovak action, the Socialist *Arbeiter-Zeitung* remarked that this was all the more regrettable since Czechoslovakia had an important part to play as an intermediary between East and West. In the circumstances the overall planning aimed at for Europe by European Socialists could not

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be achieved, and the division of Europe into two camps, each carrying out a plan of international recovery, implied a danger politically for Austria. At the same time, however, it offered her a great opportunity to act as an intermediary and to render an important service to Europe by offering points of contact between East and West and in opening practical approaches for an exchange of goods. Austrian press comment on the progress of the Conference is not yet available, though no doubt Austria's representation on the Fuel and Power Committee has caused some gratification; at the same time the Austrian Government cannot fail to be aware of the keenly watchful eye of the Soviet Government over their representatives' activities in Paris.

That the Soviet authorities have every intention of making the Austrian Government's position as uncomfortable as possible in regard to the Austro-U.S. Relief Agreement of the 25th June is indicated by the dispatch of a Note of protest by the Soviet High Commissioner in Austria to the Federal Chancellor. This Note, which advances substantially the same arguments as those employed by the Soviet member at the Allied Council's meeting on the 10th July (see last week's *Summary*), concludes by asserting the Soviet High Command's inability to recognise the provisions of the Agreement as legally valid or to consider themselves bound by such of the provisions as were in their view contrary to the terms of the Moscow Declaration and decisions of the Allied Powers on the restoration of Austria's independence.

Chancellor Figl's firmly-worded reply to the Soviet Note is scarcely likely to decrease Soviet displeasure with the Austrian Government. The reply makes clear that, far from being an arbitrary provision of the U.S. Government, the stipulation for U.S. supervision of the carrying out of the Agreement was included because the Austrian Government were unable to guarantee that they were in a position to control all the economic resources of Austria and to ensure that the Austrian people would benefit exclusively from the proposed relief assistance. The Austrian Government, Herr Figl pointed out, still had no control over the working or products of the Austrian factories under Soviet control; they were, however, confident that the U.S. Government would not continue to insist on their precautionary control measures once the Austrian Government was in a position to apply Austrian law to all means of production in their country. The Chancellor therefore appealed to the Soviet authorities to allow Austrian law to be fully applied to the Soviet-controlled concerns. He also denied that the Agreement infringed either the Moscow Declaration or the Control Agreement. The Austrian Communist newspaper, *Volksstimme*, has forthrightly condemned the Chancellor's reply as "a provocation of the Soviet Union" and has deplored the fact that "the Government have not availed themselves of the opportunity provided by the Soviet Note to bring about a cancellation of the provisions curtailing our sovereignty."

Cases of Soviet-controlled factories being obliged to export the major part of their production to the Soviet Union elsewhere have already received some considerable publicity in the Austrian press. New Soviet tactics for eliminating Austrian control over imports, exports and prices were illustrated recently by a report issued by the Austrian Ministry of Food. According to this report fruit and vegetables were being imported from Yugoslavia in Soviet military vehicles and sold at excessive prices on the Vienna market. On the proceeds from the sales, industrial equipment was purchased and exported by the same means to Yugoslavia. Surplus food from stocks imported for supplementary rations for workers in the Soviet-controlled concerns (who also receive higher wages than other Austrian workers) formed part of these supplies.

The desirability of an early discussion on the status of German assets generally under Austrian law was urged by the French delegate, with the support of the leading U.K. expert, at the Austrian Treaty Commission's meeting on the 18th July. This meeting represented the conclusion for the time being of the Commission's deliberations on the oil question. The Soviet Delegate has not relaxed his determination to delay the setting up of the Committee of Experts for the examination of specific cases; arguments at the concluding meetings on the interpretation of the terms "force," "duress" and "direct forcible action" recall the tortuous discussions on these points at the Moscow Conference. A considerable amount of factual information on the oil problem has been submitted however, by three of the delegations, and the U.K. experts have been working in the closest touch with the U.S., French and Austrian experts. Progress has thus been made towards clarifying the issues at stake and generally in assessing the situation. The Commission is now to discuss the important problem of the Danube Steam Shipping Company.

SOVIET UNION

The disparaging tone of the Soviet press towards the European Economic Co-operation Conference has been kept up, *Pravda* asserting that even the most ardent champions of the Marshall plan could hardly have described the atmosphere at the close as optimistic. *Izvestiya* ascribed the alleged gloom of the final days to the fact that American aid, even if forthcoming, would be merely a drop in the ocean, that Great Britain, with France a close second, would get the lion's share, and that in any case Congress was not apparently inclined to vote any aid at all. Much was made of differences between Great Britain, the U.S.A., and France over the Ruhr question, which were said to have made it impossible even to lay the foundations for working out a general European economic plan.

The conditions of the American loan to Great Britain were cited as an apt illustration of the onerous terms on which European countries could expect American aid. The loan bore hardly on the British consumer, but it was imposed by certain circles who, ignoring the interests of their own people, were ready for selfish reasons to allow the United States to play a decisive part in European economic recovery. The article concluded with a word of praise for the British *nation*, which, "like other democratic nations," was said to desire co-operation in the political and economic field between equals, with no encroachment on national sovereignty by foreign interference. Such co-operation, according to *Pravda*, was only truly possible between two countries which both had a planned economy, and the recent Soviet-Czechoslovak Agreement was quoted as an example of fruitful co-operation on a basis of full equality. A discussion of the Czechoslovak Two-Year Plan provided incidentally an opportunity for a dig at the Americans, who were accused of having caused more damage in Czechoslovakia than the Germans, and of only having done their bombing in the last days of the war when it had no strategic significance.

The realities of Moscow's treatment of the Czechs over the Marshall offer do not quite fit in with *Pravda's* picture of harmonious co-operation between equals. M. Stalin apparently made it quite clear that the Russians would regard Czechoslovakia's attendance at Paris as an unfriendly act. In the Czechoslovak view it was, however, M. Molotov, rather than M. Stalin, who was chiefly responsible for Moscow's intransigent attitude in general towards the Marshall offer.

The Soviet-Hungarian Trade and Navigation Treaty, signed in Moscow on the 11th July, provides a further example of the Soviet idea of "co-operation between equals" in practice. The Russians had apparently threatened not to ratify the Hungarian Peace Treaty unless their terms for the economic agreement were accepted. In the end the Hungarians secured agreement for a trade turnover for 1947–48 of 30,000,000 dollars, instead of the $50,000,000 for which they had hoped. The working of the Russo-Danish Commercial Agreement of July 1946 affords another illustration of the fact that "commercial co-operation between equals" does not always work out to the advantage of the *secundus inter pares*. Danish exports to the U.S.S.R. exceeded Russian exports to Denmark by over 49 million kroner for the first five months of the current year, and Danish efforts to get the balance settled in gold or dollars in accordance with the terms of the Agreement, have so far met with no success.

It is of interest that in spite of his sympathetic attitude towards the Russian people and attempts to secure general understanding for Soviet difficulties, the English writer, Mr. Edward Crankshaw, should have incurred the bitter displeasure of the Party magazine *Culture and Life*, for his alleged "slanderous, vicious fabrications" concerning the status and activities of Soviet writers. It was said to be highly disingenuous of Mr. Crankshaw, who had witnessed the "incessant labour" of Soviet writers, to shed crocodile tears over their lack of freedom when he himself was merely the slave of the gentlemen who were paying for his slanders. *Trud* has supplemented its recent disagreeable remarks about the reception of Soviet metal workers in this country by a criticism of the National Amalgamated Furnishing Trades Association for trying to compel a few Soviet workers from a Kiev prosthesis factory who had gone for six months to study production technique in their branch at a British firm, to join their union. The move was represented as being the work of London trade-union reactionaries who were forgetting their duty of proletarian solidarity. Actually the Union Secretary who wrote to the Soviet Ambassador insisting on the Russians joining the Union is said to be an open member of the Communist Party. A trickle of Soviet visitors continues to reach this country. The most notable new arrival is the delegation of

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scientists headed by Academician Orbeli, which has come to take part in the 17th International Physiological Congress at Oxford. These Congresses should take place every three years, but were interrupted by the war, the last being held at Zürich, in 1938. Academician Orbeli was concerned with the reception of the foreign scientific delegations which visited Moscow in June 1945. He is the representative of the U.S.S.R. on the permanent Committee for the Convocation of Congresses. Academician Palladin, President of the Ukrainian Academy of Sciences, is also a member of the delegation.

Soviet scientists have also been attending the International Congress of Pure and Applied Chemistry. Nesmeyanov, the leader, is a member of the Academy of Sciences and in February 1947 was appointed Secretary of the International Chemical Society.

Metropolitan Grigorii of Leningrad, the tried ecclesiastical negotiator, who is very active despite his 77 years, has just left for the U.S.A. where he has many tangles to unravel. A situation among the Russian Orthodox Church in America is developing somewhat comparable to that in Paris, several of the bishops having broken away and declared renewed allegiance to Metropolitan Anastasy in Munich after the decision of the head of the Russian American Church, Metropolitan Theophilus, to come to an agreement with Moscow, albeit on his own terms. Acute controversy is raging over the possession of the Russian Orthodox Cathedral in New York, which has just been awarded by a civil court to Metropolitan Theophilus. Metropolitan Benjamin, Exarch of the Moscow Patriarchate, who had managed to gain possession of it, has had to retire with what good grace he can muster.

Corrigendum

With reference to the third paragraph of the Soviet Union Section of No. 399, the Embassy at Moscow have commented that the Soviet public has grown accustomed to major differences revealing themselves at international conferences, and that, so far as the Embassy can judge, it has not shown any special reaction at all to events in Paris. There is certainly no reason to think that the Soviet Government is in a difficult situation or is having to impose an unpopular policy on an unwilling public.

SCANDINAVIA

Denmark

Dano-Faeroese negotiations which have been proceeding in Copenhagen during the last two months concerning the future status of the Islands were concluded on the 15th July, when details of a new Danish offer were released. The proposals include the granting of complete legislative authority to the *Løgting* in all internal matters, whilst the Faeroese representation in the Lower Chamber of the Danish *Rigsdag* will be increased from one to two members. The Faeroese will, further, have their own representative in the Ministry of Foreign Affairs, and will be given the right to participate in any commercial negotiations directly affecting their interests. The Faeroese national flag will receive recognition, and Faeroese will be the first language in all the schools in the Islands. Danish, however, will continue to enjoy an equal status with that of the native language for all other purposes, and the union under the Danish Crown is to be maintained.

The Danish offer, it is reported, was accepted with a few minor amendments by the Social Democrat, Unionist, and Home Rule representatives, while the extreme nationalists, the *Folkaflokkur* or People's Party, declared their opposition. Explaining his party's attitude M. T. Petersen said that the *Folkaflokkur* regarded the result of the referendum of last September as the final wish of the Faeroese population and that, therefore, nothing short of complete and unconditional independence was acceptable.

The Unionists on the other hand considered the Danish proposals too far-reaching; the present relationship between the Faero Islands and Denmark was fully satisfactory. But they approved the proposals as retaining the much valued link with Denmark.

The main difficulty during the negotiations centred upon the question of Faeroese representation on commercial delegations, and it appears that the Islanders were of the opinion that they should be allowed to conclude their own trade agreements, submitting these to the Ministry of Foreign Affairs in Copenhagen only for final approval.

After the conclusion of the negotiations the Faeroese representatives returned home where it is expected the *Løgting* will shortly consider the Danish offer. As the Social Democrats together with the Unionists have a clear majority over the

Folkaflokkur since the elections to the assembly last November (see *Summary* No. 368) there is little reason to doubt that it will be accepted.

LOW COUNTRIES

The Netherlands

Simultaneously with the opening of local military operations in Java [see under "The Far East"], the Dutch Prime Minister, Dr. Beel, in a broadcast to the Dutch people (20th July), explained his Government's action. The Government, said Dr. Beel, had authorized the Lieut-Governor-General, Dr. van Mook, "in view of the continuation and even intensification of hostilities and demolitions" to employ the forces at his disposal for "police action" in order to do what the Republic appears incapable of doing. Dr. Beel declared that the Government had been "as accommodating as possible towards the Republic, shewing full appreciation of the healthy nationalist current in Indonesia," but that they could not "tolerate" the "daily violations" of the Linggadjati Agreement, to the principles of which they still adhered. As soon as leadership of the Republic, "capable of real co-operation in accordance with Linggadjati," had been established, a place would be found for the Republic on an equality with "that now occupied by other States of Indonesia." Up to Tuesday [15th July], continued Dr. Beel, the Government had hopes of reaching agreement with the Indonesian Prime Minister, but the Indonesian Cabinet had repudiated him. Dutch sovereignty had been rejected by the Republic, which had violated agreement after agreement. The Netherlands Government, therefore, felt no longer bound by the Linggadjati Agreement; but they were prepared to negotiate "at any moment with any Republican Government willing and able to fulfil the terms of the Agreement."

Discussing the situation with Dr. van Vredenburch, Political Director of the Dutch Foreign Office, on the eve of the military operations, H.M. Chargé d'Affaires said that he felt sure that Dr. van Vredenburch would agree that it was of the utmost importance, not only from the point of view of the Netherlands but also from that of her friends, that a solution be found which avoided the use of force. There was a possibility (which could not be ignored) that the matter might be referred to the United Nations, the result of which would be to cause embarrassment to the U.S.A. and the U.K. and to many other countries besides. There was a possibility, too, that the issue might endanger Western European and American solidarity, which would be particularly deplorable at a time when so much hope was being pinned on the outcome of the Paris Conference. Furthermore, however good a case the Dutch thought they could make out, American and British public opinion would inevitably blame whichever side fired the first shot. Dr. van Vredenburch expressed himself as being in complete agreement with these views; but asserted that, so far as the Dutch were concerned, the position —particularly from an economic point of view—was becoming untenable, with the result that an immediate solution had to be found. Hitherto not one of the Dutch proposals on paper had been agreed to by the Indonesians: they were ready enough to agree to them orally, but as soon as they returned to Jogjakarta they repudiated them. Such a state of affairs could not go on. H.M. Chargé d'Affaires then suggested that perhaps the Dutch in Java had failed sufficiently to take into account Oriental "face." In the past it might have been possible to obtain complete satisfaction for an unilateral request supported by force and ultimata; but a new era of relationship with the peoples of the East had been ushered in, of which the Indonesians were well aware. H.M. Chargé d'Affaires assured Dr. van Vredenburch of Great Britain's fullest sympathy with the Dutch need for an immediate solution, but expressed the view that, even under the strain of continued patience, it was more likely to be achieved without the use of force provided that they paid more regard to Oriental psychology.

An urgent appeal against any strike action as a result of the Indonesian crisis has been issued to Dutch workers by the Executive Board of the Dutch Association of Trades Unions, but the Unity Trade Union (Communist) has called on all transport workers, dockers and seamen to boycott all transport to Indonesia from both Dutch and foreign ports.

FRANCE

The French, from M. Bidault downwards, were thrown into considerable alarm and despondency about the possible consequences—both on the domestic situation and on the Paris Conference—of any

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statement at this moment on the need for raising the level-of-industry target of the Anglo-American Zone of Germany. (See under "Germany.") The French Government's point of view was expounded once again by M. Chauvel (Permanent Secretary of the Quai d'Orsay) to Sir Edmund Hall-Patch: such a statement would be a confirmation of the fears of Frenchmen of all parties—and would play into the hands of the Communists. French dismay took the form of an official Note of protest issued on the 17th July together with a personal letter in his own handwriting from M. Bidault to the Secretary of State. M. Bidault sent another communication in even stronger terms to Mr. Marshall in which he affirmed that he had "burned his boats" by associating his Government with that of the United Kingdom in the direction of the plans for European economic co-operation now being drawn up in response to the Marshall incentive. Mr. Bevin replied at once to M. Bidault's letter agreeing that the issues involved required further consideration in the light of the enterprise to which they had jointly set their hands in Paris. Incidentally the tone and substance of Mr. Bevin's speech to the Northumberland miners at Morpeth on the 20th July have gone some way towards allaying French anxieties.

The dogged determination of France's present leaders to stand their ground was reflected in a speech which M. Ramadier made the same day to the Socialist Federation of Perpignan. There was no intention, he reiterated, of denying Germany a place in the sun, of seeking to eliminate her for ever from the European community; but surely the needs of the war-time Allies should deserve and have precedence over those of their enemies. That was the message which old Europe sent to young America: "the victims must come before the butchers."

The main part of M. Ramadier's speech was devoted to an evocation of France as the traditional standard-bearer of peace continuing to do all in her power to keep the United States and Soviet Russia from lining up against one another. Russia, he said, is willy-nilly part of Europe, and it is up to us to bring her back to the fold. His conclusion was that it was only through Socialism, through the Socialist management of European affairs, that the European balance and European civilization itself could be preserved.

As foreshadowed in last week's Summary the threatened strike of the 1,200,000 civil servants and municipal and other public functionaries was averted after the Government had made a final offer of payment of interim bonuses, pending regrading and the appropriate salary increases, which made up a total of 24 milliard francs—as compared with the demands for 27 milliards put forward by the public servants' trade union organisation in the previous negotiations. M. Ramadier achieved his success by a skilful transfer of the responsibility for the final decision from the Government to the National Assembly. For, on the one hand, by the terms of the Constitution (Article 17) the Assembly has no authority to vote any increase of pay to Government servants or to approve any motion involving an addition to the item of expenditure in the budget estimates; on the other hand the civil servants' union would scarcely wish to challenge the will of the elected representatives. Thus, in the early morning of the 18th, after an eleven hours' session—which was three times suspended to allow for party discussions—the Assembly approved unanimously (600–0) a slightly amended version of the Government's scheme. But the proceedings were scarcely edifying. They began with a "suggestion" (*vœu*) put forward in the name of the Socialist group embodying figures considerably in excess of those constituting the Government's final offer—which themselves represent a heavy charge on the budget. This motion secured the support of the Communist spokesman. At a later stage in the debate the Communists, not to be outbid, plumped for a three milliards' increase, to be obtained from the military credits, but their amendment was defeated by 346 to 217 votes. In the meantime M. Ramadier had spoken, repeating that the amount of 24 milliard francs was the absolute limit that the Government could concede without wrecking the régime—21 milliards in respect of the 1947 budget and an additional three milliards set aside for the 1948 credits. He was very much averse, he said, to asking for a vote of confidence on a motion put forward by his own party—it would obviously embarrass considerably his Socialist colleagues in the Cabinet. All that he could suggest, as he had explained to the Finance Commission, was a book-keeping adjustment, a juggling with the figures envisaged for the various periods of the two budget years, which might offer immediate relief without serious detriment to the national finances. The leader of the Socialist group, M. André Le Trocquer, decided that honour was satisfied and promptly withdrew their "suggestion." It was patently a demagogic manœuvre, in anticipation of the municipal elections in October next; and as such it has been harshly condemned by *Le Monde* representing independent French opinion.

The civil servants' union accepted the Assembly's ruling under protest. The centre of interest has now shifted to the discussions on wage scales and price regulation between the C.G.T. and the Employers' Federation (in accordance with the agreement of the 8th July) which began on the 16th July. The aim is to have agreed proposals to submit to the Government before the end of the month. If by then the Government are not ready with measures providing for new wage-scales the Employers' Federation, apparently, will instruct its members to pay out a bonus "on account." The Government, it is said, are distinctly uncomfortable about this new form of syndical pressure.

While he was in Paris the Secretary of State obtained from M. Bidault a promise of full co-operation for the plan to return to France the 4,554 Jewish illegal immigrants who had been embarked on the S.S. "President Warfield" at the French port of Sète (see under "The Middle East"). Mr. Bevin had broached the matter on the 12th July to M. Ramadier, pointing out the danger for France's North African territories of the indulgence shown to Jewish immigrants by the French authorities on more than one occasion. For, in the case of Palestine, Arabs as well as Jews were affected, and a similar problem of trouble-makers being introduced into French-controlled territories might easily arise. H.M.G. had taken drastic measures to control the movements of British subjects in North Africa, and only asked that the French Government should reciprocate in this matter of the illegal Jewish traffic. The Secretary of State took occasion to remind the French Prime Minister of the written undertakings previously given to apply strictly the safety of life at sea and loadline conventions to suspect vessels. M. Ramadier professed ignorance but undertook to make an enquiry into the specific case of the S.S. "President Warfield." The outcome of subsequent discussions at the official level was an agreement, announced in London on the 21st July, that the Jewish emigrants in question would be disembarked at Villefranche-sur-Mer and would remain in France while arrangements were being made for them to proceed to Colombia. (Most of them had produced travel documents bearing Colombian visas, real or forged, before they left France.) It was made clear that their return from Haifa, where they had been trans-shipped, to the country of embarkation was in accordance with pre-War practice.

On the 16th July the establishment of an all-party French Committee for United Europe was announced with M. Herriot as President. The committee includes the names of MM. Paul Reynaud, Paul Bastid, Pierre-Henri Teitgen—a prominent member of M. Ramadier's Government—M. André Siegfried, M. Paul Claudel, Professor Edmond Vermeil and leading personalities of the Catholic and Protestant churches. Its formation coincided with a delegation of British representatives of the United Europe movement and other societies working to a similar purpose led by Lord Layton.

SWITZERLAND

His Majesty's Government have assumed responsibility for the repatriation of the Japanese—about thirty in number—who still remain in Europe—in Switzerland, Sweden and Italy. Transport difficulties, however, have so far prevented this undertaking from being carried out.

By an agreement recently concluded between the Swiss and the French Governments, German prisoners-of-war escaping into Switzerland from France will be turned over to the French Authorities in the French Zone of Germany on the condition that they are set free there. The Swiss Government have asked for a similar assurance from the other three Occupying Powers.

It is reported in the Swiss Press that a trade and payments agreement, valid for one year, was signed at Berlin on the 12th July, between Switzerland and the Soviet Zone of occupation in Germany. The new agreement would replace that of the 8th August, 1946.

According to a Swiss wireless report, conversations were opened in Berne on the 7th July with a view to a new commercial treaty with France. The present agreement expires on the 31st July.

The National Defence Commission of Switzerland has been touring the St. Gotthard region to examine questions affecting its defence in the light of experiences during the war.

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Last-minute intervention by the Federal Council has induced employers and employees in the building industry to settle their current disputes (see *Summary* No. 396) by means of a collective wage agreement covering the whole of Switzerland. Provision is made for increased wages, paid holidays, and sickness insurance, the employer paying two-thirds of the premium. The Price Controller has authorised an increase of between 8 and 10 per cent. in building costs. The wage rate for bricklayers in Basle has been provisionally fixed at 2·67 frs., and that of labourers at 2·29 frs. per hour.

The American Bill dealing with the compensation of neutral countries which suffered damage as a result of military operations during the war has been submitted to the Senate. It is reported that the sum provided for the damage caused by the bombing of Schaffhausen amounts to about 12 million dollars.

The Federal Council have asked the Federal Assembly for a new credit of 20,000,000 frs. for the continuation of Swiss relief work abroad.

ITALY

Italian ratification of the Peace Treaty does not seem likely to take place in the immediate future. The uncertainty about ratification by the U.S.S.R. is the deciding factor in the situation. Ratification would be unpopular in Italy, and even if it was certain that the U.S.S.R. were about to ratify Signor De Gasperi would be taking a considerable risk if he went further than he and Count Sforza have already done in urging the Constituent Assembly to ratify.

The position of the Government is indeed precarious, and on this question Signor De Gasperi is faced by the likelihood of united opposition by the parties of the extreme Right and of the majority of the Left. In addition he has to fight the obstinate opposition of various Elder Statesmen, such as Signor Orlando and Signor Groce, who are bitterly opposed to the ratification by Italy of a Treaty which they consider has been forced upon her by the victors. Signor De Gasperi has also to face division in his own party, for Don Sturzo still has a certain influence on some Christian Democrats owing to his leadership after the war of 1914–18, and his opposition to ratification is violent.

Both Signor De Gasperi and Count Sforza are undoubtedly doing all they can, short of wrecking the Government, to persuade the Italians of the merits of ratification. The *Messaggero* of the 18th published an interview with Count Sforza in which he urged that ratification was necessary if Italy was to live up to the important part allotted to her in Paris. He pointed out also that the apparent unwillingness of the U.S.S.R. to ratify was difficult to understand in view of the fact that the Russians regarded the Treaty as equitable and in no need of revision. This argument seems perhaps a little naïve in view of the Count's next observation which was to the effect that ratification was necessary if Italy was to seek revision.

Apart from the feeling that Italian ratification is uncalled for before the Soviet Union ratifies, there are two other considerations which have some weight with the Government as well as with the opposition parties. Italy is very much aware of the situation in Greece and is watching both the extent of Western help and the attitude adopted by the U.S.S.R. to Greece's Balkans neighbours, as she feels that she may expect a similar attitude both from West and East to her own problems. The other factor in the situation is the sense that Italy is suffering yet another injustice in the attitude adopted by the International Boundary Commission in regard to the Italo-Yugoslav frontier in the neighbourhood of Gorizia (see below).

The question of ratification was expected to come before the Constituent Assembly on the 22nd of July. It was reported that the Government intended to propose a formula to the following effect:—"The Government is authorized to make the Peace Treaty effective when it becomes operative under Article 90 of the Treaty"—*i.e.* when the Big Four have deposited their ratifications in Paris. Apparently this proposal was expected to meet with the approval of the Communists and Socialists as well as with that of the Christian Democrats. It is an unsatisfactory solution, but it must be remembered that Italians tend to rate highly the help which they gave to the Allies in their struggle with Germany, and that they feel that it compared favourably with the help given by France, whose position as one of the "victorious powers" imposing a harsh peace on Italy is regarded as totally unjustified.

Since March of this year the International Commission for the Demarcation of a Provisional Frontier between Italy and Yugoslavia has been at work. By the 6th of May the one remaining problem was that of the demarcation of the line in the

area of Monte Sabotino, Salcano and San Pietro in the immediate neighbourhood of Gorizia. The Yugoslavs claimed that the text of Article 3 of the Treaty entitled them to a frontier line giving them the crest of Monte Sabotino and part of the suburbs of Gorizia lying to the west and south of the village of Salcano. Since the Italian and Yugoslav members of the Boundary Commission were unable to reach agreement the matter was referred to the Four-Power Supervisory Commission who recommended their conclusions to the Italian and Yugoslav representatives on 8th June. On the 1st of July the Yugoslavs accepted all the recommendations, making it quite clear, however, that they regarded the present boundary as a purely temporary one liable to modification by the Demarcation Commission proper, which can only function after the Treaty comes into force (Art. 5). Hitherto the Italians have not accepted the recommendations. They maintain that they have agreed to all the other solutions proposed by the Supervisory Commission but that in the Gorizia area the line proposed not only involves further Italian sacrifice but is contrary to article 3 of the Treaty. In the last two weeks a popular campaign has been carried on in the Press, petitions have poured in from Gorizia and the Government's attitude has stiffened. In point of fact Italy's losses even in the Gorizia region are more apparent than real. The area in dispute on Monte Sabotino is uninhabited and would give very little strategic advantage to the Yugoslavs compared with the positions which they will hold in any case under the Treaty, and in the neighbourhood of the railway from Salcano to San Pietro only nine houses are affected by the Commission's proposal. But the concessions agreed to by the Supervisory Commission are mostly in favour of Yugoslavia. It is useless to suggest to the Italians that the present boundary is purely temporary and may well be altered by the definitive Demarcation Commission. Italy knows only too well what has happened to a large part of her territory which was occupied by Yugoslavia on the understanding that this occupation was entirely without prejudice to the final settlement to be reached at the Peace Conference.

SOUTH-EAST EUROPE

Roumania

The Roumanian Government have embarked upon a policy of infringing certain of the provisions of the Treaty in advance. They are not, of course, free agents, but are acting under the direction of Russia. The continued arrests of members of political parties opposed to the Government, the attempt which is in progress to liquidate the Peasant party altogether, the dismissal of personnel from the Oil companies, are all, according to Dl Tătărescu, aimed at rendering powerless all elements in the country except the Communists, before the departure of the Russian occupying forces after the ratification of the Treaty.

The wholesale arrests of members of the Opposition parties were followed by a note of protest from His Majesty's Government drawing attention to the obligations of Roumania under Article 3 of the Peace Treaty. To this the Roumanian Government sent a reply which His Majesty's Government have no hesitation in describing as "outrageous." It is an astounding document, considering that it comes from a defeated nation which has been granted an armistice pending the conclusion of a treaty of peace. The Roumanian Government, it says, "cannot undertake to examine the contents" of the protest. They "cannot consent to its legislation and administrative measure being imposed or dictated by any foreign power. . . . The treaty does not confer the right to interfere in Roumania's internal affairs." This is a familiar Russian cliché. The note goes on to say that Roumania is obliged under Article 5 of the Treaty to take measures against organisations of a "Fascist type." It is said in Bucharest that this reply is the unaided work of Bodnaras, Gheorghiu-Dej, and Teohari Georgescu, as might, in fact, be inferred from internal evidence. To this effusion His Majesty's Government have replied that Roumania is attempting to evade her obligations, and that her argument about interference with Roumanian independence is nonsense, as under article 37 of the Treaty, H.M.G. have the duty of helping to supervise its implementation. On Roumania's performance will depend our attitude to her request for entry into the United Nations.

While this exchange of notes was in progress, fourteen persons, including four leading members of the Peasant Party were arrested, "while attempting to leave the country." The setting of these arrests is distinctly reminiscent of the circumstances of the murder of Codreanu and the Iron Guard leaders in 1938, who were "shot while attempting to escape." The official communiqué to the press states that "filled with hatred for the democratic régime . . . . several peasant leaders, obeying the

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direct order of Iuliu Maniu, ... tried to escape to a foreign country . . . . They were arrested . . . . at the moment when they tried to board an aircraft." Dl Maniu is under close surveillance in a nursing home.

A. Dacia Româna broadcast in Russian provides sensational details of the incident, including the finding amongst the baggage of Dl Ion Mihalache of a dress suit and a top hat. (Dl Mihalache always affects peasant dress.) "The Roumanian public received this news" of the escape, the communiqué goes on, "as an unprecedented example of treachery, shamelessness and crime . . . . Thousands of workers throughout the country have demanded their severe punishment . . . . the arrest of the main instigator, Iuliu Maniu, and finally a ban on *Dreptatea,*" the National Peasant newspaper. The truth of the details of this "escape" has not yet been established. It is possible that these people never intended to leave the country at all, and the photograph of them in front of an aeroplane proves nothing. The independent *Jurnal de Diminiata* has since been suspended indefinitely.

It is reported from Bucarest that there is at present under way a communist attempt to infiltrate the Orthodox Church by the introduction of party nominees. This is probably part of a much larger movement to bring the Roumanian Church under the Patriarchate of Moscow. It will not all be plain sailing, as was shown by the attitude of the Roumanian Patriarch on the occasion of the recent visit of the Russian Patriarch to Bucharest, and also by the plucky refusal of the newly elected Archbishop of Cyprus to attend the so-called "pan-Orthodox" conference at Moscow.

Yugoslavia

Since the refusal of the Slav *bloc* to attend the Paris conference the All-Slav Committee has added to its functions that of providing "all-out aid to the Slav countries," to quote from a statement in Belgrade by the Committee's Yugoslav Chairman. As consolation for having to forgo the sour grapes from the United States, the satellite countries are now being promised sweet ones of their own.

About once a year Marshal Tito gives a "pep talk" to the Army. On the 5th July he spoke to the officers of the Fourth Army at Ljubljana, urging them, as usual, to achieve the mastery of new weapons and new technique. But on this occasion he also laid unwonted stress on the need for a more humane attitude of the officers towards other ranks, towards new recruits especially. There must be comradeship, he said, but without loss of discipline, and, above all, no ruthlessness. This touched one of the fundamental characteristics of the Yugoslav Army, and one which seems to have had a detrimental effect on morale. Allied officers, who came into contact with the National Liberation Army during the war, particularly in the later years, remarked, more than once, on the gulf existing between officers and men, the wide discrepancy in their pay and living conditions, and the extreme consciousness of rank often exhibited by the officers. Finally, to set an example, the Marshal told his officers not to be afraid to come to him personally, as Commander-in-Chief, when they were faced by a problem they could not solve. This touching offer will undoubtedly enhance a prestige which has always been highest in the Army.

It is reported that Ante Pavelić, the head of the former puppet Croat state, is residing in the Vatican City, in the guise of a monk. This information may well prove to be a mare's nest as did several previous reports. His capture, which may not be easy owing to the efficiency of the Croat *émigrés'* intelligence service, should remove one more excuse for Yugoslav complaints that the British and American authorities are protecting the most notorious war criminals.

Dr. Rainer, the former Gauleiter of Carinthia, who was handed over to Yugoslavia a few months ago, is being tried in Ljubljana. This trial, in which several other German occupation officials are facing the music, has provided an opportunity for further attacks on the Church with special reference to the wartime activities of Monsignor Rožman, Bishop of Ljubljana.

Borivoje Pantelić, one of seven Yugoslavs employed by the U.S. Graves Registration Unit, and accused of espionage and of facilitating contact between American officers and a group of *chetniks,* has been condemned to death.

Air negotiations concurrent with the Anglo-Yugoslav air talks are being conducted with Czechoslovakia and Bulgaria. The Yugoslav Government have pointed out that the terms they are giving these countries, as likewise to Roumania and Hungary, are no more favourable than those offered to the United Kingdom. The State Department, whose attitude was described in last week's *Summary,* are now of the opinion that the United Kingdom and the United States are most likely to obtain the desired concessions by openly working together, since the Balkan countries will obviously operate in a *bloc* in civil aviation as in other matters.

Greece

On the night of 13th–14th July about 1,000 more arrests were effected in Athens and 400 in Piræus, on the orders of General Zervas, the Minister for Public Security. Most of the people arrested were employees of the utility companies. Some were trades unionists and some appear to have been unimportant people not connected with either the Communist Party or EAM. Only sixteen important Communist leaders appear to have been arrested. Two members of the central committee of EAM were immediately released. More people were arrested in Athens and Piræus on 14th and 16th July, but many of these were soon let go. Since the mass arrests began in and around the capital and Salonica a total of 6,143 persons was stated on 17th July to have been deported to Ikaria. 300 were also deported there from Volos, and 100 to Zakynthos from Missolonghi. General Zervas declared that orders had been given for the deportees to be properly housed and fed. There is apparently no intention at present of taking action against the Communist Party as such, although if a "free Government" were to be set up, it is possible that the extremist members of the Cabinet might prevail on their more moderate colleagues to outlaw the whole Communist Party.

In the mountains the situation continues to be serious. No doubt there was little but bluff in the declaration of war against American and British officers and men which the self-styled "General Markos, Commander-in-Chief of the Democratic Army," published in the *Rizospastis* of 15th July. But the first message which he sent out from a wireless station somewhere in the north asserting that a "democratic" government must be set up in the rebel areas, certainly represents the rebels' main immediate objective. The attack on Konitsa recorded last week was soon beaten off, but only after it had diverted troops from rounding up rebels in the Grammos area. The army continues its efforts with more or less success in other areas, but, until means can be found for sealing Greece's northern frontier, operations seem bound to be inconclusive. Thanks to clandestine assistance from Albania, Yugoslavia and Bulgaria the so-called "democratic army" is better armed, equipped and organised than it has ever been. Although the Greek army succeeds in inflicting losses on the rebels and in dislodging them from various areas, the hard core of the rebel leaders escapes and re-form the rebel forces to fight in other areas.

On 14th July the Greek representative addressed a note to the Secretary-General of the United Nations describing how the situation had deteriorated while the Security Council had been engaged on its discussion, and begging the Council to hasten action. However, in spite of the best efforts of the United States and British representatives the stalling tactics of M. Gromyko have so far been successful.

Albania

On the 15th July Tirana Radio broadcast two announcements on the subject of border incidents. One complained in the usual vague way that the territorial sovereignty of Albania had been infringed three times already this month by the Greeks—twice by air and once by sea. The other strenuously denied that there had been any Albanian participation in the Konitza incident described last week, or that any "international brigade" had been involved. "The Albanian news agency states that these reports are grotesque, and that no armed force has passed into Greek territory." (This is going a little far!) The United Nations Balkans Sub-commission have been doing what they can to investigate the incident, but are as usual being hampered by the unwillingness of Greece's northern neighbours—in this case Albania—to assist them by allowing them to enter their territory for the purpose. They can thus do no more than interrogate prisoners and find out what they can from the Greek side. It need hardly be said that such evidence as they have collected does not at all bear out the Albanian contentions.

The Chief of the Yugoslav General Staff has been on a visit—ostensibly a courtesy visit—to Tirana, accompanied by two of his more prominent colleagues. According to an unconfirmed report, believed reliable, certain elements of the Yugoslav air force were recently transferred, together with their ground personnel, to an airfield in Albania.

Bulgaria

As part of the process of brow-beating and disrupting the once powerful Opposition before the peace treaty comes into

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force, the Bulgarian Government towards the end of June invited three of the surviving Agrarian leaders to confer with them with a view to reaching what they were pleased to call a better understanding. Conversations of a kind duly took place, and on the 16th July the press published a declaration by the National Committee of the Fatherland Front setting out the Communists' minimum demands. The first of these was that the Opposition should publicly repudiate the "anti-Bulgarian treacherous activity" of their former leader Dr. G. M. Dimitrov "as a foreign agent." (This refers to his association with the new "Agrarian Committee" which M. Nagy and Dr. Maček have set up in Washington.) Next, they must publicly repudiate people from their own ranks either condemned for conspiracy already, like Peter Koev, or now about to face their trial on the same charge (!) like Nikola Petkov himself and three deputies arrested on the 11th July. (These were three of the twenty-three ejected from the Assembly on the 10th June.) Moreover, they must expel from their leadership "persons who wish to continue the present course of negative and destructive activity"—or, in other words, anyone not prepared to obey the Communists; and they must prepare to merge their own large organisation with the relatively insignificant one of the pseudo-Agrarian Obbov—itself assuredly destined to be swallowed up on no distant day in its turn.

What is left of the Agrarian shadow cabinet, greatly discouraged, but still trying hard to keep their heads above water, called a party meeting on the 17th and 18th July, at which it was decided to make certain concessions—just what concessions is not yet quite clear—but to renew various demands and above all to refuse to throw over Petkov and his associates. The Party are, however, thought to be prepared to disavow Dr. Dimitrov's Washington Committee and to say they would welcome a reunion of all Agrarians under one ægis.

The Roumanian Prime Minister and Foreign Minister paid an official visit to Sofia from the 13th to the 16th July. A communiqué published there on the 17th stated that the two Governments were agreed that territorial questions between them are finally settled; that they will adopt a joint policy in connection with the "Danubian problem"; and that they are considering the preparation of a treaty of friendship, collaboration and mutual aid. At a dinner given in honour of his guests on the 14th the Bulgarian Prime Minister, according to press and wireless reports, said that the Bulgars, together with the other Danubian peoples, would act so as to "frustrate the efforts of foreign, non-Danubian countries to dominate the Danubian basin."

The Bulgarian trade delegation which had been in Moscow since the middle of April returned to Sofia on the 9th July. As in previous years, the terms of trade agreement reached have been kept rather dark (see *Summary* No. 399). Thirty-five members of the National Assembly, led by the deputy speaker, arrived in Moscow on the 18th.

Professor Dolapchiev's appointment to London has been made public (see *Summary* No. 399).

A note received by the British Political Representative on the 18th July from the Bulgarian Foreign Ministry alleged that Greek troops had violated Bulgarian territory near Svilengrad and abducted some Bulgarian nationals.

Turkey

From the text of the Turco-American agreement signed an Angora on 12th July, which is now available, it appears that the Turkish Government undertake to give the chief of the United States mission—at present the Ambassador—every facility for observing, obtaining information and reporting on the use made of United States assistance, and of the progress achieved. The Turkish Government also engage to co-operate in giving full information to the public in the United States and Turkey, so far as may be consistent with security. American press and radio representatives are to be allowed to observe freely and report fully, and the Turkish Government are to give the matter full and continuous publicity in Turkey. Under a reciprocal clause Turkey promises to provide for the security of any article, service or information furnished. Turkey may not transfer anything received to anyone else, nor may she use the dollars for the service of a foreign loan. Finally, American assistance is to be withdrawn (i) if requested by Turkey, (ii) if the Security Council (in which the United States waives its right of veto) finds it unnecessary or undesirable, and (iii) if the President of the United States thinks withdrawal to be to the interest of his country, and in certain other circumstances.

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The purpose of President Inönü's statement, which was briefly mentioned last week, was evidently to moderate the bitterness of party rivalry in order to prevent it from wrecking the present experiment in two-party government. He pointed out that, as the Prime Minister had denied to him that the People's Republican Party were applying illegal pressure to the Opposition, this in itself constituted a satisfactory guarantee for the Democratic Party, and he would hold M. Recep Peker to it. What he wanted was mutual confidence, so that the Opposition should feel that the People's Republican Party had no intention of suppressing it; that the People's Republican Party should feel that the Opposition contemplated using only legal methods; and that the great mass of the people could await with equanimity the assumption of office by either party.

This declaration, which was in the end welcomed by the Democratic Party, probably means that the President intends to keep M. Recep Peker's government in office, but to insist that they shall give the Opposition a fair chance of developing along parliamentary lines.

THE MIDDLE EAST

Egypt

It has been decided that the hearing of the Egyptian case by the Security Council shall begin on 5th August. Nokrashy Pasha left Cairo for New York on 21st July accompanied by Saleh Pasha, Minister of Public Works.

The Egyptian public and press have not reacted too favourably to the text of the appeal to the Security Council. The view has frequently been expressed that the Council is not a judicial, but a political body, and that, far from forming an impartial decision, it will be swayed by the selfish, and often conflicting, interests of its members. Such a line of argument is doubtless put forward now in order that the Egyptians may impugn any unfavourable decision which the Council may make.

The Wafd have criticised the Egyptian Note in a manifesto issued by Nahas Pasha on 15th July. The Note, the manifesto states, indicates the Cabinet's weakness, since it does not mention the unity of the Nile Valley under the Egyptian crown—the principal demand upon which the Nation is agreed. The manifesto also complains that the Government only demand the substitution of one system for another and have not dared to announce the cancellation of the 1936 treaty and the 1899 agreement. These two criticisms are scarcely justified by the text of the Note (see last week's *Summary*) which makes no less than three references to the unity of Egypt and the Sudan, and, although not specifically mentioning the Egyptian crown, clearly implies Egyptian sovereignty over the Sudan. Furthermore, the Note denounces the 1936 treaty in plain enough terms. The manifesto then criticises Nokrashy for his refusal to allow Fuad Serag-ed-Din Pasha and two other prominent Wafdists to go to New York "to make sound propaganda for the Egyptian cause," and announces the intention of the Wafd to declare to the Security Council that "the governmental delegation is not competent to speak in the name of the people of the Nile Valley, because they neither appointed it as their agent nor approved of its departure." A report of the telegram sent by Nahas to the Security Council was summarised by the '*Progrès Égyptien*' of 18th July. The telegram warns the Council against the text of the Egyptian Note, which it describes as "far from expressing the people's point of view towards the inadmissible pretensions of Great Britain," and states that the present Egyptian Government does not represent the people of the Nile Valley, the vast majority of whom support, and always have supported, the Wafd.

The Wafd, together with other sections of the press, have also taken a strongly critical line over the temporary sterling balances agreement (see this week's Special Article). *Saut el Umma* of 7th July sums up the disadvantages which it considers Egypt will suffer as a result of the agreement. These are, first, that Egyptian foreign trade will be subject to severe control, worse than that applied during the war; secondly, that this control will be entrusted to the British Governor of the National Bank, and, finally, that the agreement has failed to provide sufficient funds for Egypt to compensate her for the freezing of the sterling balances. Even the moderate *Ahram* considered that the provisions of the agreement were such as to cause anxiety over the future of the country's currency, and maintained that the success of the schemes for social reform based upon raising the standard of living were largely dependent on the solution of the sterling balances problem.

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One of such schemes is reported to have been approved by the Senate on 10th July —a bill for the construction of a workers' town near Cairo to accommodate 6,000 workers and their families now living in squalid conditions in the Bulaq district. It is earnestly to be hoped that this scheme will not remain a paper project.

The decision to dissolve the Anglo-Egytian Union (see *Summary* No. 389) was ratified at a special general meeting on 4th July. An Egyptian Cultural Union is, however, being formed, to which foreigners will, it appears, only be admitted as supernumerary members without a share in the administration of the Union.

The Sudan

The Sudanese Independence Front, commenting on the Egyptian Note to the Security Council, is reported to have referred to the claim that the Sudan was part of Egypt as lacking historical and legal justification and as contrary to the United Nations Charter. The Umma party is also reported to have denounced the section on the Sudan in the Egyptian Note.

During the past week interest has been mainly focussed upon a railway strike, which has just been settled by mediation. The cause of the strike was ostensibly the failure of the railways administration, despite many concessions, to reach an agreement with the workers over the constitution of works committees in the mechanical departments. On 12th July a mob of some 1,000 workers marched to the general manager's office, demanding to see him. On being told to elect two spokesmen to deliver their message, they refused and a riot ensued. A strike was then called by the workers' committee and in the next few days spread from the Atbara workshops (the main workshops of the Sudanese railways) to other centres, causing a general paralysis of the system (apart from a few trains driven by volunteers). Only the mechanical staff were, however, affected by the strike. Although it is suspected that Ashigga and Egyptian influence may have been behind the strike, there is no clear evidence of this. Nevertheless, the timing of the strike on the eve of the Egyptian appeal to the United Nations, the break-down in the negotiations without apparent reason, the suspicious behaviour of certain Ashigga supporters and, finally, the strike organisation which clearly exists throughout the country lead one to conclude that the strike was not purely spontaneous. The strikers' outlook may, however, be somewhat similar to that of the Ethiopian workers who staged a strike lasting from January to March. When one of their number was asked what their demands were, he replied: "We don't know; but we listen to the radio and read the papers and realise that everywhere in Europe people are striking and getting away with it every time . . . . so clearly we must follow their example!"

Palestine

The U.N.S.C.O.P. having concluded its hearing of evidence in Palestine, left for Beirut on the 21st July to hear testimonies from representatives of the Arab States. During the past week the following bodies have given evidence before the Committee: the Communists, the Ihud (Unity Party), the Histadruth and Mr. Shertok, speaking on behalf of the Jewish Agency.

The Central Committee of the Palestine Communist Party submitted a memorandum to the Committee on the 13th July. Reviewing thirty years of British rule in the country, the memorandum states that they have been years of oppression, years of political, economic and military domination for Jews and Arabs alike. "The British police and military," the memorandum continues, "have not been instrumental in preserving peace, but, on the contrary, they have produced a state of tension between Arabs and Jews and a constant danger of disturbances." The Communists oppose partition on the grounds that Palestine should be constituted as an independent united State of both peoples, free from foreign rule and intervention. The constitutional machinery of this State should, they maintain, consist of two Chambers—one elected on a basis of proportional representation, and the other on a regional basis, composed half of Arabs and half of Jews.

A plan for a bi-national State as the only solution to the Palestine problem was put forward on the 14th July by Dr. Magnes on behalf of the Ihud. He criticised partition severely and advocated the continuation of the British Mandate during the transitional period, which, he said, should last more than five years.

The Histadruth (Federation of Jewish Labour) presented their evidence on the 16th July. Their spokesman, Mr. Rubashov, asked the Committee to sponsor free Jewish immigration and the abolition of the White Paper. He added: "Help us to establish contact with the Arab nations as an equal."

Mr. Shertok, speaking again on the 16th July, this time on behalf of the Jewish Agency, emphasised the compelling necessity for the immediate establishment of a Jewish State in Palestine. Referring to Arab-Jewish relations, Mr. Shertok stated: "Jewish developments are the main agency of Arab progress." On the following day Mr. Shertok attacked the practicability of any bi-national solution based on parity, saying that "this presupposes two collective wills acting in unity—a willingness to talk together—which does not exist."

The United Zionist Revisionists have submitted a memorandum to the Committee in which they stress that partition would be disastrous both for Jews and for Arabs, and would create a permanent irredentist problem in the Middle East. The memorandum demands a Jewish State on both sides of the Jordan with full minority rights for the Arabs, who "would probably be the happiest minority in the world, because the Jewish State would cherish them as its sole children."

The Palestine Government presented their memorandum to the U.N.S.C.O.P. on the 17th July, and followed it on the 19th with a supplementary memorandum which is largely a reply to the oral and written statements made by the Jews at their hearings, and reflects the widening rift between the Government and the Jews. The memorandum states that, whereas the Arab disturbances between 1936 and 1939 cost 4,000 lives and £1 million worth of damage, the Jewish disturbances have cost 270 lives and £1,500,000 worth of damage. The memorandum also states: "the fact that a National Home could never have been established without the direct assistance and support which Great Britain has given it, with the expenditure of British resources and British lives, apparently requires to be restated in those simple terms."

The Stern Group has described itself as "vigorously opposed to partition, and determined to fight any such decision." On the 17th July they issued a press *communiqué* warning that there would be no peace in Palestine before the September session of the United Nations General Assembly, because "the entire United Nations Enquiry Committee is pro-British." The Stern Group's opposition to the Committee is principally due to their having refused to meet any of the underground groups.

The Arab Youth and Women's Conferences (see *Summary* No. 399) were held during the week. Each passed a number of resolutions chiefly concerned with the boycott of Zionist goods and the prevention of land-sales. The *dunum* plan (see last week's *Summary*) has been inaugurated by the purchase of 10 *dunums* by the Mufti.

The temporary respite from illegal immigration came to an end with the arrival at Haifa on the 18th July of the s.s. *President Warfield* with some 4,500 illegal immigrants from France. She was intercepted during the night of the 17th/18th July and brought into harbour after stiff opposition had been encountered by the Naval boarding party. On her arrival in harbour two illegal immigrants were found to have died, and a third has since died. Twenty-seven immigrants and three Naval ratings were admitted to hospital. Transhipment into three transports was effected smoothly, and on the 19th July these ships set sail for France with 4,429 immigrants on board. The interception of the vessel has been described by the Jewish Agency as an act of senseless cruelty, and a general strike was proclaimed in Tel Aviv on the 18th July to protest against the "ramming" of the ship and the aggressive action of the Royal Naval boarding party. In fact, however, the Naval boarding party used the minimum force and would have used none if they had not encountered resistance.

There have been a large number of terrorist attacks during the week which have resulted in several casualties to the security forces.

Syria

The attitude of the Syrian Government towards the Egyptian appeal is a disappointing one. On 13th July, at a meeting between the Syrian and Lebanese Prime Ministers, it was agreed that the Syrian representative on the Security Council should be instructed to adopt a conciliatory attitude and to do his best to bring about a satisfactory solution of the dispute, for Syria was bound by "the closest ties" to Egypt and was also in excellent relations with the British Empire. The Syrian Government, it appears, view the question from two aspects—that of principle and that of tactics. In principle, they are adhering to the Arab League resolution to give full support to Egypt (see *Summary* No. 386 under Arab League), but the Syrian Prime Minister, who has been consistently evasive, still appears undecided as to the best tactical approach, and is consulting the other Arab States.

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Meanwhile, he has stated that the Syrian Government hope to see the Anglo-Egyptian question settled amicably by means of fresh negotiations.

On the 15th July the following statement was made in the House of Commons on behalf of the Government :—

" My attention has been called to the spreading of reports that His Majesty's Government favour the ' Greater Syria ' Movement, and I am grateful to my honourable friend for giving me the opportunity to affirm most strongly that these reports are quite unfounded. His Majesty's Government consider that this subject is one which essentially and exclusively concerns the inhabitants of Syria and of the other States in that area. British officials in Middle Eastern countries have definite instructions that the attitude of His Majesty's Government on the subject is therefore one of strict neutrality. His Majesty's Government's one desire is the maintenance of stable and tranquil conditions in the Middle East."

Lebanon

The Lebanese Government have been invited to press for the inclusion in the agenda of the Special Session of the United Nations Assembly of a motion calling for the termination of the Mandate in Palestine and the recognition of her independence (see under " Sa'udi Arabia " and *Summary* No. 397 under " Arab League "), but have declined to do so. The Minister for Foreign Affairs is, however, most perturbed about the outcome in Palestine and has suggested that he and the Prime Minister should visit the Arab capitals, urging the various Governments to accept the *status quo* in Palestine—by which he is thought to mean trusteeship for Britain—for a period of ten years, provided that His Majesty's Government undertake to stop Jewish immigration. The Prime Minister is also most uneasy about the future of Palestine, and has stated to H.M. Minister that continued British occupation would be preferable to partition.

Lebanese press reaction to the U.N.S.C.O.P. has been generally unfavourable. Before its arrival in Palestine the Nationalist paper *Al Yaum*, carried an article urging the Arabs to boycott it.

At the beginning of the month the Syndicate of Lebanese Newspaper Owners declared a three-day strike against the non-abolition of the law entitling the Government to suspend any paper by simple administrative decree. On 8th July a strike was declared by the lawyers' union in protest against the arrest of a lawyer, Muhsen Salim, on a charge of throwing a bomb at the President's house.

In *Summary* No. 395 it was reported that all but one of the leading daily newspapers had informed the President of the Republic that they would boycott the proceedings of the Assembly. The report, which was from press sources, turns out to be exaggerated; in fact, at least six newspapers, including four of the principal ones, did not join in this *démarche*.

It is now learned that Monseigneur Mubarak's visit to Rome had been arranged long before the elections. The report of the Arab News Agency that the Government had ordered him to leave the country is, therefore, without foundation (see *Summary* No. 395). At the same time his absence removes a violent critic of the Government, and it is to be hoped that the atmosphere of the Holy See will have a calming effect upon him.

Saudi Arabia

The Secretariat of the United Nations have circulated a telegram from the Sa'udi Arabian Minister in Washington submitting, as an item for the agenda of the next regular session of the General Assembly, the termination of the Mandate over Palestine and the recognition of its independence as one State. It appears that other Arab States have been approached (presumably by Azzam Pasha) to put forward a similar demand (see also under " Lebanon ").

Arab League

The Iraqi, Syrian and Lebanese Governments have now followed the lead set by Egypt in recognising the Indonesian Republic. Iraq delayed longest in making up her mind, and it was hoped at one time that she would not take the plunge. She has confined herself to according *de facto* recognition to the Indonesian Government. Only Transjordan is pursuing a separate line. King Abdullah has agreed to inform the Indonesian delegation, which left Bagdad on 18th July for Amman, that as Transjordan's own international position is unassured, owing to her not being a member of the United Nations, the Transjordan Government will confine itself to requesting the Arab League to secure the recognition of Indonesia by the United Nations in due course.

The Syrian Prime Minister has decided to call a meeting of the Political Committee of the Arab League to be held at Beirut to coincide with the visit of the Arab representatives who will give evidence before the U.N.S.C.O.P. (see under " Palestine "). The meeting will discuss the Anglo-Egyptian dispute. The Syrian Foreign Minister has stated that he hopes that the Syrian and Lebanese Prime Ministers and the Sa'udi Arabian Foreign Minister will be able to exert a restraining influence on the Egyptian representatives.

Iraq

It is reported by the Arab News Agency that the Court of Cassation has decided to commute the death sentence of Yusuf Salman Yusuf (see *Summary* 399) into one of penal servitude, while the other two communists sentenced to death with him are to be given fifteen years' hard labour. There was little press comment on the original sentences. On the whole they were welcomed, although criticised as somewhat severe.

The Treasury and the Iraqi Delegation to London have settled the terms of a five-year agreement on the Iraqi sterling balances. The Iraqi Prime Minister's concurrence is awaited before the agreement can be signed.

Persia

There are signs that the Persians are attempting to bolster up Bahrein (see *Summary* 376). Early in June a circular was sent to all schools in Shiraz by the Department of Education in that town containing instructions that " in view of the fact that the Bahrein archipelago is a part of, and inseparable from, Persia." all pupils should be taught this.

Corrigendum

Summary No. 400, " Egypt," page 17, col. 2, line 36 : for " Riax " read " Riaz."

THE FAR EAST

Japan

The question of arriving at an early peace settlement for Japan is being examined by the Allied Powers concerned. His Majesty's Governments in the United Kingdom, Canada, New Zealand, South Africa and the Government of India have, some weeks since, accepted an invitation from the Australian Government to attend a meeting in Canberra (which, it has been arranged, should begin on 26th August), for a preliminary exchange of views on the subject. On 11th July, the Far Eastern Commission, which sits at Washington and is composed of eleven of the forty-nine nations which declared war on Japan—Australia, Canada, China, France, India, Netherlands, New Zealand, Philippines, Soviet Union, United Kingdom and United States—released the text of its unanimous policy decision on Basic Post—surrender Policy for Japan. This is a comprehensive statement and is the result of nearly 18 months' discussion. In the main the policy decision endorses the unilateral American directive on Initial Post-surrender Policy which was issued to General MacArthur shortly after the Japanese surrender. The " post-surrender " period, as envisaged in the Commission's policy decision, is the period up to the date when the Peace Treaty becomes operative.

On 11th July, too, the State Department invited the Heads of Missions of countries represented on the Far Eastern Commission to meet that evening to discuss the subject of a peace treaty for Japan.

The important points of policy contained in the statement released by the Far Eastern Commission are :

The complete demilitarisation and disarmament of Japan.

Encouragement of the Japanese people to form democratic and representative organisations.

Maintenance of such industries as will sustain Japan's economy and permit the exaction of just reparations in kind. (Maintenance of such industries as would enable Japan to re-arm for war, however, shall not be permitted.)

Adding that " Clauses herein on reparations and references to this subject are without prejudice to views of Governments on the overseas assets issue," the Commission also declared that :

" Reparations shall be in such a form as would not endanger the fulfilment of the programme of demilitarisation of Japan and which would not prejudice the defraying of the cost of occupation and maintenance of a minimum civilian standard of living. Shares of particular countries in the total sum of reparations from Japan shall be determined on a broad political basis, taking into due

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account the scope of material and human destruction and damage suffered by each claimant country as a result of preparation and execution of Japanese aggression, and taking also into due account each country's contribution, to the cause of defeat of Japan, including the extent and duration of its resistance to Japanese aggression."

Speaking in Tokyo on the following day, General MacArthur declared that, even without external controls, Japan could not re-arm to take part in a modern war within a century. He pleaded for an early peace settlement which, he said, should be "a charter of human liberty to which Japanese citizens will look for guidance and protection, rather than shun with a revulsion of shame." The Japanese press, too, welcomed the Commission's statement of policy as "a sound foundation for Japan's peace treaty."

At the meeting convened by the U.S. State Department on 11th July, the spokesman announced the desire of the United States Government to hold a Conference as soon as possible for preliminary discussions for a peace treaty for Japan. The proposal is that the Conference should be composed of representatives of the eleven countries which are members of the Far Eastern Commission, but should be outside the Commission. When these discussions had reached a sufficiently advanced stage, the results might be considered at a general conference of all the States at war with Japan. The spokesman further said that his Government would be glad to be host for such a conference, which, it was tentatively suggested, should open at Washington or San Francisco on 19th August. He added that the U.S. Government did not consider it practicable to propose that these discussions should be on a Foreign Minister level, but that in their initial stages they should be conducted by deputies and experts and that all points should be decided by a simple two-thirds majority.

H.M. Minister at Washington has informed the State Department that His Majesty's Government in the United Kingdom, having already agreed to the Australian Government's proposal to hold a meeting of the interested British Commonwealth countries on 26th August for a preliminary exchange of views concerning a peace settlement for Japan, would find it difficult to attend a meeting in the United States on the proposed date of 19th August. His Majesty's Government, however, are not in any way opposed to the holding of an early discussion on Japanese peace terms and would gladly consider any other date the United States Government might suggest that would not conflict with the Canberra meeting or other international engagements to which they might be committed. His Majesty's Government in the United Kingdom are also inclined to the opinion that, before deputies and experts begin to examine peace treaty provisions in detail, questions of policy and principle should be determined on a Ministerial level: in the absence of inter-Governmental agreement on the broader issues, they consider that an initial meeting of deputies and experts would be unlikely to achieve any thing more than a preliminary exchange of views.

Commenting on the U.S. Government's suggestion in conversation with H.M. Ambassador in Nanking, the Chinese Minister for Foreign Affairs remarked that in general the United States proposal was acceptable to the Chinese Government but that they thought it would represent a departure from the established precedent that peace treaties were drawn up in the first instance by the Foreign Ministers Conference. They felt that in dealing with Japan special consideration ought to be given to the views held by those nations which had borne the brunt of the fighting; and they proposed, therefore, to put forward a slight amendment to the United States suggestions, which would be that "all decisions shall be made by a two-thirds majority of members of the conference present and voting, including a majority of the members of the Allied Council for Japan present and voting." In expressing his Government's hope that a peace treaty with Japan might be concluded at an early date, the Chinese Foreign Minister said that he thought that some such amendment as he had just outlined might prove helpful in avoiding the difficulties which had been met on previous occasions in connexion with the veto when European peace treaties were being framed.

No member of the Soviet Mission in Washington was present at the meeting convened by the State Department on 11th July; but, remarking that the manner in which this important matter had been broached seemed to his Ambassador to be most unusual, the Soviet Minister has since intimated that the United States Government's proposal is not acceptable to the Soviet Union. In this connexion it is also significant that M. Molotov is reported to have asked the United States Ambassador to Moscow if it was not the intention

that the peace treaty for Japan should be handled by the Council of Foreign Ministers.

The Australian Deputy Prime Minister and Minister for External Affairs, Dr. Evatt, is scheduled to arrive in Tokyo about 28th July on a long-postponed visit to General MacArthur. His visit is entirely unconnected with the Canberra Conference; and contrary to some entirely erroneous statements that have appeared in the American press—that the Canberra Conference is being held in an endeavour to secure British control over the international peace conference, when held—the forthcoming discussions at Canberra are, in fact, in the nature of a family conference arranged in accordance with a long-standing practice, in order that members of the British Commonwealth can exchange views on questions of common interest and importance with the object of facilitating procedure when an international conference is convened to deliberate the matter at issue.

General MacArthur has extended an invitation to a delegation of five members of the House of Commons to visit Japan towards the end of September. For the first part of their stay the delegation will be the guests of General MacArthur. They will then tour the Japanese mainland to inspect various aspects of the Allied administration and to visit units of the British Commonwealth Occupation Force. The delegates are expected to return to the United Kingdom in time for the re-opening of Parliament.

Indonesia

On the 20th July it was officially announced that the Netherlands Government had authorised the use of Dutch armed force for "police action of a limited character" in Indonesia.

This decision followed swiftly on the Republican Cabinet's rejection of the conditions provisionally accepted by the Prime Minister, M. Sjarifoeddin, on the two remaining outstanding points of difference: the establishment of a joint Dutch-Indonesian gendarmerie and the cessation of hostilities, entailing the withdrawal of Republican forces from the perimeters and the destruction of their defences.

Throughout the first two weeks of July, despite continuous threats of force from the Dutch at increasingly frequent intervals, negotiations were conducted in an atmosphere of optimism. On the 15th, subject to confirmation by the Republican Cabinet, M. Sjarifoeddin reached provisional agreement with Dr. van Mook on both points in the following terms:—

By 17th July, all propaganda and radio announcements of an anti-Dutch nature to cease;

By 19th July, Indonesians to begin withdrawal of troops from perimeters and the removal of mines and demolition charges. Republican police to replace Republican military units for the maintenance of law and order;

By 21st July, the withdrawal of Republican forces to a distance of 10 kilometres from perimeters to be completed;

Dutch to begin withdrawal of troops from perimeters and handing over to police as soon as Republicans have effectively carried out the above measures.

Although the Republican Prime Minister only accepted these conditions under considerable pressure, a message conveyed to H.M. Consul-General just before M. Sjarifoeddin left Batavia indicated that he was not without hope that he would ultimately succeed in persuading his Cabinet to endorse the provisional agreements. He felt, however, that the compromise over the joint gendarmerie, which did not exclude the possibility of Dutch troops penetrating into the interior, would present difficulties and that his Cabinet might quite likely require a firmer understanding that the presence of Dutch troops would be confined to the perimeters. In conversation with Mr. Mitcheson, Dr. van Mook, too, expressed doubt as to the final outcome and said that he thought it quite probable that the Republican Government would disintegrate, in which case it would become essential for the Dutch to intervene.

On the 16th July the Republicans did in fact create an extremely confused situation by to all intents and purposes repudiating their Prime Minister in a flat rejection of the Dutch conditions. M. Sjarifoeddin did not resign, however, and, under instructions from Dr. Soekarno, he requested from the Dutch 24 hours' grace. This was refused officially, but allowed in practice, since Dr. van Mook found it necessary to refer to The Hague for instructions. Thus the Republican Government were enabled to put forward counter-proposals, which were delivered the following evening. These, however—no doubt as the result of continuous Dutch threats of military action—showed an unwillingness to comply with the Dutch

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requirements for the withdrawal of Republican troops from the perimeters and the destruction of defences unless the Dutch, on their side, were prepared to make a similar gesture in a declaration of peaceful intentions and the issue of an order for the simultaneous withdrawal of their forces. The counter-proposals were rejected by Dr. van Mook as being completely unacceptable.

The Republican Ministers in Batavia then asked Mr. Mitcheson and his colleagues to help them in their distress, pointing out that in all fairness they could not be expected to submit to one-sided pacification measures at the dictation of the Dutch and so bring about a situation in which no Government could hope to survive. According to press reports a meeting was held at the residence of the Chinese Consul-General at which Mr. Mitcheson and other members of the Consular Body were present. Efforts were made to bring home to the Republican Ministers the extreme seriousness of the situation and the urgent necessity to find some means of ending the deadlock before it became too late.

The Republican Prime Minister, acting on this advice, lost no time in broadcasting a statement from Jogjakarta in which, after pointing out that they were ready to trust the Dutch so long as an endeavour was not made to exact such trust under a threat of force, he declared that the Republican Government were now prepared to issue orders for the cessation of hostilities and the lifting of the food blockade; and also that they were ready to take whatever steps might be necessary to put an end to anything that could be construed as unfriendly action. This statement was pronounced by the Dutch to be both inadequate and too late; and, on the evening of 20th July, Dr. van Mook made his official announcement of the Dutch decision to begin military action at dawn.

He confirmed this announcement in a long statement to the press in which he endeavoured to justify the use of force by stating that "after many months of patient negotiations and controlled defence against almost continuous aggression, the Netherlands Government have very reluctantly, and with great regret, come to the conclusion that the present Government of the Indonesian Republic is either unwilling, or incapable, of executing both the truce of 14th October, 1946, and the Linggadjati Agreement of 25th March, 1947." He then proceeded to enumerate the many instances in which the Indonesians had failed to keep faith and which had made it impossible for the Netherlands Government to consider themselves any longer bound by the truce and the Linggadjati Agreement. The Netherlands Government, therefore, re-assumed complete freedom of action in the discharge of their responsibilities for the restoration of order and security in sufficiently large areas to enable the realization of that co-operation between the Netherlands and the Free United States of Indonesia contained in the spirit of the Linggadjati Agreement.

At midnight on the 20th July, Dutch forces in Batavia occupied all Republican-held buildings and public utilities and took into protective custody Dr. A. K. Gani, Republican Deputy Prime Minister, and Dr. Thamzil, Vice-Minister for Foreign Affairs, as well as the Indonesian Mayor of Batavia and all other Republican officials. The following day Dutch military forces in Java, supported by aircraft, began large-scale operations.

On the 18th July, the Netherlands Ambassador in London was informed of the very grave concern entertained by His Majesty's Government at recent developments in the Indonesian situation; and on the morning of 21st July, His Majesty's Government issued a communiqué in London, expressing the keenest disappointment at the breakdown of their ceaseless efforts during the last eighteen months to promote a peaceful settlement of the exceptionally difficult situation which has persisted in Java and Sumatra since the Japanese surrender; and stating that His Majesty's Government, for their part, had suggested to the Netherlands Government the possibility of the appointment of a police Commissioner from some neutral country if this would assist in promoting agreement, though this had not proved acceptable. The announcement also stated that His Majesty's Government have made it plain to the Netherlands Government that they would always be ready to place at the disposal of the parties their good offices; and that "this offer to both parties is renewed. In this connexion the help afforded in Batavia by His Majesty's Consul-General, Mr. Mitcheson, towards bridging the differences between the two parties has met with great appreciation.

The action of His Majesty's Government has throughout been taken in full consultation with the United States Government.

The State Department issued an announcement in support of His Majesty's Government's endeavour to settle the dispute by mediation; and on the evening of 21st July, the United States Government released a statement of their profound regret that negotiation had been discarded as a means of achieving voluntary association between the Netherlands and the Indonesian peoples.

In a broadcast from Jogjakarta on the 21st July, the Indonesian President, Dr. Soekarno, appealed to the world to resolve the Indonesian problem without war. And he declared that the Republic was ready to place its case in the hands of the United Nations.

Speaking on the same evening, Dr. Sjarifoeddin called the Indonesian people to arms. The following day he again broadcast, appealing to all friendly nations of the world to intervene "quickly and effectively" to stop what he described as a large-scale colonial war, "not just police measures."

On the 22nd July, the Government of India issued an official statement, expressing concern at events in Indonesia; and stating that urgent representations have been made to His Majesty's Government in the United Kingdom and the Government of the United States to make every effort to end the armed conflict and persuade both parties either to settle their differences by peaceful negotiations, or, failing that, to resort to arbitration.

On the same date M. Sjarir, the former Republican Prime Minister and now "Elder Statesman," reached Singapore from Jogjakarta on a mission to India, Great Britain, the United States and Australia to present the Indonesian case.

(See also under "Low Countries.")

THE UNITED STATES OF AMERICA

The "record speed and refreshing unanimity" with which the European Economic Co-operation Conference completed the first phase of its work in the absence of Soviet "obstruction" has caused general satisfaction in the United States. In view of the Soviet "challenge" a very serious view is being taken of the need to make a success of the Paris conference and of the subsequent speedy execution of American aid to Western Europe. Consequently the decision not to call a special session of Congress this autumn to act on the Marshall proposals has caused a number of internationally-minded observers to deplore the "complacency" of Congressional leaders in the face of the present world situation. The prospect now is that the necessary legislation may not be passed before the late spring or early summer of 1948, and, according to the columnists, Joseph and Stewart Alsop, "it is possible that by then it will merely be a question of slamming the barn door shut after the European horse is stolen." It is nevertheless generally recognised that from the domestic point of view the President has adopted wise tactics in allowing Congress a breathing-spell for the mending of its political fences. Arrangements have been made so that the Congressional committees affected can consider any proposals submitted by Europe during the recess, and meanwhile the campaign to educate the public about the issues involved can be pushed forward.

Mr. Marshall is proceeding with his policy of bringing the State Department and Congress into closer touch on foreign affairs. On 21st July he addressed, in secret session, a meeting of Republican and Democratic leaders of the House of Representatives and is reported to have deeply impressed them with the gravity of the international situation. Confidence in Mr. Marshall and support for a non-partisan American foreign policy dedicated to world peace were expressed in the unanimous resolution passed by the State Governors at their annual conference in Salt Lake City on 16th July, following Mr. Marshall's address to them on the 14th. (See last week's *Summary*) And, in private conversation the majority of the Governors, among them several aspirants for Presidential or Vice-Presidential office in 1948 expressed much more definite agreement with the principles underlying the Marshall proposals. The Governors also called for enactment by Congress of legislation to establish universal military training, as requested by President Truman. It is unlikely, however, that even this demand by the executive heads of the American States will be effective in view of the unequivocal opposition to any such legislation expressed by Senator Taft.

The importance of the United States foreign aid programme in relationship to the American economy was also stressed by Mr. Truman in his mid-year economic report submitted to Congress on the 21st July. He spoke of the high level of employment, production and income in the United States and of the smooth completion of the reconversion to a peacetime economy as a "splendid achievement." Pointing to the

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excess of American exports over imports, Mr. Truman said that unless further dollar assistance is extended abroad, United States net exports "must be expected to decline before the end of the year." He went on to declare that the "immediate and sole objective" of the American foreign aid programme should be "to restore a vigorous, stable and peaceful world economy."

Developments during the past week have made it clear that the State Department regards an increase in the industrial production of Western Germany as essential to any scheme for general European recovery. On the 15th July the Department announced that a new overall policy directive had been sent to Lt.-General Clay instructing the United States Military Government to encourage the German people "to rebuild a self-supporting state devoted to peaceful purposes, integrated into the economy of Europe," while maintaining safeguards against any resurgence of German militarism. German foreign trade through "normal trade channels" is to be promoted, and General Clay has been instructed to give "highest priority" to increasing the production of coal, food and export goods in order to "enable Germany to make a maximum contribution to European recovery." Nevertheless, yielding to strong protests from the French Government, the United States Government has agreed to the postponement of the execution of the Anglo-American plan to raise the permitted level of German steel production. (See under "Germany" and "France.")

At his press conference on the 16th July Mr. Marshall expressed the urgent desire of his Government to increase Ruhr coal production as a basic requirement for European recovery, and said he attached great importance to the Anglo-American conference on this subject in Washington to which the State Department had invited His Majesty's Government to send representatives. Owing to the inability of the United States Government to accede to the British desire that the agenda for these talks should be broadened to include other subjects closely related to the Ruhr coal problem, His Majesty's Government have explained that, in their view, the matter should be discussed in Berlin, where experts on the coal problem are readily available. At the same time H.M. Ambassador in Washington has been instructed to inform the United States Government that, whatever the outcome of the Paris Conference, the United Kingdom will be unable to continue to support the dollar expenditure involved in financing imports to Germany under the arrangements at present in force. Mr. Lovett, the new Under-Secretary of State, previously told H.M. Ambassador that his Government cannot at present offer any further assistance except as part of a general plan for European recovery.

A measure to provide 1,353,029,900 dollars to cover United States foreign relief programmes over the next twelve months was passed by the House of Representatives on the 18th July. This includes the full 400 million dollars requested by the President for aid to Greece and Turkey, as well as the United States contribution to the International Refugee Organization and funds for relief in the occupied areas of Germany, Japan and Korea. The sum of 350 million dollars asked for by Mr. Truman for relief to war-devastated countries was reduced, on the recommendation of the House Appropriations Committee, by 18 million dollars—on the ground that this figure represented the amount "intended to go to certain countries which have not shown a disposition to comply with the requirements of the act authorizing the appropriation." This is understood to refer to Poland and Hungary, and, on the 23rd July, the State Department announced that the United States Government had decided that it would not be necessary to send any further official relief to Poland. No decision regarding Hungary has been reported so far. In the course of the brief debate in the House, Rep. Dirksen (Republican, Illinois) proposed an amendment specifically denying aid to countries which failed to "co-operate" in the Marshall Plan"; this was shouted down by members because it was felt to imply premature approval by the House of Mr. Marshall's proposals.

The deep concern felt by political leaders regarding the importance of an American foreign aid policy directed towards the "firm containment" of Soviet expansion is particularly evident in the case of the present troubles in Greece. There has been considerable speculation as to what course the United States will adopt to carry out her new responsibilities in Greece if the U.S.S.R. should obstruct action by the United Nations. Both Mr. Marshall and Mr. Lovett, the new Under-Secretary of State, have during the past week stressed the need for the prompt shipment of adequate military supplies to that country. At his press conference on the 16th Mr. Marshall indicated that the United States Mission to Greece might advise the Greek Army "on an instructional basis" regarding methods for fighting the guerrillas.

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Two days later Rep. Charles A. Eaton, chairman of the Foreign Affairs Committee of the House, went so far as to say: "We are in sight of a shooting war this minute in Greece."

It is typical of the manner in which foreign affairs are at present shaping the whole course of American political life that, during the past week, two further official bodies have been set up which will deal with foreign assistance problems. In addition to the State Department Policy Planning Committee and the three special committees appointed by President Truman (see *Summary* No. 398), a special fact-finding committee, composed of members of all standing committees of the House of Representatives concerned with foreign policy, is to be set up to study the aid requirements of foreign nations and the extent of United States resources available to meet them. This decision, which apparently took Senate leaders by surprise, was announced by the Speaker, Mr. Joseph Martin, after a meeting of the Republican Steering Committee of the House on the 14th July. Mr. Martin said it was desirable that the House of Representatives should make such a study independently from the executive branch. The Committee is expected to visit Europe during the recess. On the Administration side, the the Treasury Department has now established a new Office of International Finance under the directorship of Mr. Frank A. Southard, Jr., who will be responsible, *inter alia*, for all matters relating to financial assistance programmes and will advise the Secretary of the Treasury on the financial aspects of international treaties and financial problems in the United States occupation zones of Germany, Austria, Japan and Korea.

With regard to the Anglo-American Financial Agreement, the Secretary of the Treasury, Mr. John Snyder, announced on the 15th July that the United States Government had agreed to the request of His Majesty's Government that the date for the free convertibility of sterling accounts be postponed from the 15th July to the 15th September in the case of fourteen countries. A State Department spokesman said that discussions between the two Governments were proceeding regarding the application of Article 9 (the "non-discrimination" clause) of the Agreement and it was hoped to find a "mutually satisfactory" solution.

On the home front, as already foreseen, President Truman on the 18th July vetoed and returned the second 4,000 million dollar income tax reduction bill presented to him by the present Congress. (See last week's *Summary*.) The House of Representatives promptly voted to override his veto, but the Senate failed by 5 votes to obtain the necessary two-thirds majority to make the bill law. There have been charges from Republican quarters that Mr. Truman was "playing politics" in again vetoing this measure against the clear wishes of the Republican-dominated Congress, and some observers have claimed that similar "political" thinking on the part of Congress "in revenge for" the President's action is at the root of the present unwillingness to speed legislative action on the proposed economic aid to Europe. Mr. Thomas A. Dewey, the Republican Governor of New York State, has taken advantage of the opportunity presented by the State Governors' Conference to make a "non-political" tour of the Western States which appears to have increased the support for his Presidential nomination next year. Mr. Dewey was the favourite candidate of Republican Governors in an unofficial poll taken at Salt Lake City and was followed by Mr. Warren and Mr. Stassen. Mr. Dewey also headed a new Gallup poll of the 15th July with 50 per cent. of the votes; Mr. Stassen was second favourite, while Mr. Taft and Mr. Vandenberg tied for third place.

(See also under "Far East.")

LATIN AMERICA

Inter-American Affairs

According to Washington press statements, the United States War and Navy Departments are furnishing arms from war surpluses to all Latin American countries except Argentina, the Dominican Republic, Honduras and Nicaragua. Under contracts of the 15th March, Brazil, Chile, El Salvador, Colombia, Venezuela, Peru, Uruguay, Mexico and Guatemala have received, since V.J. Day, planes, artillery, small arms and ammunition to the surplus sales value of $5,063,837—the original cost was $37,149,309 (see *Summary* No. 400).

The State Department formerly feared that any such distribution of arms would encourage revolution and dictatorship in Latin America, and actually weaken hemisphere solidarity by increasing jealousy

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among the republics, while at the same time giving substance to complaints about United States interference in other nations' affairs. It was also argued that communism in the Americas could more effectively be checked by economic assistance, than by show of arms. Since President Truman's expression of satisfaction with Argentina's policy towards the Nazis, however, the State Department has come nearer to the War Department's point of view, which apparently is that of Mr. Marshall and the President himself. The fact that on the 26th May, the President submitted to Congress a message requesting authorisation to train armed forces of the Latin American Republics and replace their military equipment, after Congress had failed to act on a similar request last year, shows the great importance that he attaches to the proposal.

In a press conference at Buenos Aires President Gonzalez Videla of Chile again upheld the United States policy for the standardisation of armaments in the Western Hemisphere, though he repeated his objection to the subordination of the Chilean army to foreign forces (see *Summary* No. 399). He did not think that the plan involved the disappearance of Chilean military traditions or uniforms.

According to a broadcast report the question of Nicaragua's invitation to the Rio de Janeiro Conference (see *Summary* No. 400) has now been taken up by Argentina, who, at a meeting of the Executive Council of the Pan-American Union, supported the idea of an invitation being sent to Nicaragua, but suggested that the Council should make the decision whether or not to accept the credentials of the Nicaragua delegation.

Argentina

A recent decree of the Argentine Government authorises the creation, under the direction of the National Committee for the Antarctic, of a sub-committee on the Falkland Islands and South Georgia.

In this decree South Georgia has been separated from the Antarctic region and placed on the same footing as the Falkland Islands, thereby implying that South Georgia is Argentine territory under *de facto* British occupation, differing from the other Antarctic territories, which are already regarded as under Argentine jurisdiction. The activities of the various British parties established in these regions by the Falkland Islands Dependencies Survey have received no local publicity, and the Argentine public has been led to believe, that apart from some minor frontier revision with Chile, the Antarctic sector is part of Argentina, and that the only outstanding territorial question is the possession of the Falkland Islands.

Argentina's case is being prepared by a well qualified and active committee, and there is little doubt that her delegations at international conferences will lose no opportunity of ventilating her territorial claim.

In the first week of July Señor Miranda, President of the Central Bank and virtual controller of Argentine economy, appeared before the Senate to answer a number of questions regarding the Bank's economic policy, irregularities in the administration of the E.M.T.A. (Argentine Mixed Telephone Company) and other unpleasantly flavoured matters. (See *Summary* No. 398.) His explanations were evidently satisfactory, as by a subsequent decree he was appointed Chairman of the newly-created National Economic Council, with the rank of Minister-Secretary of State. Other members of the Council are the Ministers of Agriculture, Finance and Public Works, the Secretaries of Industry and Labour and the President's technical adviser, Señor Figuerola. The persistent rumours of Señor Miranda's resignation following exposures in *La Tribuna* of alleged frauds and accusations by General Silva, will be scotched by his appointment to Ministerial rank.

A broadcast report states that a draft Bill has been submitted to Congress to limit all newspapers to four pages. An editorial in *La Prensa* protests that the adoption of such a proposal would constitute an attack on public liberties and be a threat to the economic life of the nation (*La Prensa* ordinarily consists of 24 pages or more, with a dozen or so pages of advertisements). The immediate consequence would be the reduction of advertisements, followed by the dismissal of a large number of workers.

The same source announces that the Minister of Justice has cancelled all interviews in order to devote himself entirely to the preparation of draft Bills on the reorganisation of the judicial system and modification of the code. The Bills will probably be sent to Congress for next month's session (see *Summary* No. 391).

Presidents Perón and Gonzalez Videla were present at the Argentine Independence Day celebrations at Tucumán on the 10th July, when Señor Borlenghi, Minister of the Interior, read a declaration of Argentine Economic Independence. The President of Chile said that declarations of Independence were not enough. Brazilians, Argentines and Chileans had for 130 years been colonies of foreign companies. Political freedom was achieved, but economic liberty was still mortgaged.

Bolivia

Serious unrest is reported among the Indians in Bolivia, particularly in the high land district bordering on Lake Titicaca, near the Peruvian frontier. The present outbreaks are attributed to the propaganda of a near-communist organisation, the "Local Workers' Federation," which has for some time been inciting the Indians to seize the large estates.

The party in power under Colonel Villarroel had an extensive programme for the social and economic improvement of the Indians. The Indians are regarded by knowledgeable people as part of a general movement towards social revolution which has been going on for the last ten years through the combined action of various political parties, among them the M.N.R. (Movimiento Nacional Revolucionario), the national and authoritarian movement founded by Señor Paz Estenssoro.

The Minister of Education is planning an "alphabetization" campaign, somewhat on the lines of that organised in Mexico (see *Summary* No. 370). Meanwhile the Government have detained the leaders of the Workers' Federation, pending trial, and have put a number of Indians to work on Government lands in the Ichilo River district.

Chile

At a press conference in Buenos Aires Sr. Gonzalez Videla, President of Chile, after referring to the harmfulness of self-sufficiency, said that he wanted to return to Chile with President Perón's assurance that Argentina would abstain from the erection of synthetic nitrate plants, and so disarm Chilean opposition to the Argentine-Chilean Treaty. On his return to Chile on the 12th July, it was announced that an agreement had been signed, by which Argentina undertook not to install synthetic nitrate factories in her territory, and Chile to supply all the sodium nitrates required. A similar agreement was reached with Brazil. Senor Gonzalez Videla stated that his visits to Brazil and Chile had been a complete success and he felt certain that Congress would ratify the Argentine-Chilean Trade Agreement (see *Summary* No. 380).

Guatemala

Diplomatic relations between Guatemala and the Dominican Republic were suspended on the 9th July, following President Arévalo's refusal to accept the nomination of Senor Demorizi as Dominican Ambassador. The President's decision appears to have been prompted by a reminder from the Venezuelan Minister of certain remarks made by President Bethancourt of Venezuela regarding the Dominican Republic, on the occasion of his visit to Guatemala last August.

THE UNITED NATIONS

Security Council

The Balkans Commission

The proposals of the Balkans Commission for restoring peace between Greece and her northern neighbours (see *Summary* No. 398) were upheld by Sir Alexander Cadogan when the Security Council met on the 3rd July. Answering the Soviet contention that the proposals were tantamount to a limitation of the sovereign rights of the Balkan States, Sir Alexander said that the United Nations Charter itself constituted a limitation of the theory of national sovereignty. "If the Council cannot apply proposals such as those submitted by the Commission, ... we had better tear up the Charter and pack up." The proposals put forward were practical, he said, and could perhaps be elaborated. When the debate was resumed on the 8th July the Soviet delegate, Mr. Gromyko, pronounced the Greek evidence untrustworthy and the verdict of guilt against Yugoslavia, Albania and Bulgaria unfounded. He submitted formal recommendations in which there was no mention of a United Nations frontier organ such as was proposed by the Balkans Commission.

The Security Council on the 11th July continued its discussion of the proposals. The Bulgarian representative again took the floor, arguing that, since the Greek question was being treated under Chapter VI of the Charter, the consent of all the parties concerned was required for the establishment of the semi-permanent commission recommended in the Report. Moreover, to propose that, in the future, support of armed bands should in all circumstances constitute a threat to peace would be dangerous. There had

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been as yet, he affirmed, no discussion on the verdict of guilt brought against Yugoslavia, Albania and Bulgaria, a verdict to which only five nations had subscribed.

Colonel Hodgson, the Australian representative, then pointed out that the conclusions of the Balkans Commission did not condemn but were conclusions on the evidence collected. It was suspicious, he thought, that while Greece was ready to accept the idea of a semi-permanent commission on her territory, her three northern neighbours should oppose it. It could not be argued that the Balkans Commission was unnecessary, in view of the number of fresh incidents which had since been reported to it. Finally, the U.S. delegate declared that in his view the Security Council had all the powers required by its responsibilities, irrespective of the Chapter under which a question was being considered.

At the next meeting of the Security Council on the 15th July the French representative supported the proposals contained in the Report, but advocated the setting up of a smaller commission rather than one composed of all members of the Security Council. The Chinese delegate, also, supported the proposals, as did with slight amendments the Colombian representative who spoke of the need for conciliation. Senator Warren Austin stated that he was prepared to accept any amendments which did not affect fundamental principles. He urged the need for a speedy settlement of the matter in view of the disturbing news received from Greece.

The Security Council on the 17th July devoted two further sessions to the Report. The sentiments expressed by Mr. Gromyko on the 8th July were there re-echoed by the Polish representative with the customary modifications. He said that all the representatives were agreed that the four countries should do everything possible to put an end to the present tension and should conclude border conventions. He would recommend in addition that Greece should restore normal diplomatic relations with her three neighbours. The speeches of the Yugoslav and Soviet delegates showed no evidence of a change in views already expressed at previous sessions. The U.K. delegate at the end of the meeting deplored allegations made by the Polish delegate, in the chair "by the hazard of the alphabet," that the three countries had been found guilty simply because they had been unable to disprove the charges brought against them and that eight members of the Balkans Commission had reached their conclusions "for some extraneous reasons." The point was taken up by the Australian delegate and, as a result, Dr. Lange offered to have the offending remark expunged from the record.

Armament Questions

The Security Council has continued at intervals a desultory discussion of the Military Staff Committee's Report.

The Commission for Conventional Armaments met on the 16th July, and, on a motion by the Colombian representative, which was approved without a vote, it established a Working Committee of the whole to proceed in accordance with the plan of work which has been approved by the Security Council. The Working Committee is authorised to set up sub-committees as and when necessary and to define their terms of reference.

Economic Commission for Europe

The second session of the Economic Commission for Europe began at Geneva on 5th July and ended on 17th July, a period when public attention was largely occupied with the Paris discussions of the Marshall proposals. Interest was, naturally focussed on the relation of E.C.E. to the organisation being set up at Paris; but this tends to conceal the achievement of this session in transforming the Emergency Economic Committee for Europe into a permanent body with a much wider membership, whose activities will be closely co-ordinated with those of E.C.I.T.O. and E.C.O. to which it is also a successor.

Before this session, U.S.S.R. had done little to hinder the formation of E.C.E.; but, after the breakdown of the three-Power talks on the Marshall offer, the familiar division between East and West appeared here also—though both East and West seem to be of one mind in expecting small practical results from E.C.E. at present. Russia now finds in E.C.E. the same threat of "interference" as in the Committee of European Co-operation, *e.g.*, over the inland transport and coal, and especially over Germany.

An explanation of what had been done in Paris to set in train a response to Mr. Marshall's offer was given to the Commission by the British and French delegates, who stressed the need for a quick answer and, while regretting the outcome of the Big Three consultations in Paris, hoped to avoid a repetition of the dispute in E.C.E. which would, of course, be kept in

touch with the work of the Paris organisation. M. Zorin (U.S.S.R.) read, with deliberate emphasis, a long prepared statement, in which he said that the British and French had made their plans before they consulted U.S.S.R. who had no information about the real possibility of American aid or about what Mr. Clayton had been saying in London, that the British and French did not tell U.S.S.R. what their intentions were or what the American plan really was, that they intended not the economic recovery of Europe but the use of this plan to set up an organisation outside the United Nations to interfere in the economic life of European countries for their own benefit, and that they were trying to get Germany included, though this was a matter for the four occupying Powers and no one else. The Anglo-French assurance that no derogation of sovereignty was intended, continued M. Zorin, was belied by the Greek and Turkish agreements with U.S.A. M. Molotov at Paris had shown how the matter should be handled and had warned against the danger of dividing Europe. No one would believe the Anglo-French assurance that they were not trying to bypass E.C.E. and to divide Europe. Russia knew only too well what interference meant; she only wanted co-operation to restore and secure political and economic freedom for all.

Mr. Neil (U.K.) at once objected to this scurrilous attack, and demolished the accusations one after another. He ridiculed the supposed anti-Soviet "plot" and said that M. Molotov's demand for a previous assurance that Congress would support the Marshall offer "showed an infantile ignorance of democratic procedure." M. André Philip (France) said that M. Zorin's accusations were moonshine—mere romance. To ask the United States to foot the bill for European requirements without showing, as M. Blum had done for France in Washington, what they were doing for themselves was not consistent with either dignity or independence. The Marshall offer, he thought, gave Europe the chance to become a going concern once more. No information was withheld, and countries were free to give what replies they wished. He did not for for a moment believe that Russia withdrew because she feared a plot but assumed that it was because she could not understand and was over-suspicious.

At a later discussion the Swedish delegate supported by those of the other Scandinavian countries, emphasised that the Paris organisation which was temporary, must not be in conflict with E.C.E.

The Belgian delegate (M. de Stryker) brought up the question of German trade. He thought the method of arranging import and export transactions in dollars at an arbitrary rate of exchange a cumbrous one, and a serious obstacle to European recovery. M. Zorin objected to this matter being discussed at all; it was outside the scope of E.C.E. and was the concern of the four occupying Powers; moreover, twenty-one days' notice should have been given. The Belgian proposal to add this item to the Agenda was, however, approved; in the discussion which followed, the U.K. delegate undertook to bring to the notice of the zonal authorities any claims which the non-controlling Powers might wish to make. This question will come up again at a later session of the Council.

Proposals for liaison between the Commission's secretariat and the Occupation authorities in Germany led to a similar clash of opinions. The Russian view was that E.C.E. should have no direct communication with zonal authorities; that would only play into the hands of the Western Powers, who wanted to divide Germany and Europe. This was opposed by U.S.A., U.K. and France. In this connection Mr. McNeil asked history to say who had violated the Potsdam doctrine that Germany was an economic unity, the Western Powers or Russia. In the end it was decided that E.C.E. should be the forum for questions of trade between Germany and the rest of Europe and that while the occupying Powers alone had the right to decide (and where necessary to allocate), E.C.E. should have liaison both with Berlin and with the Zones.

The report of the Inland Transport Committee was adopted, after a strong Russian objection—which was not accepted by the Commission—to that Committee having any say in the matter of international waterways. The Coal Committee, successor of E.C.O. with the addition of U.S.S.R., was also set up; M. Zorin clearly wanted this to be merely a consultative body and to have no initiative. It will continue, however, to make recommendations on allocations direct to member Governments.

The new Committees are to begin their meetings early in September. The next session of the E.C.E. will probably be held in January 1948.

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THE EGYPTIAN FINANCIAL AGREEMENT

(This special article on the question of sterling balances in connection with the recent interim agreement between the United Kingdom and Egypt is contributed by a member of the Economic Intelligence Department.)

By the American loan agreement of 6th December, 1945, the United Kingdom undertook that all currently earned sterling should be freely available after 15th July, 1947, for current transactions anywhere, and that any sterling balances which were available for expenditure within the sterling area on or after that date should be available for payment for current transactions in any currency area. The U.K. Government also undertook to negotiate an early settlement of the question of accumulated sterling balances with countries of the sterling area. These balances were to be divided into three categories :—

"(*a*) balances to be released at once and convertible into any currency for current transactions;

"(*b*) balances to be similarly released by instalments over a period of years beginning in 1951; and

"(*c*) balances to be adjusted as a contribution to the settlement of war and post-war indebtedness and in recognition of the benefits which the countries concerned might be expected to gain from such a settlement."

So far as the sterling area is concerned no specific agreements are needed to provide that sterling earnings and sterling balances shall be expendable in any currency area. In all cases except Egypt, Iraq and Iceland the U.K. has always allowed such transfers as are authorized by the exchange control authorities of the various sterling area countries. The expenditure by Egypt, Iraq and Iceland of scarce currencies was governed by Scare Currency Agreements, but these expired on the 15th July.

The problem in the case of the sterling area countries is to control the rate at which existing sterling balances are used. No specific agreements are necessary with the British Commonwealth Governments and the Colonies; with the former there are already understandings concerning the sterling balances, while the Colonies' balances are under the effective control of the United Kingdom Government. This leaves the disposal of the balances of India, Egypt and Iraq as the main problem. There are several difficulties common to these three. First, any favourable terms regarding the release of balances granted to one country are likely to be claimed also as a right by the others. The seriousness of the consequent strain on the British balance of payments can be seen from the fact that, while the Egyptian sterling balances total some £400 million, the Indian balances are some three times this figure. Secondly, all three countries are extremely reluctant to agree to any writing down of the balances (the "adjustment" referred to in the American loan agreement), arguing that they require all the funds for their own needs, and further that such writing down would imply that they had not played their full part in the war and had overcharged the United Kingdom for the goods and services which they had supplied (although in fact this argument has *not* been used by the U.K. in the negotiations).

Against this background negotiations with Egypt were resumed in London in June. The original intention was that an agreement covering a period of five years should be made, but the Egyptians insisted that as a condition of such agreement we should immediately release £22 million of their balances in the form of gold to fortify the reserves of the National Bank of Egypt. To this the United Kingdom was unable to accede. In these circumstances the Egyptians refused to enter into anything more than an interim agreement, and on this basis an agreement was signed on 30th June, covering the period to the end of 1947. The two Governments reserved their position in regard to all questions not dealt with in the agreement which affect the ultimate settlement of the balances, such as scaling down, rates of interest, *etc.* There will be consultation later in the year with a view either to extending the agreement, or replacing it by a new one.

In broad outline the terms of the agreement are that existing sterling balances owned by banks in Egypt are frozen except for certain sums which are released as follows :—

(1) A sum sufficient to cover confirmed credits outstanding on 30th June, 1947, is excluded from the blocking;

(2) £8 million is released forthwith. (This is a generous allowance, representing an annual rate of release of some 4 per cent. of the total blocked balances, and was only agreed to after hard bargaining);

(3) The equivalent of any of the allocation of foreign exchange granted under the Hard Currency Agreement which is not spent before 15th July, 1947, is released;

(4) A working balance of £12 million is also made available to Egypt. It is intended that this sum shall be used merely as a cushion against fluctuations in the Egyptian balance of payments position due, for example, to a seasonal fall in exports. Thus, while this balance may be drawn on temporarily, it is intended that over a period it should be maintained and not reduced. (The working balance is necessary because hitherto Egypt could rely on her hard currency allocation and her sterling reserves to meet such temporary difficulties, but now she must rely on her current earnings plus the releases mentioned above.)

(5) There may be certain other releases to pay for sales of military stores and equipment to Egypt.

The sums released, together with Egypt's current earnings of sterling, are available for making *any* payments *within* the sterling area or any *current* payments *outside* the sterling area. Sterling standing to the credit of firms and individuals (as distinct from banks) in Egypt is not restricted or blocked in any way, and is available in the same way as the unblocked sterling of banks, unless the Egyptian Government decide to requisition these balances, in which case they will be blocked.

The nature of these arrangements implies that free movement of funds, including capital movements, between the United Kingdom and Egypt is no longer permitted; indeed, specific provision is made that capital movements shall only take place with the agreement of both Governments and under their joint supervision. Sterling has become a scarce currency from the Egyptian point of view. Egypt consequently has withdrawn from the sterling area. The significance of this should not be over-emphasised. A distinction must be drawn between the pre-war "sterling *bloc*" (consisting of many countries, foreign as well as other members of the British Commonwealth and colonies, which maintained their reserves in sterling for convenience and security because much of the merchanting trade of the world was canalized through London) and the war-time "sterling area," with a more restricted number of members who marched in line as regards import policy and the utilisation of foreign exchange for essential purposes. The great advantage of the arrangement was that the movement of funds between member countries was freely permitted. But, with the advent of the 15th July and the unrestricted availability of currently-earned sterling for current expenditure anywhere, the pre-war concept of the sterling *bloc* is once more tending to become more important than the war-time mechanism of the sterling area.

Egypt will still keep her reserves in London and can finance trade with all parts of the world through London, and so remains a member of the sterling *bloc* in the pre-war sense. It is simply owing to the fact that sterling has become scarce that Egypt will have to impose exchange restrictions which involve leaving the sterling area; this should, however, in practice add no more interference to the conduct of trade between Egypt and the United Kingdom than it does to trade between Western Europe and this country.

Finally it should be mentioned that since the Sudanese sterling balances are inextricably mixed up with those of Egypt, the Sudan has also left the "sterling area," and is also to treat sterling as a foreign currency for exchange control purposes. During the currency of the agreement Egypt will cover the Sudan's needs of sterling, while for other currencies the Sudan will go direct to London for its requirements. There will be periodical transfers from the free to the blocked sterling accounts of the National Bank of Egypt or *vice versa*, according to whether there has been a net receipt or a net disbursement by Egypt on account of residents in the Sudan.

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EUROPE

GERMANY

No major decisions on the Western Powers' policies in Germany were reached during the week. Anglo-U.S. discussions in Berlin on the level of industrial production and coal management are still suspended. Both Mr. Bevin and Mr. Marshall have informed M. Bidault separately that nothing will be done to implement the new level of industry for the time being (See under "France"). Mr. Bevin and Mr. Marshall agree that in the interval there should be consultations between the three Governments. Mr. Lovett, U.S. Under-Secretary of State, said on the 24th July that his department had not yet made up its mind exactly what form these consultations should take but the French must not get the impression that they could veto the subjects to be discussed. He was careful to state that there had as yet been no definite commitment to hold tripartite conversations. (See also under "United States.")

Anglo-U.S. talks on Ruhr coal are to be held after all in Washington, despite the disagreement over the scope of the discussions recorded in last week's *Summary*. H.M. Government have now informed the State Department that they are willing, in principle, to send a small party to discuss the technical problems of coal production. The State Department have replied that they would not object to studying anything related directly to coal. It has been agreed that the French Government should be kept fully informed of the talks in order to prevent renewed suspicion that they are something more than technical and might prejudice French plans for the Ruhr. It has also been decided that publicity about the talks should be avoided. The date and agenda have not been finally decided. Unofficial statements suggest that the United States will ask for a half share in running the mines. Great Britain may enter the talks at a disadvantage since there has already been strong public criticism in the United States of alleged British inefficiency in the Ruhr. (See also under "United States.")

The President of the Bi-Zonal Economic Council gave a clear welcome to the

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Marshall proposals at the Council Meeting on the 22nd July. He said that experts from all four zones ought to collaborate in preparing plans and that the Council was prepared to supply representatives from the Bi-Zonal area. The usual type of SED propaganda has been issued against the Conference on European Economic Co-operation, which *Neues Deutschland* of the 17th July dubbed "The Paris Miscarriage." Berlin *Tagesspiegel*, representing moderate and intelligent German opinion, welcomed the Conference as "The first break in an unsuccessful series of conferences." Mr. Bevin's statement that not only Great Britain but the whole British Commonwealth was ready to help in European reconstruction caused particular satisfaction. *Tagesspiegel* remarked that if other countries with overseas territories followed suit nearly two-thirds of the world's raw materials would be available and East European isolation would cease to be a danger. The paper hoped that France would not be presented with any *fait accompli* on the level of industry. It commented on the need for speed in working out a West European plan, since Russia was already busy in strengthening the position in Eastern Europe by a network of trade agreements. An extension of the existing trade pact between the Eastern zone of Germany and Poland has already been agreed, according to Leipzig Radio, and a Polish official has stated that trade with Poland has grown by 100 per cent. compared with last year. It is reported that an agreement with the Soviet Union is also being discussed. Of course, Russia has for some time been exporting raw materials for processing in Germany.

In view of U.S. criticism, special importance is being attached to the new incentives which are to be introduced for Ruhr miners from the 28th July. Workers in mines which reach certain targets in output during the next four months will be rewarded by food parcels from U.S. army stocks. When daily output in the Ruhr exceeds 245,000 tons any shortages in the official basic food ration will be replaced by additions to the special miners' rations. Some of the foreign exchange earned by coal exports will be used to import consumer goods which can be bought by the miners under the scheme whereby "points" are awarded to those who work their full shifts. This is part of a plan shortly to be introduced under which 5 per cent. of the foreign exchange earned by all types of exports will be set aside to buy goods for the benefit of the workers in the Bi-Zonal area, while another 5 per cent. will form a reserve fund on which German exporters can draw, in proportion to their sales, for buying a wide range of materials. Hitherto the Germans have had no say in the choice of imports. A somewhat similar concession was granted in the Soviet zone recently. The export price of coal is to be raised from 1st September, but this is in no way related to the new concessions.

Political squabbles are already threatening to reduce the usefulness of the new Bi-Zonal Organisation. The Social Democrats have gone into opposition. It will be recalled that there are four main levels of authority. The legislative Economic Council—now to consist of 53 not 54 members—has one representative for every 750,000 inhabitants; the Social Democrats and Christian Democrats now have an equal number of seats but on the whole there is a slight "right-wing" majority. The Council in turn has divided itself into a number of specialist committees, four of them headed by Social Democrats, three by representatives of the Christian Democrat Party and one by the latter's present ally, the Free Democrats. The Economic Committee, which has one member from each State, has a strong Social Democrat majority, chiefly because large but unprogressive States like Bavaria only count for the same as small but "Leftist" States like Schleswig-Holstein. It is already clear that these groups are all pulling in different directions. The fourth important series of appointments had to be made by the Economic Council on the 24th July—these were the Directors to head the Departments who administer the laws. These Directors had first to be nominated by the Executive Committee. The Social Democrats wanted to nominate a candidate for the key post of Director of Economics but the Christian Democrats tried to exact the impossible bargain that the SPD should then give up their representatives from Lower Saxony and North Rhine/Westphalia on the Executive Committee. The SPD refused and when it came to voting on the appointment in the Economic Council, the CDU sided with the FDP in rejecting the SPD candidate. Thereupon the SPD withdrew its candidates for all the other four directorships, which were filled by Christian Democrats, and announced that it would pass to "practical constructive opposition." It is singularly unfortunate that this should happen at a time of strong Communist attacks on the whole set-up, since the SPD will necessarily attack it also. Dr. Schumacher said

the CDU had given the Communists the chance to denounce Western Germany as capitalistic and anti-Socialist. In an obvious effort to extend his own party's ranks he also claimed that the CDU, by making common cause with more right wing parties, was striking a heavy blow against working class Catholics who had voted for the CDU and who now saw those votes misused to launch a campaign against Socialism. The CDU leader Adenauer has naturally taken the opportunity to launch an attack on the Socialist-controlled Executive Committee as a structural failure. The German population already appears to be dangerously apathetic about the new Organisation and will become more so if it gives itself up to fruitless wrangling.

Political developments in Germany since the breakdown of the Moscow Conference have increased the need for the Christian Democrats and Liberal Democrats in the Soviet zone to decide whether they are looking East or West. Until recently the Liberal Democrats pursued a policy of complete subservience to the Socialist Unity Party as the only means to preserve their organisation at all. The Christian Democrats were only a few degrees less submissive. In the anti-Fascist *Bloc* Committees which decide most matters of policy all three parties are represented, but the Socialist Unity Party has the additional support of the Trade Union League and wields the whip-hand. First signs of revolt came at the time of the Munich Conference when the one LDP premier tried to dissociate himself from the disruptive tactics of his SED colleagues, but was forced by Russian pressure to toe the line. The Chairman of the Party, Dr. Kuelz, continued repeatedly to proclaim his solidarity with SED policy, but many of his party dissented. On the 10th July the Berlin Group and some delegates from Brandenburg refused to support the re-election of Dr. Kuelz to be chairman and Berlin left the National Executive. On the 15th July, however, Berlin leaders succeeded in extracting a joint statement from Dr. Kuelz that "even the appearance of dependence on the SED" must be avoided. The statement also condemned SED attempts to strengthen its hand still further by including the Communist-controlled, but ostensibly "non-party," organisations such as the Cultural League in the *Bloc* Committees. Jakob Kaiser, Soviet zone Chairman of the CDU, made a most outspoken attack on these SED tactics on the 12th July. He is also the first Soviet zone politician openly to criticize the existence of internment camps and to protest against the unrest caused among the population by these measures and by forced recruitment of labour. (In the past month many thousand people from the Soviet zone have fled Westward mainly to escape labour direction. A Bavarian official stated that nearly 50,000 had reached Bavaria in the first half of July.) The toughening in the attitude of the CDU and many elements in the LDP is doubtless helped by the international developments resulting from Mr. Marshall's proposals and the parties' hope that they can make a stand now with less fear of reprisals because the Russians need, at least for the time being, to tread cautiously and to foster the allegiance of all parties in their zone to a policy of close economic collaboration with Eastern Europe. At the moment the Russians would probably prefer not to put all their eggs in one basket by completing the construction of a one-party State and giving the SED undisputed sway—and probably a swollen head. So far the SED press has not reacted except to give a cautious defence of their "*Bloc*" policy, but the Russians are reported to have called for the full text of Kaiser's speech.

Errata

Last week's *Summary*.—Page 2, column 2, line 30: Read "through providing" not "though providing." Page 3, column 2, line 13: Read (Government) not (Governments).

AUSTRIA

Austrian morale, already encouraged by the measures taken by the United States Government to relieve Austria's financial and economic difficulties and by participation in the Paris Conference on European Economic Co-operation, has received a further impetus as the result of a personal promise by Generalissimo Stalin that the repatriation of Austrian prisoners-of-war is to be completed by the end of 1947. This welcome news was contained in M. Stalin's reply to a letter of the 18th June from the four Communist Deputies in the Austrian Parliament. The Deputies had claimed that thousands of relatives of Austrian prisoners-of-war held in the Soviet Union had asked the Austrian Communist Party to intervene

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for the return of the prisoners. The same Deputies have also appealed to Marshal Tito to speed up the repatriation of the Austrian prisoners-of-war in Yugoslavia.

Awareness of the political implications of leaving the Communists to pursue independent negotiations with the Communist Heads of the two States which hold the great majority of the Austrian prisoners-of-war has no doubt contributed to the Austrian Government's recent decision to set up a Commission, consisting of representatives of all three political parties, to deal with all questions concerning the Austrian prisoners. The Minister of the Interior reported on the setting up of this Commission at a meeting of the Austrian Cabinet on the 8th July. The fact that M. Stalin's reply to the Communist Deputies' letter, after an interval of five weeks, bore the same date as that on which the Commission resolved that a further letter, "this time to be written at the request of the Commission," should be despatched to M. Stalin, would seem to be not without significance in view of the Soviet Government's evident displeasure with the overwhelmingly People's Party-Socialist Austrian Government. The Commission is establishing direct contact with the Governments of Yugoslavia, Poland and Roumania in order to speed up the repatriation of the Austrian prisoners held by those countries. In response to a request from the People's Party the International Red Cross is trying to obtain lists of Austrian prisoners held by the various Governments.

Austrian Communists appear to be gathering their strength to meet what a K.P.O. instruction (to all sections) last May described as "the urgency and magnitude of the tasks with which the party will be confronted in the near future." The instruction referred to ordered a temporary but radical cutting down of compulsory meetings in order that individuals might be left free to tackle their particular party tasks. New Communist tactics *vis-à-vis* the Catholic Church (though by no means a change of heart) may have been foreshadowed in a talk over Vienna radio at the beginning of July when a Communist speaker pleaded the common social cause of Christianity and Communism. Politicians, he said, must not make the mistake of concerning themselves only with things temporal and asking the Church to confine itself to things spiritual; no Church that was loyal to its belief could agree to such a demand. Catholics and Communists had suffered together for liberty and human dignity; Communists regarded as their enemy not religion, but capitalism and fascism.

There has been an outbreak of infantile paralysis in Austria; the Federal Ministry for Social Administration has, however, denied that there is grave cause for anxiety. The most affected areas are Styria and the Tyrol. There was also a large increase in the number of new cases of pulmonary tuberculosis in April, but by the end of May the number of new cases had fallen to the previous level. Even in April the figures for Vienna were considerably below those for the corresponding month in 1946. The Austrian Students' Organisation has stated that no less than fifty per cent. of Austrian students are suffering from T.B. and that the students' health in general gives rise to great anxiety. For Austria as a whole the infant mortality rate fell steadily in April and May, when it was about at pre-war level; in Vienna, however, it continues to be very high.

CZECHOSLOVAKIA

Popular arguments now advanced as an explanation for the Czechoslovak refusal to attend the European Economic Co-operation Conference may briefly be summarised under four headings:—

(*a*) The Marshall Plan aims at reconstructing Germany without consulting either the United Nations Organisation or Soviet Russia;

(*b*) The Plan envisages the creation of a Western *bloc;*

(*c*) Czechoslovak participation would have endangered the harmonious working of the Republic's own Two-Year Plan;

(*d*) Distrust of the motives behind American interest in European economy.

Although these arguments are patently designed so as not to offend the Kremlin, the Czechs are, nevertheless, sincerely convinced that only a concerted effort by the United Nations can satisfactorily solve the German problem; hence they regard all talk of a Western loan to rebuild Ruhr industry or of an increase in Germany's steel output with grave suspicion. Therefore, they claim, the lack of Allied agreement on this question compels them to support the Russian viewpoint. Nor is such reasoning confined to the Communists alone. Even the non-Marxist parties pursue a line of thought similar to that of their political opponents. M. David, the Czech

Socialist Speaker of the House, has reiterated the need for Slav collaboration against German revival, and in this he is supported by Dr. Drtina, the Socialist Minister for Justice, who was a member of the recent delegation to Moscow. M. Fierlinger, leader of the Social Democrats, has excused the Czechoslovak *volte-face* on the grounds of divergent Allied opinion on Germany's future and the possible rebirth of German nationalism (attacks on Wenzel Jaksch, for example, have reappeared in the press; he is alleged to be reorganising the Sudeten Germans to agitate for a revision of the Potsdam Agreement). *Lidová Demokracie*, organ of the Catholic People's Party, sees in the Marshall Plan merely a selfish attempt to ensure a stable market for surplus American output.

In the face of Soviet pressure, it is difficult to imagine what other official attitude Czechoslovakia, a small nation, can adopt: the conditions of the Koše Agreement and the Czech-Soviet Treaty of Alliance have clearly shaped its destiny. Dr. Zenkl, perhaps the most candid spokesman of the Czech Socialist Party, is reported to have revealed that the Russians would—if the Czechs persisted in their intention of attending at Paris—simply annul the Alliance. Such a threat would naturally account for the sudden reversal of the Government's attitude and explain their present insistence upon collaboration with Russia. The full effects of the Russian intervention will not be realised until the next elections are held. The fanaticism of the Communists, their organisation, the proximity of Russia and the new orientation given to political affairs in Eastern Europe, the uneasy state of international relations, as well as unpleasant recollections of 1938, may combine to ensure a larger Communist majority than was gained in 1946. It is not to be expected, however, that the non-Marxist parties with their sturdy traditions of independence and progressive socialism will yield without a keen struggle.

The stiffest and most reckless resistance is likely to come from the Slovak Democrats whose antipathy to the extreme Left is highly seasoned by their different religious and historical upbringing. (Nor will the Moscow "*Diktat*" have tempered the mood of the Slovak Right.) The gulf is further widened by the obstacles inherent in the formulation of the new Constitution, a difficulty which the special Commission of experts, drawn from all parties, is still unable to resolve. The demands of the Slovak Democrats in the Parliamentary Constitutional Committee are totally unacceptable to the other parties as being essentially "dualistic."

The Slovak Social Democrat Party, on the other hand, is pursuing a more realistic and sensible course. The Central Executive Committee of that Party, criticising both Communists and Democrats alike for their selfish attitudes, has declared for the formation of a single Social Democrat Party throughout the Republic.

The results of the Two-Year Plan for June are four per cent. below the average for the first six months of the year and were particularly unsatisfactory in the food industry. It should be remembered, however, that there were fewer working days in June, and the few results which have reached us so far for particular industries show a daily average above the previous month. Earlier in the month M. Zapotocký said that the hopes which he had placed in nationalised industry had been cruelly disappointed: the standard of industry under private ownership, on the other hand, had been fully maintained. Criticising the workers' discipline, he then emphasised the great responsibility of the trade unions for maintaining output. This outburst, obviously an embarrassment to the left-wing groups, seems to indicate that opinion in the factories is swinging away from the Communists.

(See also under "Hungary.")

POLAND

The evacuation of the German inhabitants of the former German territory east of the provisional Polish-German frontier was resumed in the spring. The Potsdam Agreement, in recognising that such transfers would have to be undertaken, left it to the Allied Control Council in Berlin to arrange for the reception of these evacuees. Eventually H.M. Government agreed to receive 1,500,000 into the British Zone of Germany. This number having now been received, the transfer, known as "Operation Swallow," has now been stopped, and the remaining Germans due to be transferred, numbering perhaps 500,000, are being housed in the Soviet Zone, which had not yet received its agreed numbers. Some discussion has arisen from the fact that some of the 1,500,000 now in the British Zone found their own way there; so that the number of Germans officially conveyed there is still below the agreed quota. This fact is not held to place any obligation on H.M. Government to accept any more transferees, particularly

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in view of the existing overcrowding and extensive destruction in the British Zone, the need to accept Germans from Denmark, and the fact that the quota for receptions in the Soviet Zone has not yet been filled. It is not expected that the Polish Government will raise more than a formal protest against this decision.

A question in the House of Commons scheduled for the 30th July draws attention to the arrests of certain Socialists in Poland. The arrests appear to have been made in two waves, and it is considered probable that they were designed to serve a particular political purpose. The first wave, made last October and November, could be interpreted as a warning both to independent Socialists and members of the P.P.S. against anti-*bloc* activities during the election period. The second coincided with a period this summer during which relations between the P.P.S. and the P.P.R. (Communists) were strained.

The charges made by the Ministry of Public Security were of collaboration with a terrorist organisation run by General Anders and other underground movements, anti-State and anti-Soviet propaganda, and provision of material to a foreign intelligence service. In one instance, W.R.N. ("Freedom, Equality and Independence") was cited as the underground organisation concerned. It is known that many Socialists were members of W.R.N. which while it was anti-German was also anti-Soviet. Presumably the Communists aim at showing that W.R.N. still exists, and that even some of the present members of P.P.S. belong to it. The P.P.S. has thus been manœuvred into a very awkward position.

Among those arrested, some are actually members of the P.P.S., a number of them holding responsible administrative positions. Others are members of the independent group of Socialists.

M. Minc, Minister of Commerce and Trade, opened discussions in Paris on the 26th July to negotiate a new Franco-Polish trade agreement replacing that which expires in August. The Polish coal export is a valuable bargaining counter against which Poland may hope to obtain a useful quantity of French goods.

The 22nd July was celebrated throughout Poland as a national festival to commemorate the third anniversary of the issuing of the July manifesto of the Polish Committee of National Liberation. People were out to enjoy themselves in the numerous country celebrations, and there was a note of deep satisfaction in the various official ceremonies, orders-of-the-day, and pronouncements. For the first time, the Church recognised a day of official celebrations by holding continuous morning services. The four Government *bloc* parties issued a proclamation hailing the victory of Poland over all its obstacles and including the words:—

> "While cementing Slav unity we never forget that with our Allies we form an inseparable part of a Europe stretching from the Urals to the Thames. We have opposed and are opposing all attempts to create artificial divisions between European peoples. That is why, like our nearest Allies, we have been doing our utmost . . . . to consolidate our ties and collaborate with Britain and France and with other States."

SOVIET UNION

Moscow is continuing to stall on the question of the ratification of the Peace Treaties. The latest communication from the Ministry of Foreign Affairs stated that the Soviet Government felt that the fixing of any definite date would be premature, though it agreed in general that it was undesirable to postpone the entry into force of the Treaties. The Soviet view was that the Treaties which were simultaneously drawn up in Paris should be brought into force simultaneously and that the procedure suggested for Italy should apply to all ex-enemy States. When these had all ratified the Soviet Government would be ready to fix a date with Great Britain, the United States and France for simultaneous ratification.

The official Soviet reply to the United States' *aide-mémoire* of 11th July suggesting the calling of a conference of all Powers for the 19th August to discuss the preparation of a Peace Treaty for Japan was issued on 23rd July. The statement condemned the United States for having begun the negotiations unilaterally and insisted that the question of calling a Conference for the preparation of a Peace Treaty with Japan be a matter for preliminary consideration by the Council of Foreign Ministers.

M. Molotov has agreed in the name of his Government to the proposal for a meeting of the Deputies for Germany in London on 1st October and has expressed the view that their work should be completed in four or five weeks.

The British Trade Mission headed by Mr. Harold Wilson had to leave Moscow, its task unaccomplished, on 25th July after

five weeks of intricate negotiations. The talks went well on the commodity side, but broke down on the financial issue of the terms of repayment of the advances made by Great Britain to the U.S.S.R. for civil supplies and reconstruction equipment under the agreement of 16th August 1941. The Soviet press has maintained complete silence on the discussions, merely reporting Mr. Wilson's arrival on 20th June and making no comment until the issue of the final *Tass* statement on the breakdown on 28th July. *Tass* described the 1941 terms as onerous and charged the British delegation with refusing to accept the suggested Soviet compromise.

Comment on the Marshall plan has continued to stream out, though nothing new has emerged. Zaslavsky paid a tribute to the sober "shyness" of the Scandinavian delegates, whose voices are drowned by the threatening shouts of the Anglo-French organisers. *New Times* has taken Mr. Churchill's article in *Life*, "If I were an American," as a peg on which to hang a reminder to the Soviet public of the Fulton speech and a demonstration of the continuity of the foreign policy of the Labour Government with the doctrines therein enunciated. Mr. Churchill was said to have every ground for recommending the Labour Government to the American capitalists—even if he had not received special instructions to do so from Mr. Attlee and Mr. Bevin.

Since the International Socialist Conference held in Zurich in June this year the Soviet press has kept up a steady flow of attacks on "right-wing social democracy," the British Labour Party being invariably singled out as the villain of the piece in organising the Socialist parties of the world against the U.S.S.R. and in splitting the working class movement. As far as can be judged from the published accounts, the Zurich Conference can scarcely have given the U.S.S.R. real cause for disquiet; the Second International was certainly not revived and the only decisions taken were to publish a new journal and for the parties to meet in Conference every six months. It is of interest that of the Soviet satellites who attended the Conference, while the Roumanians, Hungarians, Czechs and Poles invariably voted in a *bloc* of four against the other 15 delegates, the Finns always voted with the Western side.

The Vatican has not recently been kept much before Soviet readers as a source of evil machinations and a rival of communism in the international field, but Academician Varga has returned to the attack in an authoritative article in *Bolshevik* describing the mutual efforts towards collaboration of the Catholic parties and the right wing Social Democrats. He paid, however, a somewhat surprising tribute to the lower clergy who, in spite of the strict discipline of their Church and in contrast to the action of their superiors, "stood close to the people" and were openly defending the new democratic régimes.

Warnings to good Soviet citizens to beware of the painted Jezebel of Western bourgeois civilisation have become a familiar feature, but a new note was struck in an article by P. E. Vyshinsky accusing his compatriots of indifference to the superiority of Soviet science over all other and denying the international character of science. Although asserting that in contrast to capitalist science which was harnessed to harm mankind Soviet science could never be made use of to the detriment of the masses, he illogically insisted on the need for keeping Soviet scientific studies strictly secret. "Every violation of this rule amounts to anti-patriotic sycophancy *vis-à-vis* bourgeois civilisation." Hitherto a Marxist respect for science as such has led to a not ungenerous attitude to the achievements of foreign scientists, even though they were naturally presented as outdistanced by their Soviet contemporaries.

Navy Day on the 28th July provided an opportunity for a further display of Soviet jingoism and self-satisfaction. Foreigners were accused of putting out "clever rubbish," about Russia being a continental country with no concern on the seas, in order to divert the Russian people from its true historical path. Russia, the Soviet Union, was, and was going to remain, a sea-power, and people should remember that the Russian navy had been created before the British navy: Soviet citizens never never never should be slaves.

Considerable publicity has been given to Indonesian events, though the first comment did not appear until the 25th July. The *Izvestiya* article of that date headed "The colonisers are in action" accused the Dutch of systematic violation of the Linggadjati Agreement, which had clearly only been signed by them as a manœuvre to gain time The Dutch were described as in fact puppets in the hands of American monopolists who were extending the Truman doctrine to Indonesia; the "war" that had broken out in Indonesia was held up as an illustration of the general threat to peace which these monopolists presented.

Soviet propaganda on the Greek situation has played up the forces of General

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Markos as the "Greek Democratic Army" and has described the guerilla fighting as a civil war, accusing the Americans and, to a lesser extent, Great Britain of military intervention on behalf of the reactionary régime in Athens, thus implying a sinister parallel with the civil war in Spain. Commentators from Moscow were at pains to refute rumours of the existence of an International Brigade, while *Pravda* published a curious report to the effect that the United States was planning to send American troops to Greece disguised as a volunteer detachment made up of Greeks in the U.S.A. (See also under "United Nations".)

Soviet tactics are no doubt designed to make the establishment of a United Nations frontier commission more difficult and to cover up the exposure of the Communist plot in Greece while leaving the Soviet Government free to indulge in military intervention, disguised or open, through its Balkan satellites. The present visit of the Albanian leaders to Moscow is suspicious in its timing, but it is their first visit since their accession to power and to the Russians might even appear overdue. Enver Hoxha and his party were received by M. Stalin and had lunch with M. Molotov but they seem to have had a good deal of time to spare for sight-seeing during their fortnight's visit. The communiqué issued on the close of the visit revealed nothing beyond the fact that questions of economic and cultural co-operation had been discussed and that the Soviet Union had agreed to furnish a credit to Albania for the purchase of equipment for light industry and and of agricultural machinery.

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Other visitors at present enjoying Moscow hospitality are the delegation of deputies from the Bulgarian Grand National Assembly, representatives of Italian Anti-Fascist women, and Mr. S. A. Dange, President of the All-India Congress of Trade Unions. The last-named made a statement to *Tass* on the British transfer of power in India, describing it in familiar terms as a scheme for splitting the country and retaining British rule in a disguised form.

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Though the presentation of the facts in this paper may well have bordered on the sensational, the affair has nevertheless caused considerable uneasiness throughout the country. M. Kunnas' predecessor it was recalled was only recently convicted of forgery of a medical prescription whereby he had obtained certain drugs for his personal use, and at least one other suspect in the present case has committed suicide by jumping through the window of his apartment. In view of these strange occurrences within the State Police many sections of the public are now strongly advocating the appointment of a special commission of inquiry which cannot be welcome to M. Leino and the Communist Party. The suspicion that M. Kunnas is the victim of a provocative plot similar to that under which M. Kovacs in Hungary was "framed" is widespread, and a decision, should it be made, to hold the trial within closed doors will not help to dispel it.

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Simultaneously with this announcement it was stated that agreement had been reached for the programme of the fourth reparations year which begins on the 19th September. According to reports, satisfaction has been expressed over the fact that it follows closely that of the current year, though anxiety is felt as to Finland's ability to fulfil deliveries of machinery and plant.

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The Marshall Plan and the future of German industry were—sometimes separately, but more often jointly—the main topics of the week in France. M. Ramadier's speech at Perpignan, following so closely on that of Mr. Bevin at Morpeth, was welcomed by the Press as an indication that the threat seen by France in the American plans for raising the level of German industrial production had become

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less imminent, and that a three-Power compromise, satisfactory to all, might be achieved.

On the 23rd July, it was officially announced in Paris that the United States Government had agreed to suspend a decision on the level of industry to be set as a target for the Anglo-American zones in Germany, as well as their administration and the control of the Ruhr, until the French Government had had an opportunity of putting their point of view before the American and British Governments, probably at a tri-partite conference. This announcement was welcomed with profound relief, especially by the right-wing Press. Some confusion arose at first over reports of more immediate Anglo-American discussions, without reference to France, until it was made clear that there were in fact two conferences—the first dealing with matters of administration in the Anglo-American zone; the second, concerning the subjects which France thought affected her own future so gravely and which she considered were beyond the scope of ordinary zonal authority, such as the level of German industry and the ownership and control of the Ruhr mines. On the 24th July, M. Bonnet, French Ambassador in Washington, had a "general exchange of views" with Mr. Armour, Assistant Secretary of State for Occupied Areas, at which were discussed the reasons for France's objections to any immediate raising of the German level of industry. It was felt that France had achieved a diplomatic success when it was announced that Britain had joined her assurances to those of the United States that the proposed Anglo-American plan for German industry would not be published or put into effect without prior consultation with the French Government. Discussions are now proceeding on the date and place of the consultations and the form that they are to take.

M. Maurice Thorez, the French Communist leader, touched on the subject of German industry when, on the 23rd July, he addressed the Anglo-American Press Association in Paris. Rejecting the "pessimistic" view that the world must be divided into two spheres of influence condemned to clash in an atomic war which would spell the doom of mankind, M. Thorez then referred to the apprehension which clouded France's gratitude to America for her assistance proferred in the Marshall Plan, on the ground that German production appeared to be the keystone of the Plan. Frenchmen viewed with anxiety any plan which would again give Germany a dominating economic position in Europe. This did not preclude acceptance of a certain development of industrial production in Germany, both to allow of reparations and to ensure a decent standard of living among the German workers; but France had no wish to witness a rebirth of a dangerously powerful heavy industry and chemical industry in Germany and more particularly in the Ruhr. Strict inter-Allied control was necessary without prejudice to a prolonged military occupation.

The same topics were to the fore, when, on the 26th July, at the end of a debate on foreign affairs, the National Assembly adopted, by 421 votes to 6, a motion which included the Government's unchanged policy on Germany and the Saar, grateful recognition of the Marshall Plan, and the express desire that France should play her part in the reconstruction of Europe, but without the creation of two hostile *blocs*. The Communists, while voting for the part of the motion which concerned Germany, abstained from voting on the motion as a whole.

The debate developed along what have now become traditional lines, nearly all speakers expressing some degree of fear of a premature industrial recovery in Germany, and the Communists denouncing the Government's foreign policy on the score that it was forcing France to join a Western *bloc*. M. Reynaud pleaded for a reconciliation between East and West, "on pain of death," demanding what internal squabbles could possibly matter in the face of such problems.

M. Bidault, the Foreign Minister, defended himself against Communist accusations of "a drift to the Right." In reply to criticisms that, by signing the three-Power Agreement at Moscow on the 19th April on the subject of German coal, he had sacrificed French rights to reparations, he reminded the Assembly that Communists had been members of the Government which had approved that Agreement. In actual fact, the Agreement guaranteed for the first time that a percentage of German coal would be exported to Allied countries. He pointed out that the economic incorporation of the Saar with France did not mean abandoning French claims to reparations.

M. Bidault then discussed the Marshall Plan and dealt with Communist criticisms that the matter had not been left for discussion at the Economic Commission for Europe by emphasising the urgency of France's economic position. France, he

said, could not afford to refuse American aid. It was not a question of a choice between "the black bread of freedom and the white bread of servitude," as the Communist slogan would have it, but between bread and no bread at all. The needs of France with regard to essential imports were so great that 2,000,000,000 dollars had been allocated the previous year, and now her dollar reserve would barely cover another two months' imports. There was also ground for apprehension concerning the food situation because of the "catastrophic harvest." The foreign loans of 1945 and 1946 could hardly last beyond the end of the year, so that, unless help was forthcoming, a drastic reduction in the import of raw materials would become necessary, bringing in its train industrial and agricultural paralysis and a reduction in food supplies.

On the 27th July, General de Gaulle, who has been making a kind of pilgrimage of the war memorials of Brittany, delivered a speech at Rennes embodying an outspoken attack on the French Communists and on the octopus tactics of Soviet Russia. As the Municipal Council of Rennes had refused the General permission to speak in the town square, he addressed a crowd of 90,000 in an adjacent meadow. Calling on his supporters to ensure French unity "above divisions and parties," by vigorously opposing the intrigues of "those who do not play the game of France," he declared that after the Liberation he had tried to bring about the inclusion of the Communists in the national community, but that now they appeared to have chosen another path. There were in France to-day, he said, men who had sworn obedience to the orders of a foreign plan for domination directed by the leaders of a great Slav Power. Their object was to establish a dictatorship in France, as their counterparts had succeeded in doing elsewhere with the support of that same Power. In time already difficult enough for France, they had brought the Republic into a "régime of impotence." Two-thirds of the Continent, he continued, was dominated by Moscow, which, by combining military and economic pressure with the activities of her supporters inside the various countries, had already created a *bloc* of nearly 400,000,000 people, with a frontier distant only 500 kilometres from France itself. Those who were resigned in advance to Slav hegemony had no place in France, or in this present century, unless it were "to act as the accomplices of evil until such time as they become its slaves."

The problems arising out of the interception of the "President Warfield" were discussed at a meeting of the French Cabinet at Rambouillet on the 23rd July. At M. Bidault's suggestion Mr. Duff Cooper joined him there and impressed on him the seriousness with which Great Britain regards the question of illegal Jewish immigration. The following day, M. Ramadier, the Premier, declared at his weekly Press Conference that the ship's certificate of navigability was valid only for a voyage without passengers, and that in setting out the Captain had defied the port authority. It was officially stated the same day that the 4,554 Jews from the "President Warfield" (the Colombian Government have declared that their visas were forged and that Colombia would not in any case accept them) were now travelling to an unspecified French port in three British transports. M. Ramadier stated that they would be given refuge in France and allowed to remain if employment could be found for them. It was learned on the 29th July that the vessels were expected that day at Port-de-Bouc, and that the French authorities were taking precautions to minimise the risk of quayside demonstrations. The French Government held firmly to its decision to receive on French soil only those passengers who landed of their own free will, although the British position was that His Majesty's Government must reserve the right to use such force as might prove necessary if the passengers refused to disembark peacefully.

Erratum

In last week's *Summary* it was stated in error that British agreement had been secured—and announced in London on the 21st July—to the French interim decision to disembark the returning Jewish emigrants at Villefranche.

SPAIN AND PORTUGAL

The results of the referendum on General Franco's Bill of Succession were announced on the 26th July by the President of the Supreme Court of Justice. He stated that 14,145,163 affirmative votes had been recorded out of a total of 15,219,563—over 92 per cent. From reports received it is clear that the persuasion of the population to vote, the voting itself and the

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counting of the votes was attended by much trickery and faking, though the extent of the interference and the methods used varied from district to district. A careful observer estimates that in Madrid over 160,000 persons abstained from voting and, with the negative votes registered, the adverse total was more than 300,000 as against 923,417 affirmative notes. There seems no doubt, however, that General Franco and his friends are pleased with the outcome of this—his first—campaign at the polls.

On the 18th July General Franco celebrated the eleventh anniversary of the National rising by an interview in *Arriba*, the Party organ. In a series of questions and answers provided by himself he promised the Spanish people to bestow upon them all the life that remained to him. The referendum, he claimed, represented the re-incorporation into Spanish life "of our opponents of yesterday, and the start for Spain of a period of constitutional normality." After asking himself whether the referendum would not bring about a thorough-going change in the attitude of the international world to the true facts of the Spanish case, the Generalissimo turned upon the Monarchists. The true Monarchists, he affirmed, "are as ever with us and with Spain," the rest were "the old familiar made-in-France breed." The value of any possible bed-fellowship between them and the Reds could be seen "in the exiguous abstentionist total." According to General Franco the foreign press and wireless were under the tyrannical dictatorship of proprietors and did not represent the foreign nations. Official policies in many lands were simply those of governmental cliques. All are not duped, however, the Caudillo asserted, and he claimed that he had received daily thousands of "testimonies" from Catholics all over the world begging him not to confound the public of their countries with the ideas of the oligarchies in power.

In Toulouse the Spanish Socialist Party is holding a conference in which Don Indalecio Prieto, newly arrived from Mexico and one of the strongest personalities of the Spanish Republican period, is taking part. It is thought that he may advocate the liquidation of all Republican institutions in exile, and an all-out move to combine in one organization all Republican and Monarchist opponents of General Franco both inside and outside Spain.

Portugal

In Portugal a certain measure of success has now been achieved by the Minister of Economy, Senhor Barbosa, in the Government campaign to ensure a more equitable distribution of food to the working classes. (During the first half of 1947 there was no tangible reduction in the cost of living, and, despite the optimism of the Minister, an index figure supplied to the Embassy by the Shell Company actually showed an increase of 3·2 per cent. during the first quarter of the year.) There have been, for instance, abundant supplies of fish in Portugal, but at prices out of reach of poorer purses. Now, through Senhor Barbosa's efforts, some essential foodstuffs are obtainable at more reasonable prices.

The Minister, to whom extensive powers were granted by the Portuguese Government, had declared himself determined to combat black market practices and he threatened to go so far as to abolish certain *gremios* (employers' associations) if they did not mend their ways and pursue a policy more favourable to the well-being of the community. Already police action has been taken against a number of leading industrialists, and one recalcitrant textile factory has been closed down for three months, with the obligation on the owners to go on paying the staff during the period of inactivity.

A Commission of Enquiry has been formed to examine prices as compared with the 1938 price-index, taking into account the increased cost of labour, and other factors, since that date. Strong action is promised in cases where profits are found to be excessive. Facilities will also be given to set up new factories, where existing concerns are judged to be working against the public advantage. The old practice of withholding licences for newcomers to set up factories will be abandoned, since it has resulted in monopolies and price rings. The Paper Manufacturers' Association, a notorious offender, which froze out competition and kept prices at abnormally high levels, has now been dissolved.

ITALY

In the House of Commons on the 23rd July, in answer to a Parliamentary Question, on the subject of ratification of the Peace Treaties, the Secretary of State gave public expression to the hopes of H.M.G. that Italy would shortly ratify her signature given in Paris. "I think," he said,

"it would be in the best interests of Italy if she were to ratify the Treaty and clear up the technical state of war and allow normal relations to be resumed . . . ." The Italian Government ought not to allow themselves to be dissuaded from immediate ratification by the argument that Italy should wait on action by the Soviet Union. Meanwhile Signor De Gasperi had apparently become somewhat alarmed by the trend of discussions among the party leaders who were now proposing to defer the whole question until after the summer recess. He decided that it was a question of taking the bull by the horns and presenting the question as a whole in the Assembly on the basis of a Government motion to the effect that the Italian Government should be authorized to ratify at the moment the Treaty was brought into force by the Four Powers under Article 10.

On the same night, the Constituent Assembly proceeded to reject by a narrow margin of votes (232–204) a motion to postpone consideration of the question. The veteran Signor Orlando, who sponsored the motion, complained rather pathetically that the Assembly was very weary after eleven months of unceasing labour and needed more time for the consideration of such an important matter. He was supported, as was expected, by Togliatti and his Communists, the Nenni Socialists, the Qualunquists, Labour Democrats and a few others, while the Government had the backing of all the Christian Democrats, the Saragat Socialists, the Liberals and some Republicans.

The big debate began the following day and has continued in desultory fashion for the best part of a week. Count Sforza in his opening speech described the advantages of ratifying the Treaty. Italy would have a chance of admission to the United Nations at the General Assembly this year, she would be in a better position to take a full part in, and obtain full benefit of, the scheme being worked out in Paris on the basis of the Marshall proposals; and she would be on sounder ground for working for a revision of the Treaty where it appeared palpably unjust. In a lengthy speech Signor Nitti took the opposite standpoint, adverting to the argument that the right time to ratify was after deposit of the signatures of the four Great Powers. His speech, after some tart personal criticism of Count Sforza, contained the suggestion that the Western Powers had a considerable share of responsibility for the rise of Fascism in Italy. A vote on the Government's motion was not expected before Wednesday, the 30th July.

Trade Agreements

With the end of U.N.R.R.A. help in sight, and with the prospect of a poor wheat crop, which seems likely to fall far short of Italy's minimum requirements, the De Gasperi Government were already pursuing the efforts of previous Governments to re-establish trade relations with various European countries before the Conference for European Economic Co-operation began.

On the 5th of June a protocol to the Italo-Belgian Agreement was signed. This arranges for an exchange of goods up to the 30th April, 1948, to a value of 40 milliard lire, a sum which is three times as great as the figure reached in exchange between the two countries during the past year. The agreement also provides for payment to be effected through the Italo-Belgian "clearing" at a rate representing the medium of the official and "export" dollar rates, instead of as hitherto at the official rate. It is thought that this may become a precedent for future commercial agreements with other countries. Trade with Belgium is of some importance to Italy. Her exports to Belgium amounted to over 1,400 million lire in 1946 and her imports to 323 million only, leaving her with a favourable trade balance of 1,077 million lire.

In spite of political difficulties Italy and Yugoslavia appear to have concluded a trade agreement. The Yugoslavs will supply Italy with chrome, iron ore, copper, timber and coal, for which Italy will pay in Italian lire deposited in Italy in the name of the Yugoslav Government. The Italians will export to Yugoslavia rayon, Olivetti typewriters, buses and agricultural machinery, and the value of these goods will be subtracted from the Yugoslav account held in Italy. This somewhat unusual method of settling accounts has been adopted because difficulties arose over exchange values. The Yugoslavs demanded a rate of 6·5 lire to the dinar, the Italians insisted on only 4.

On the 2nd July Italy signed an agreement with Czechoslovakia, which covered not only exchange of goods, but settled the question of Italian property confiscated under the Czechoslovak industrial nationalisation scheme. No details are yet available.

As far back as last February the Italian Government showed a desire to reopen trade relations with Germany through the occupying authorities. Under the Nazi and Fascist régimes trade between the two countries was artificially stimulated, until by 1939 29·4 per cent. of Italy's imports

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same from Germany, with the U.S.A. a poor second with 9·5 per cent., and 17·6 per cent. of her exports went to Germany and only 7·1 to the U.S.A. On the other hand a not inconsiderable proportion of Italy's trade always was with Germany :— an average of 16·5 per cent. of her imports and 14·2 per cent. of her exports for the five years 1909–1913, and 15·3 and 13 per cent. respectively for 1931–1935. It is therefore natural that the Italian Government although they understand that trade can only be on a small scale for the present, are anxious to lay the foundations of future trading now. On the 4th of July a Trade and Payment Agreement was signed between the Combined British and United States Zones of Germany and Italy. This Agreement, while listing various products which each side had available or required, made no decision as to the quantities of such products to be exchanged, and the prime desire of the Italians to dispose of fresh fruit and vegetables was not met. Arrangements were, however, contrived for payment to be made by both sides through a current dollar account to be opened at the *Ufficio Italiano dei Cambi* (Italian exchange office) in Rome. Agreement was also reached regarding rail traffic between Italy and Western Germany, and in particular for the exchange of goods waggons. Last February also the U.S.S.R. Government proposed that an Italian Commercial Delegation should get in touch with the Soviet Military Administration in Germany in order to make a trade agreement. On the 29th June *Il Globo* announced that an Agreement between Italy and the Soviet-occupied Zone of Germany had been concluded on the 27th, but no details of the Agreement are as yet available.

Erratum. In *Summary* No. 401 p. 10, l. 20 of Italy, for "Groce" read "Croce" (Professor Benedetto Croce).

SOUTH-EAST EUROPE

Hungary

The Left-wing Parties regard the forthcoming election, now fixed for the 31st August, as a necessary preliminary to the effective implementation of the Three-Year Economic Plan which the National Assembly accepted at a single session on the 1st July, despite bitter criticisms from M. Sulyok. The new Electoral Law was opposed only by a handful of Independents and Smallholders, but M. Vincze Nagy rendered the occasion memorable by declaring during the course of the debate that the Freedom Party must of necessity dissolve itself since it was unwilling to fight on an unequal basis and the Government had failed to give it adequate protection. The Communist Party has taken this decision as a proof that M. Sulyok and his followers intend to discredit Hungary abroad, and accuses them of ending their career as undemocratically as they began it. Some of the members of the Freedom Party will almost certainly join the Opposition, which includes the wing of the Democratic People's Party headed by M. Barankovics, the Bourgeois Democrats, Radicals, and, now, a new Independent Party led by the former Smallholder, M. Pfeiffer, Moreover, it seems that Cardinal Mindszenty's proposed ban on the political activity of priests will after all not preclude Fr. Balogh from availing himself of the Allied Control Commission's authorization to organize a Party under his own leadership. If the Cardinal has indeed modified his views it may well be as a result of arguments used by MM. Sulyok, Pfeiffer and Parragi, who are reported to have urged him to withdraw the ban and to have discussed the question of a right-wing electoral *bloc* with him.

Underlying friction between the Workers' Parties is suggested by M. Rákosi's recent speech accusing the Social Democrats of failing to achieve political unity and of allowing themselves to be influenced by their sister parties abroad. This attack may later be followed by a demand for the purging of reactionary elements, but at present the election constitutes the most important issue, and the two Parties have proclaimed their solidarity in a joint manifesto. The Social Democrats hope to see an 8 per cent. increase over their 1945 results and to extend their influence among the peasants. The new National Assembly will hold its mandate for four years; election is to be by secret direct suffrage based on party lists, and each seat will require 14,000 valid votes as against 12,000 under the previous electoral law. A further 60 seats will be allocated to the different parties in rough proportion to the total number of votes polled. In all 300,000 to 600,000 are likely to be disfranchised by the Electoral Law. M. Dinnyés has invited representatives of the Foreign Press to observe the election, which will, he promises, be fair and free. The Hungarian Communists are relying on the effect of fear rather than on actual coercion.

Newsprint shortage has not prevented the publication of two new Independent left-wing dailies *Friss Ujśag* and *Magyar Nap*, and another Social Democratic newspaper, *Uj Hirek*, the first number of which appeared on the 28th July.

A Hungarian commercial Delegation, led by M. Korányi, has arrived in London to conclude a trade agreement discussed between the two countries earlier in the year, by which, according to M. Koranyi, 15–16,000,000 dollars worth of goods will be exported to England during the first twelve months—the Russo-Hungarian Trade Agreement had provided for the exchange of goods to the value of 30,000,000 dollars on both sides between the 1st June 1947 and the 31st July 1948. A Finnish-Hungarian Trade Agreement, to take effect from the 1st August 1947 to the 31st July 1948, was signed at Helsingfors on the 18th July.

Szabad Nép alleges that hardly a quarter of the Slovaks who originally volunteered for transfer are in fact leaving Hungary, while other repatriates have returned from Slovakia. The Hungarian authorities again emphasize that all who cross the Slovak frontier automatically lose their Hungarian citizenship.

Roumania

As further details of the escape of the peasant leaders leaks out, it becomes clear that the affair reflects no credit on anybody concerned. It seems likely that two of those who were arrested had actually tried to escape, and it is regrettable that they have allowed themselves to fall into the trap and so have provided the Government with a weapon with which to strike harder at the Opposition. They have been helped by the treachery of one of the party who have been arrested, Dr. Constantin Gafencu, who appears to have kept the Government informed about the doings of his associates. The spectacular arrest in front of the aeroplane—a villainously bad photograph of which appeared in *Universul* on the 17th July—is not at all convincing. Whatever may be the truth about the "escape plot," there is no doubt that it is being exaggerated and turned to account to destroy the Peasant Party, which has now been formally banned. As in Roumania electors vote not for individual candidates but for a party list, the effect of this step will be the disfranchisement of a considerable majority of the population.

Dl Tătărescu professes to regard the situation as being extremely grave. His party was about to resign, and, although he has been asked by the King to remain in the Government, he feels it impossible to carry on since the Peace Treaty is not yet in force.

On the subject of ratification the Soviet Government have now let it be known that they consider the fixing of a definite date to be premature, but they will be prepared to ratify when all the ex-enemy States have done so. The United States Government have decided that the balance of advantage lies in appointing a diplomatic representative who will take the place of the Political Representative at present at Bucarest. Mr. Marshall was careful to state that this action does not imply condonation of the action of the Roumanian Government in denying fundamental freedom to the Roumanian people.

His Majesty's Government are concerned at the possible results of the formation of Industrial Boards, which is likely to have adverse effects on British commercial interests in Roumania by depriving British shareholders of their rights.

The difficulty over the granting of permits to British subjects to visit Roumania continues. Out of 134 applications forty-two have been granted, twelve refused, and eighty are outstanding.

Yugoslavia

The fighting in Greece has been prominently reported from the Communist angle, and *Borba* has made a point of scornfully repudiating stories of the gathering of an "International Brigade." Similarly, *Tanjug* published a declaration by leaders of some of the foreign contingents working on the Youth Railway, vigorously denying that they were being trained for action in Greece. The majority of the Youth Brigades are genuine enough, but it is believed that members of the *Greek* element return to the Railway for a breather, and for political instruction, between spells of activity in Greece.

A new aspect of the recent incidents in the Austrian frontier area was introduced for propaganda purposes during the trial of some bandits caught in Yugoslavia, when some of the accused were said to have "admitted" that their nefarious activities had been sponsored by the British military authorities in Styria, on instructions from above.

Death sentences have been passed on the former Gauleiter Rainer and other German occupation officials in Slovenia.

Professor Boris Furlan, formerly Minister of Education in the exiled Government, is the latest victim of the purge of the professional class. According to a press report, he and twelve other Slovenes are on

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trial in Ljubljana on a charge of infringing the elastic "Law for the Defence of the People's Power." Professor Furlan is representative of a number of people who served pre-war and wartime Yugoslav Governments in their professional and in administrative capacities, and who welcomed the Partisan Movement as promising a more liberal and less centralised régime in the future, but on returning to Yugoslavia were rapidly disillusioned. Two years ago Furlan resumed his former duties at Ljubljana University, but as a non-Communist with a Western outlook he may now be regarded as an undesirable influence. The Slovene economist, Dr. Jure Koce, who returned to Yugoslavia in 1945 under similar circumstances, was fortunate to enough to escape to Austria three months ago.

Balkan Peasant Party leaders in exile, notably Dr. Maček, Dr. Milan Gavrilović, the Bulgarian Dr. G. M. Dimitrov and the former Hungarian Premier, M. Nagy, published on the American Day of Independence, a declaration of international peasant solidarity and an appeal to the United States and the United Nations for action against the present rulers of their respective countries. The ideals and intentions of these people are admirable, but alas! their projects are far removed from reality.

Greece

The rebels in northern Greece remain active. On 21st July a band of three hundred made a night raid on Nigrita, a small town thirty-five miles north-east of Salonica. Besides attacking Government offices and the prison the rebels massacred thirty of the inhabitants, most of them women and children. This barbarity was inflicted, as a warning to others, on the relatives of Communists who had deserted the rebel ranks or refused to join them.

In the early hours of 25th July some 1,500 or 2,000 well-armed rebels surrounded Grevena. They had heavy weapons and kept an attack up for several hours, but did not succeed in penetrating into the town before the garrison was reinforced from neighbouring posts. The rebels met more resistance than they expected, losing 78 dead and 46 wounded and prisoners, but most of the attackers managed, as usual, to escape.

The Subsidiary Group left on the spot by the United Nations Balkan Commission, which went to Yannina in an attempt to investigate the attack made on 13th July on Konitsa, was unable to gain admission to Albanian territory. Nevertheless, it picked up useful information on the Greek side of the frontier, and the Albanian refusal—like the refusals of Yugoslavia and Bulgaria—must impress any impartial mind. Meanwhile, M. Gromyko's veto in the Security Council has blocked the attempt of other nations to end the undeclared war in Greece (see under "United Nations").

Mr. Griswold, the head of the American Economic Mission, reached Athens with a few members of the Mission on 14th July. Others arrived a few days later. The British Economic Mission came to an end on 24th July.

Albania

The Albanian Government have at length condescended to express their willingness to appear before the International Court of Justice at The Hague to answer the British complaint about the mining of the destroyers *Saumarez* and *Volage* in the Corfu Channel last October. It is understood that when the case comes on they will be represented by the Albanian Minister in Paris. The nomination was made nearly a fortnight after the final date (5th July) fixed by the court.

The question of Albania's admission to the United Nations is again being discussed by the Security Council: last year her application was refused.

Enver Hoxha and his party left Moscow on the 26th July after a visit lasting for eleven days. A discreet silence has been observed on the subject of the conversations, Hoxha merely remarking on his departure that the U.S.S.R. was going to help Albania in the cultural as well as in the economic field.

Bulgaria

On the 21st July His Majesty's Government addressed a further note to the Bulgarian Government on the subject of the non-appearance of the two Opposition newspapers *Narodno Zemedelsko Zname* and *Svoboden Narod*. His Majesty's Government, it says, remain unconvinced by the arguments in the Bulgarian note of the 3rd July. "The Bulgarian Government have still not expressed, either publicly or otherwise, their disapproval of the action of those who are refusing to allow the printing and distribution of the two newspapers, and His Majesty's Government are more impresesd by this fact and by the continued non-appearance

of the two newspapers than by a promise of a revision, at some indefinite future date, of the Press Law of the 30th April, 1946." While noting the intention of the Bulgarian Government to revise this and certain other arbitrary laws so as (merely) to bring them into conformity with the new draft Constitution, His Majesty's Government go on to say they "are primarily concerned that these laws should be made to conform with Bulgaria's obligations under Article 2 of the Peace Treaty." Immediate action in this sense is urged if the Bulgarian Government are not "to incur public stigma" for refusing to act in the spirit of the treaty which they have signed.

The official indictment against M. Petkov has now been published, and the proceedings against him are expected to start about the middle of August. He is to be charged with having prepared an armed *coup d'État*, in association with certain named military officers, with the purpose of overthrowing the Government and facilitating the entry of "foreign forces." A further accusation is that he published in his newspaper *Narodno Zemedelsko Zname* articles calculated to undermine the discipline of the army.

It has often been prophesied that the mutual jealousy of M. Dimitrov and Marshal Tito would be likely to hinder the fulfilment of any plan for the future unification of Bulgaria and Yugoslavia. However that may be, they last Sunday kissed and embraced each other heartily in the railway station at Belgrade amid scenes of great rejoicing. M. Dimitrov is accompanied on this important occasion by the Ministers for Foreign Affairs, the Interior, Finance and Agriculture, the Chairman of the Economic Council and the Director-General of the Militia, and their visit is expected to last for about a week. Their train journey from Sofia seems to have been a triumphal progress punctuated by periodical halts for receptions and speeches. M. Dimitrov made rather a significant little speech to the people of the small border town of Tsaribrod, telling them that they must do all they could to act as a "living bridge" between the two countries. All that the British Political Representative had been able to glean from the Foreign Minister the day the party left was that one of the questions which would be discussed was that of the frontier minorities, and that economic questions would also figure largely.

Shortly before leaving for Belgrade, M. Dimitrov sent a letter to M. Trygve Lie, the Secretary-General, applying for Bulgaria to be admitted to the United Nations.

Trade agreements have been signed with Poland and with Austria, and according to the wireless the Soviet Union has agreed to supply Bulgaria with 10,000 tons of cereals to carry her over until the new harvest.

THE MIDDLE EAST

Egypt

A further criticism of the Egyptian Note to the Security Council (see *Summary* No. 400) was contained in a statement by the Administrative Council of the Independent Wafdist *bloc* (Makramites) published on the 21st July. The statement, which begins with an appeal for Egyptian unity before the world, anticipates the failure of the Egyptian case before the Security Council, on the grounds that the Government delegation "have already committed themselves to previous agreements and do not represent the people," and urges that all parties should agree to prepare the people for possible failure at the United Nations, responsibility for which must be borne by the present administration. The statement also maintains that the Note should not be considered as a basis for national demands, since it is inconsistent with the unity which exists between Egypt and the Sudan; that the principle of a plebiscite in the Sudan should be rejected; that a neutral Cabinet should be formed to organise free elections; and that the people of the Nile Valley "will not be bound by any reservation which might limit their independence."

Since the presentation of the Note several articles on the possibility of resuming direct negotiations have appeared in the Cairo press. *Al Ikhwan al Muslimin* (the organ of the body of that name) maintains that the appeal to the Security Council may yet be withdrawn. *Al Kotla* (Independent Wafdist) has taken the line that Nokrashy and the rest of the Egyptian delegation are all anxious to resume direct negotiations, the one obstacle in their way being the difficulty of forming a fully representative Administration. In this connection *al Assas* hints at the possibility of a coalition Cabinet led by Sidky Pasha.

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trial in Ljubljana on a charge of infringing the elastic "Law for the Defence of the People's Power." Professor Furlan is representative of a number of people who served pre-war and wartime Yugoslav Governments in their professional and in administrative capacities, and who welcomed the Partisan Movement as promising a more liberal and less centralised régime in the future, but on returning to Yugoslavia were rapidly disillusioned. Two years ago Furlan resumed his former duties at Ljubljana University, but as a non-Communist with a Western outlook he may now be regarded as an undesirable influence. The Slovene economist, Dr. Jure Koce, who returned to Yugoslavia in 1945 under similar circumstances, was fortunate to enough to escape to Austria three months ago.

Balkan Peasant Party leaders in exile, notably Dr. Maček, Dr. Milan Gavrilović, the Bulgarian Dr. G. M. Dimitrov and the former Hungarian Premier, M. Nagy, published on the American Day of Independence, a declaration of international peasant solidarity and an appeal to the United States and the United Nations for action against the present rulers of their respective countries. The ideals and intentions of these people are admirable, but alas! their projects are far removed from reality.

Greece

The rebels in northern Greece remain active. On 21st July a band of three hundred made a night raid on Nigrita, a small town thirty-five miles north-east of Salonica. Besides attacking Government offices and the prison the rebels massacred thirty of the inhabitants, most of them women and children. This barbarity was inflicted, as a warning to others, on the relatives of Communists who had deserted the rebel ranks or refused to join them.

In the early hours of 25th July some 1,500 or 2,000 well-armed rebels surrounded Grevena. They had heavy weapons and kept an attack up for several hours, but did not succeed in penetrating into the town before the garrison was reinforced from neighbouring posts. The rebels met more resistance than they expected, losing 78 dead and 46 wounded and prisoners, but most of the attackers managed, as usual, to escape.

The Subsidiary Group left on the spot by the United Nations Balkan Commission, which went to Yannina in an attempt to investigate the attack made on 13th July on Konitsa, was unable to gain admission to Albanian territory. Nevertheless, it picked up useful information on the Greek side of the frontier, and the Albanian refusal—like the refusals of Yugoslavia and Bulgaria—must impress any impartial mind. Meanwhile, M. Gromyko's veto in the Security Council has blocked the attempt of other nations to end the undeclared war in Greece (see under "United Nations").

Mr. Griswold, the head of the American Economic Mission, reached Athens with a few members of the Mission on 14th July. Others arrived a few days later. The British Economic Mission came to an end on 24th July.

Albania

The Albanian Government have at length condescended to express their willingness to appear before the International Court of Justice at The Hague to answer the British complaint about the mining of the destroyers *Saumarez* and *Volage* in the Corfu Channel last October. It is understood that when the case comes on they will be represented by the Albanian Minister in Paris. The nomination was made nearly a fortnight after the final date (5th July) fixed by the court.

The question of Albania's admission to the United Nations is again being discussed by the Security Council: last year her application was refused.

Enver Hoxha and his party left Moscow on the 26th July after a visit lasting for eleven days. A discreet silence has been observed on the subject of the conversations, Hoxha merely remarking on his departure that the U.S.S.R. was going to help Albania in the cultural as well as in the economic field.

Bulgaria

On the 21st July His Majesty's Government addressed a further note to the Bulgarian Government on the subject of the non-appearance of the two Opposition newspapers *Narodno Zemedelsko Zname* and *Svoboden Narod*. His Majesty's Government, it says, remain unconvinced by the arguments in the Bulgarian note of the 3rd July. "The Bulgarian Government have still not expressed, either publicly or otherwise, their disapproval of the action of those who are refusing to allow the printing and distribution of the two newspapers, and His Majesty's Government are more impresesd by this fact and by the continued non-appearance

of the two newspapers than by a promise of a revision, at some indefinite future date, of the Press Law of the 30th April, 1946." While noting the intention of the Bulgarian Government to revise this and certain other arbitrary laws so as (merely) to bring them into conformity with the new draft Constitution, His Majesty's Government go on to say they "are primarily concerned that these laws should be made to conform with Bulgaria's obligations under Article 2 of the Peace Treaty." Immediate action in this sense is urged if the Bulgarian Government are not "to incur public stigma" for refusing to act in the spirit of the treaty which they have signed.

The official indictment against M. Petkov has now been published, and the proceedings against him are expected to start about the middle of August. He is to be charged with having prepared an armed *coup d'État*, in association with certain named military officers, with the purpose of overthrowing the Government and facilitating the entry of "foreign forces." A further accusation is that he published in his newspaper *Narodno Zemedelsko Zname* articles calculated to undermine the discipline of the army.

It has often been prophesied that the mutual jealousy of M. Dimitrov and Marshal Tito would be likely to hinder the fulfilment of any plan for the future unification of Bulgaria and Yugoslavia. However that may be, they last Sunday kissed and embraced each other heartily in the railway station at Belgrade amid scenes of great rejoicing. M. Dimitrov is accompanied on this important occasion by the Ministers for Foreign Affairs, the Interior, Finance and Agriculture, the Chairman of the Economic Council and the Director-General of the Militia, and their visit is expected to last for about a week. Their train journey from Sofia seems to have been a triumphal progress punctuated by periodical halts for receptions and speeches. M. Dimitrov made rather a significant little speech to the people of the small border town of Tsaribrod, telling them that they must do all they could to act as a "living bridge" between the two countries. All that the British Political Representative had been able to glean from the Foreign Minister the day the party left was that one of the questions which would be discussed was that of the frontier minorities, and that economic questions would also figure largely.

Shortly before leaving for Belgrade, M. Dimitrov sent a letter to M. Trygve Lie, the Secretary-General, applying for Bulgaria to be admitted to the United Nations.

Trade agreements have been signed with Poland and with Austria, and according to the wireless the Soviet Union has agreed to supply Bulgaria with 10,000 tons of cereals to carry her over until the new harvest.

THE MIDDLE EAST

Egypt

A further criticism of the Egyptian Note to the Security Council (see *Summary* No. 400) was contained in a statement by the Administrative Council of the Independent Wafdist *bloc* (Makramites) published on the 21st July. The statement, which begins with an appeal for Egyptian unity before the world, anticipates the failure of the Egyptian case before the Security Council, on the grounds that the Government delegation "have already committed themselves to previous agreements and do not represent the people," and urges that all parties should agree to prepare the people for possible failure at the United Nations, responsibility for which must be borne by the present administration. The statement also maintains that the Note should not be considered as a basis for national demands, since it is inconsistent with the unity which exists between Egypt and the Sudan; that the principle of a plebiscite in the Sudan should be rejected; that a neutral Cabinet should be formed to organise free elections; and that the people of the Nile Valley "will not be bound by any reservation which might limit their independence."

Since the presentation of the Note several articles on the possibility of resuming direct negotiations have appeared in the Cairo press. *Al Ikhwan al Muslimin* (the organ of the body of that name) maintains that the appeal to the Security Council may yet be withdrawn. *Al Kotla* (Independent Wafdist) has taken the line that Nokrashy and the rest of the Egyptian delegation are all anxious to resume direct negotiations, the one obstacle in their way being the difficulty of forming a fully representative Administration. In this connection *al Assas* hints at the possibility of a coalition Cabinet led by Sidky Pasha.

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Al Ahram has reported that Ahmed Kamel Kotb, the President of the so-called Socialist Fellah Party, will leave for the United States on the 31st July to give publicity to the Egyptian cause. The report adds that his journey is subsidised in part by the Nile Valley Propaganda Front, a newly-formed university society whose object is to disseminate propaganda for the Nile Valley cause in Egypt and elsewhere. Kotb was sentenced to fourteen days' imprisonment last May for attempting to incite anti-Government feeling in the Sudan. Another Egyptian who intends to make his way to New York in connection with the Egyptian appeal is Ibrahim Momen, one of the most active propagandists of the Ikhwan al Muslimin.

King Farouk made a broadcast speech to the nation on the 19th July, the first day of the Ramadan fast. Apart from exhortations to unity, and a reference to the fact that the Arab States' support of Egypt indicated the strength of the Arab League, "which has gained the full confidence of all Arabs and has become the centre of all their hopes," the speech contained a significant reference to Arab Palestine, "whose struggle we fully support and who has our sympathies until right and justice are restored."

It is reported that Abdel Karim, having returned to Cairo from Alexandria, where he has been undergoing medical treatment, has received an Arab delegation from Palestine headed by the ex-Mufti. The latter is believed to have told him that he was an example to the Palestine Arabs in their struggle against Zionism and imperialism.

There are signs of increased Communist agitation in the country. A reliable source reports the fusion of two of the largest groups in the Egyptian Communist movement, and the attempts of these groups to form a national front and awaken the political consciousness of the people. Communist infiltration into the ranks of the Wafd—not a novel development—is also reported, the Communists hoping thereby to gain valuable support in their plans to overthrow the Government. The reported formation of a new youth organisation known as the "White Units"—a Wafdist-Socialist group believed to be subversive in intent—is a further sign of the Wafd's swing to the left. The object of this organisation is, apparently, to gather the different political youth elements under one banner and infuse them with socialist doctrines of equality and social justice. Since there are at least five important youth movements in Egypt, with differing political views and only xenophobia as a common doctrine, their union will not be easy.

The circulation of subversive leaflets in May to all police stations appears to have been another Communist move. These leaflets, which are cleverly worded to appeal to the illiterate policeman and soldier, make use of the dissatisfaction and unrest which is endemic in the Egyptian police force. The latest pamphlet, dated the 21st May, produced by a body describing itself as "the Military Society for the Union of Persecuted Policemen and Soldiers in Egypt," urges that the special law under which policemen and soldiers are tried should be abolished; that the Government should recognise a general police trade union, and should guarantee to find employment for discharged soldiers.

The failure of the Government to redress the grievances of the employees of the Telegraphs Administration formulated nearly a year ago led to a strike in Cairo by some hundreds of their number on the 17th July. The strike later affected more workers, but ended on the 20th July. (See also under "Transjordan" and "Sa'udi Arabia.")

The Sudan

The reactions of the pro-Egyptian Ashigga party to the Egyptian Note appear to be favourable. The terms of the Note have been described by an Ashigga delegate in Cairo as entirely in harmony with Sudanese aspirations. The Umma party, on the other hand, have taken a strongly critical line over the Note (see last week's *Summary*). Yacoub Osman, the Umma party delegate in London, is reported to have said that the Note "aims simply at diverting Egyptian public opinion from the internal difficulties in Egypt, and also at giving the Sudanese the impression that the Egyptians are interested in the welfare of the Nile Valley population."

Ethiopia

The *Ethiopian Herald* of the 7th July contained a leading article strongly criticising the decision of the United Nations to accept the British Government's invitation to send field missions to study reconstruction needs in Cyrenaica, Eritrea and Tripolitania. The article claims that Eritrea is an integral part of Ethiopia, and that the United Nations have no right to take any decision regarding Eritrea without previous consultation with the Ethiopian Government. The British Government's invitation to the United Nations is interpreted as either an attempt to transform the temporary nature of British rule into a permanency, or to postpone indefinitely the "primary, fundamental issue of Ethiopia's claim to sovereignty." The article concludes with the statement that the failure to consult the Ethiopian Government in this matter is tantamount to a treaty infringement, and demonstrates to the world the United Nations' inability to adhere to democratic principles.

The real facts are that the initiative in this matter was not taken by His Majesty's Government, but by the Economic and Social Council of the United Nations, who asked for the concurrence of His Majesty's Government in the despatch of the field missions. It must also be pointed out that the terms of reference of the missions are confined entirely to social and economic matters, and have no political significance.

The Ethiopian police have at last succeeded in arresting three Jewish terrorists who were known to be in Addis Ababa. The Emperor granted permission for their *refoulement* to Eritrea, and they left for the frontier on the 26th July.

Palestine

The Arab States have presented a long memorandum to the U.N.S.C.O.P. in public session at Beirut. This memorandum states that the Arab Governments are convinced that the Palestine problem allows of only one solution, namely the termination of the Mandate and the granting of independence to Palestine, and that any further enquiry into a problem so clear has become superfluous, but that they have decided, nevertheless, to accept the Committee's invitation to give evidence. The memorandum is divided into two main parts—the right of Palestine to self-determination, and the necessity for the maintenance of peace in the Middle East. The first part consists mainly of a denunciation of the Balfour Declaration and the Mandate, and stresses that the Palestine Arabs' right to self-determination has been continuously violated. The second part, dealing with the attitude of the Arab Governments towards Zionism, states that this attitude is founded on a desire to preserve peace in the Middle East, a peace which is being menaced by the expansionist ambitions and terrorist methods of the Zionists. The memorandum claims that the Zionist movement was originally consistent merely with a refuge in Palestine; that later it demanded a National Home, and, having obtained this, tried to make of it a form of State in the heart of Palestine endowed with its own institutions, its own finance, its own economy and its own army. Later, the memorandum states that the Zionist aggressive attitude, "born of the weakness shewn by the Mandatory Power towards the Jews, will not fail to provoke in its turn the creation of similar Arab organisations," and claims that the responsibility for the resultant problems must rest with the Zionist organisation alone. The situation in Palestine, the memorandum maintains, is the direct concern of the Arab countries in the Middle East, for their security is in danger, and this gives them the right to resist Zionism by all means in their power. It then states: "Palestine, for ethical, cultural, political and economic reasons, is, in fact, an integral part of the Arab World which has already organised itself into sovereign States linked together by the Arab League Pact of the 22nd March, 1945 . . . . Every fissure in this whole, every difference between the States which form it, threatens to overthrow it and to plunge this particularly sensitive part of the world into trouble and disorder." The memorandum then claims that the Jewish State which the Zionists are determined to establish in Palestine is not a viable State from either the political or the economic point of view, that the Arab States could by no means tolerate the creation of such a State, and that, if it were established by violence, the Arab Governments would be obliged to reply with violence.

In conclusion, the memorandum stresses the necessity for the immediate stoppage of all Jewish immigration into Palestine, and emphasises that any project for partition, far from resolving the Palestine problem, would only aggravate it. The memorandum then recommends the establishment of a free Government based on proportional representation, and the granting to all Jews who have acquired Palestinian nationality by legitimate means of the same rights as those accorded to Arab citizens. This solution would not, it is claimed, deprive the Jewish citizens of Palestine of their rights, because "Jewish minorities in the Arab States have never been ill-treated."

The Committee held two secret sessions on the 23rd July, at which the Arab delegates answered certain written questions on the above statement. The Chairman of

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the Committee, accompanied by seven delegates, arrived at Amman on the morning of the 25th July. The delegates were received by King Abdullah, who appears to have confined himself to the subject of Palestine; they also heard a statement by the Prime Minister, Sami Pasha Rifai. The Committee are preparing their report at Geneva.

Two more illegal immigrant ships reached Palestine on the morning of the 28th July. They were boarded by the Royal Navy without incident and brought to Haifa where most of their passengers were trans-shipped for Cyprus.

As a reprisal for the return to France of the passengers of the *President Warfield* (see last week's *Summary*) the Haganah carried out an ineffective attack on the Radar installation on Mt. Carmel, and also sank the transport *Empire Lifeguard*, which reached Palestine on the 23rd July with a monthly quota of legalised immigrants from Cyprus. There were no casualties. There have been a number of other terrorist incidents during the week.

Transjordan

The Indonesian Delegation (see last week's *Summary*) left Amman on 23rd July after staying a few days. The attitude of the Transjordan Government towards the recognition of Indonesia remains unchanged.

The Prime Minister, Sami Pasha Rifai, has replied to a request from the Syrian Government for his views on the line to be followed by the Syrian representative on the Security Council (see last week's *Summary* under "Syria"). The gist of his reply was that his Government would stand by the resolution of the Arab League Political Committee in March, recommending the resumption of direction negotiations in preference to an appeal to the United Nations. He also requested the Syrian Government that they should instruct their Security Council representative to do his utmost to press the Council to recommend the immediate re-opening of direct negotiations in Egypt's own interests (see also under "Saudi Arabia" and "Palestine.")

Saudi Arabia

Ibn Saud has expressed his concurrence with the line to be adopted by the Syrian Government towards the Egyptian appeal to the Security Council (see last week's *Summary* under "Syria). He has also approved of the Syrian decision to send two advisers to New York in order to ensure that the Government's instructions to their Security Council representative are carried out.

A long memorandum on Palestine has been prepared by the Saudi Arabian Government. After explaining that the U.N.S.C.O.P. was appointed without the consent of the Arab States and enumerating their reasons for boycotting it, the memorandum states that the Arab Governments wish to come to an agreement with the Governments of Great Britain and the United States on the basis of the Saudi proposal for the termination of the Mandate (see last week's *Summary*) *before* the subject is discussed by the Assembly. Failing such a preliminary agreement, the memorandum maintains that the result of the deliberation in the Assembly will be unfavourable, and that Palestine will not only become a permanent threat to peace in the Middle East, but also an obstacle to the establishment of friendly relations between His Majesty's Government and the Arab States.

It appears that the statement on Greater Syria in the House of Commons (see last week's *Summary* under "Syria") has had the desired effect of allaying Ibn Saud's anxiety over Hashimite designs (see *Summary* 395).

Yemen

The Prince Saif al-Islam Abdullah, sixth son of the Imam Yahya, is now in the United States as the official guest of the State Department. Since June, 1945, the Prince has been living in Cairo, where he has been handling Yemeni relations with other Arab States. Diplomatic relations between the Yemen and the United States Government were established on the 4th March, 1946, and this visit, the first which has been paid by a Yemeni official to the United States, will afford an opportunity for the discussion of subjects of mutual interest to the two Governments. It is reported that the Prince is anxious to obtain a loan from the Import-Export Bank to improve agriculture and increase production in the Yemen.

On 24th July the Prince submitted an application for the admission of Yemen to the United Nations. The application observes that "it is hardly necessary to add that Yemen is already a member of the Arab League, which, within its regional limits, is pursuing purposes fully in harmony with those of the United Nations." The application does not, of course, mention that Yemen was dragged into the Arab League with the utmost reluctance, largely through the influence of

Ibn Sa'ud. Her contribution to the League discussions has so far been almost negligible.

Syria

The final results of the elections for the whole of Syria, including the Jebel Druze, show 57 old members and 79 new. Of these 136 members approximately 28 are on the National Bloc list, 53 belong to the opposition, while the remainder are of unknown political allegiance. The eventual political set-up of the new Parliament cannot be forecast at present.

The Prime Minister, Jamil Mardum Bey, is reported to have stated at a press conference on 19th July that "no Syrian or Arab can deny that Transjordan is a Syrian district separated from the Mother Country. If Transjordan wishes to return to her mother and accept the republican régime, we shall receive her with open arms." This statement is in harmony with a pronouncement made by the President on 26th February, 1945, in which he stated that he would welcome a Greater Syria provided that the régime were republican, Damascus remained the capital, Zionist infiltration were obviated, the entity and independence of the Lebanon were respected and the change brought about by the free choice of the population.

Lebanon

The Lebanese Prime Minister has told the Oriental Secretary that he was anxious to co-ordinate anti-Communist activities in the Middle East and that he would suggest a meeting of representatives from the Arab Governments to discuss this, possibly in October. Reports from various sources indicate an increase in Communist activities in the Levant States. It appears that a joint committee of the Lebanese and Syrian Communist parties has been formed, while there are also reports of closer liaison with the Palestine Communists. In Lebanon the Communist leader, Mustafa Aris, who visited Persia earlier in the year as head of the W.F.T.U. delegation to that country, appears to have been responsible for an increase in Communist activity in the trade unions. In Syria an important Communist group centred on Aleppo is believed to be extending its influence in the north, particularly in the Latakia district.

Arab League

The presence of Azzam Pasha in America has given rise to numerous rumours that he is endeavouring to obtain the assistance of American agricultural experts for the member states, and that such assistance would be administered by the League. There is probably some truth in these rumours, since Azzam can be expected to take every opportunity while in the United States to shore up the none-too-solid edifice of the League.

Iraq

The Iraqi Government have made a request to the United Nations similar to that of Saudi Arabia (see last week's *Summary* under "Saudi Arabia") for the termination of the Mandate over Palestine and the recognition of Palestinian independence. Rumours that Iraq would raise the North African question at the forthcoming session of the United Nations General Assembly were, however, strongly denied by the Iraqi Minister in Paris on the 17th July. The Minister pointed out that, as an Arab country, Iraq certainly hoped that the legitimate aspirations of the North African peoples would receive satisfaction, but was at pains to stress the long-standing friendship, founded on mutual economic and cultural interests, which united France and Iraq, and which would be reinforced by the forthcoming visit of the Regent to France.

A bill for the establishment of a National Central Bank has been submitted to Parliament. The function of the Bank will be, if approved, to control the Iraqi banks and supervise foreign currency exchange.

Persia

The Majlis was finally opened by the Shah on the 17th July, and, after the election of temporary officials, adjourned until the 27th July. Constitutionally the Majlis takes legal shape when ½ plus 1, *i.e.*, 69, of the deputies' credentials have been accepted. In accordance with the usual procedure, the Prime Minister is expected to resign. The Majlis' choice of his successor—determined by secret ballot—is then submitted to the Shah, who uses his prerogative to accept or reject the chosen candidate. In practice, however, the Shah's acceptance is almost invariable.

Afghanistan

His Majesty's Government hold the view that there is no justification for the Afghan claim that the people of the North-West Frontier Province should have been given the opportunity of voting to join Afghanistan or of forming an independent "Pathanistan" (see *Summary* No. 399) in addition to the two alternatives under the

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recent referendum. At the referendum 51 *per cent.* of the total electorate were in favour of joining Pakistan; but since only 65 *per cent.* of this electorate voted at the last election, this result may be taken as indicating that there is, in fact, a substantial majority in the country who support union with Pakistan, despite the fact that Abdul Ghaffar Khan and the Redshirts boycotted the referendum. The Redshirts is a popular movement of the towns which has been the main support of the Congress Ministry, the only Ministry functioning in the North-West Frontier Province since the 1936 Government of India Act. Abdul Ghaffar Khan is a brother of Dr. Khan Sahib, an ex-Congress Premier of the Province.

The Prime Minister, Sirdar Shah Mahmud Khan, is now visiting London as the guest of His Majesty's Government. On the 30th July he was received by His Majesty, and a dinner in his honour was given by Mr. Bevin. On the 31st July he was entertained at a luncheon given by Mr. Attlee. It is hoped that this visit, by cementing Anglo-Afghan friendship, will reduce the likelihood of trouble breaking out in the North-West Frontier area on the withdrawal of British forces from India (see *Summary* No. 392). From London Shah Mahmud Khan will proceed to America, where he will be received by Mr. Marshall. It is expected that American economic assistance to Afghanistan will form a principal subject for discussion.

Corrigendum

Summary No. 401, p. 19, "Persia," line 2: Insert "their claim to" between "bolster up" and "Bahrein."

THE FAR EAST

China

Interest in Nanking political circles is centred almost exclusively in the visit of President Truman's special representative, General Wedemeyer. He and his party arrived in Nanking on 22nd July, and almost immediately the General issued a communiqué re-stating that his mission is to make an appraisal of the "existing overall situation in China and Korea and their relative future capacities for rehabilitation."

No doubt due to press reports in Nanking that the Executive Yuan has drawn up a list of proposed schemes for economic improvement and rehabilitation for presentation to the United States Government through General Wedemeyer, two days later the General's Publicity Officer released another statement, reiterating the fact-finding object of the mission and adding that, under President Truman's directive, General Wedemeyer was not empowered to make comunications to, or requests of, the Chinese Government—a statement which is said to have had a somewhat damping effect on the Government's enthusiastic expectations of the General's appointment. Nevertheless, reports of a statement credited to General Wedemeyer that United States activities might extend into Communist territory in China and Northern Korea have provided food for considerable speculation; and it is widely thought that the despatch of this mission provides proof of a change in United States policy towards China. In an editorial the *China Press* says in support of this theory that the importance of General Wedemeyer's visit provides hope that before many months are out "the ill-defined, uncertain United States policy in this part of the World will be put on a solid and more permanent foundation." Certainly hopes are cherished in Government circles that it may mean the beginning of unrestricted military and material support for the Central Government. On the other hand, there is also some apprehension lest General Wedemeyer's appointment should spell yet another endeavour to re-open peace negotiations with the Communists—a course that would not be at all to General Chiang Kai-shek's liking at the moment.

In the meantime the Central Government have followed their general mobilisation order with the cancellation of the seats originally reserved for the Communist Party in the State Council and the National Assembly. And, their loud accusations of Soviet aid to the Communist forces in Manchuria having failed to provide the world-wide sympathy and American dollars for which they had hoped, the Central Government are now engaged in a determined effort to demonstrate their ability to deal effectively with the "Communist rebellion" in the field. Weather conditions in Manchuria have necessitated a lull in operations in that sphere, but the fanfaronade over the Szepingkai "victory" has not been allowed to die down; while much publicity is also being given to doubtful claims of substantial Government gains in China proper—more particularly in the war-torn province of Shantung. Beneath the surface of this official façade of confidence, however, there is an under-current of genuine concern indicating that all is not going quite as well as the world is asked to believe. General Chiang Kai-shek, himself, appears to be anything but satisfied with the military situation as a whole—more particularly that in Manchuria. Bad relations between the field commanders are popularly thought to have been largely responsible for the success of the recent Communist drive in the Changchun–Mukden area; and, following a visit of investigation by the Generalissimo's Chief of Staff, General Chen Cheng, a number of important changes have been made. General Tu Yü-ming has been relieved of his supreme command in Manchuria and granted "sick leave"; while General Sun Li-jen has been appointed Deputy Commander-in-Chief of the Chinese Army in the field. General Wedemeyer is known to hold a high opinion of General Sun Li-jen and the latter's appointment to so important a post is thought to have been carefully timed.

Another disturbance is reported to have broken out in the Ili district of Sinkiang. Details are lacking, but General Chang Chih-chung, until recently Provincial Governor of Sinkiang, is reported to have stated at Urumchi that the situation is critical.

Chinese official and mercantile interests are not enthusiastic over the prospects of trade with Japan after the resumption of private trading on 15th August. They have expressed misgivings in regard to "General MacArthur's intended policy of subsidising Japanese exports," which they believe will lead to dumping and prove "ruinous to Chinese industry." Five members of the Control Yuan have requested the Government to endeavour to have the matter held in abeyance pending the signing of a peace treaty with Japan.

On 23rd July, a reciprocal Civil Aviation Agreement, permitting British and Chinese air lines to operate civil air services between Chinese and U.K. territories, was signed at Nanking. In general, it takes the same form as the Agreement between the U.K. and the U.S.A. which was concluded at Bermuda in 1946. Under this Agreement British planes are entitled to fly from London, or Singapore, to Canton, Shanghai and Tientsin. British planes may also operate from Hongkong to Canton and Shanghai. For Chinese aircraft two routes to the United Kingdom have been opened—one through the Middle East and southern Europe, and the other across the Pacific via North America and the Atlantic. Chinese planes may also ply from Shanghai or Canton to Hongkong and Singapore.

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Indonesia

The long and carefully planned Dutch military campaign in the East Indies is being carried out against little organised resistance in either Java or Sumatra.

Claiming that they are already two days ahead of schedule, the Netherlands combined forces have succeeded in occupying extensive areas and most of the larger towns in East and West Java. A few sharp clashes in the Semarang and Sourabaya areas are reported to have occurred, but to have been of short duration. In Sumatra the Dutch have encountered slightly more opposition, although, even here, such checks as they have encountered in their advance have been caused chiefly by land mines and booby traps. In the Medan neighbourhood some fighting of a sharper nature is reported to have taken place before a number of estates were finally captured intact. Two or three oil fields were also brought under Dutch occupation and found to be in fair condition, but reports state that some of these were later found to have been set alight, it is thought as the result of Indonesian infiltration after the sites had been occupied.

Statements from Dutch military sources indicate that no Indonesian property has been damaged and that the Republicans are only putting their threatened scorched-earth policy into practice where Dutch and other foreign-, especially Chinese-, owned properties are concerned. Chinese property owners are said already to have suffered heavy losses in the burning of houses, shops and warehouses including an appreciable number of their rice mills. So far, the only report received concerning British property is that retreating Indonesians have done considerable damage to British-owned estates at Soebang. Dr. Gani, the Republican Deputy Prime Minister who is now being held in protective custody in Batavia, has sent a verbal message to H.M. Consul-General, expressing regret that British property should have sustained damage, which he attributes to the failure of some Republican units to observe the strict orders against such action issued by his Government on the outbreak of hostilities.

In conversation with H.M. Consul-General in Batavia, Dr. van Mook showed little concern over possible unfavourable world reaction to the Dutch employment of force and he intimated that in his judg-

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ment military operations would be virtually over long before any steps toward foreign intervention were likely to appear on the scene—indeed, he confidently expected military operations to be brought to a successful finish within a week. He went on to make the somewhat astonishing statement that he had no doubt but that some form of moderate and responsible government would ultimately be set up at Jogjakarta, but that, in that case, their authority would have to be limited to Central Java as he intended setting up a number of separate, autonomous states in East and West Java and possibly also in Sumatra.

It is difficult to reconcile this programme with the line taken by Dr. van Mook in his broadcast from Batavia a couple of days earlier, or with the speech delivered in the House at The Hague by Dr. Beel on 23rd July. (See under "Low Countries.")

In appealing for co-operation in the immediate formation of a normal police force—which might enable a beginning to be made in the reconstruction of the country's economic life—Dr. van Mook went on to say that the Dutch still desire full implementation of the Linggadjati Agreement. This latter statement dovetails in with the statement in Dr. Beel's speech that "as soon as a Republican Government proves able and prepared to co-operate on the basis of Linggadjati principles—in a position of equality with other participant States—such a Government will find the door open again for negotiations." As the first principle of the Linggadjati Agreement provides for recognition of the Republican Government's *de facto* authority over Java, Madura and Sumatra, the "other participant States" referred to by Dr. Beel would appear obviously to be those set up outside Java and Sumatra, such as "East Indonesia" and "West Borneo," and not a number of new states (to be) created within Java and Sumatra. The question whether the Netherlands Government have repudiated, or merely suspended the Linggadjati Agreement, however, is not at all clear.

Dr. van Mook is also reported to have recommended to the Netherlands Government that the whole of Java be occupied. It is thought, however, that the Cabinet is likely to consider this suggestion for some days before coming to any definite decision; and that the Government will be largely influenced in this by the Republicans' action—whether they pursue a policy of systematic destruction of property in the interior and/or if they resort to guerrilla warfare, of which there is at present no evidence of intention. It is also considered likely that a great deal may depend on whether Dr. van Mook's proposal is supported by Professor Schermerhorn, who has just left Batavia for The Hague.

On 29th July, a radio report from Jogjakarta announced that an Indian-owned aircraft carrying medical supplies from Singapore, had been shot down by Dutch fighter-planes over that city and that eight out of the nine passengers (four of whom were British) had lost their lives. In Singapore the local press laid much stress on the fact that the aircraft was carrying Red Cross supplies. It was considered necessary, therefore, to correct an erroneous impression that this consignment was connected with the Indonesian appeal to the Governor-General of Singapore to arrange for the despatch and safe-conduct of planes carrying Red Cross supplies for their wounded—negotiations concerning which were proceeding with the International Red Cross and Dutch officials. Nevertheless, the Dutch action in shooting down the plane has caused world-wide indignation. Reports from both Singapore and Batavia have confirmed, however, that the flight was entirely unofficial and that the pilot was warned before he set off that he was contravening Dutch regulations and must be responsible, therefore, for the risk involved.

Speaking at a press conference in New Delhi on 28th July, the Deputy Prime Minister of the Interim Government of India, Pandit Nehru, announced India's intention to make a formal approach to the United Nations concerning Dutch aggression in Indonesia; also that the Indian Government were taking steps to terminate Dutch air services flying over India. He said that representatives of the prospective Government of Pakistan were being consulted and that he had no doubt that they would agree with whatever action might be taken. A note from the Government of India, asking the Security Council to endeavour to solve the Indonesian problem, was handed to the Secretary-General of the United Nations Organisation on 30th July.

On 30th July, also, the Australian Prime Minister announced that the Australian Government had instructed their representative on the Security Council to draw the Council's attention to the situation in Indonesia, under Article 39 of the Charter. (India's request is made under Article 35.)

M. Sjarir, who is now in New Delhi, is reported by the press to be ready to proceed to the United States to plead Indonesia's case in person. Press reports also state that the Netherlands Government have instructed their newly appointed Ambassador to India to endeavour to contact M. Sjarir and to assure him of a warm welcome, should he elect to visit the Netherlands.

THE UNITED STATES OF AMERICA

Mr. Marshall's proposals for the economic rehabilitation of Europe continue to be the main topic of discussion in American press and radio comment—with the great majority of opinion supporting the Secretary of State. On the 24th July Senator Taft, who does not consider that a special autumn session of Congress will be necessary, announced that it had been arranged that Congress could be recalled "at the consent of the four (Republican) leaders"—Mr. Joseph Martin, the Speaker of the House; Rep. Charles A. Halleck, the House Majority Leader; Senator Arthur H. Vandenberg, President *pro tempore* of the Senate; and the Senate Majority Leader, Mr. Wallace H. White. The President, of course, has power under the Constitution to recall Congress should he deem it necessary. Meanwhile Mr. Harriman's committee, appointed by the President to assess United States resources in relation to the needs of foreign nations (see *Summary* No. 398), held its first meeting on the 24th July. A number of sub-committees were set up and it was agreed that the 1st October should be the "target" date for submission of a full report to the President. Mr. Harriman explained that the report would be written in terms of materials, not dollar value. In this connection it is interesting to note that Senator Taft, a consistent opponent of the British Loan, is recently reported to have stated his conviction that, in American aid to Europe, machinery and raw materials should take priority over food since, in his opinion, the object of Mr. Marshall's proposals is to help European reconstruction rather than to increase United States expenditure abroad.

Discussion of the problem of European economic recovery has concentrated particularly on the change in American policy towards Germany mentioned in last week's *Summary*. Although the new United States policy directive for Germany has been hailed by economy-minded conservatives as an essential step, liberal and left-wing observers, who claim to see in it a shift from the "Marshall Plan" to the "Hoover Plan," express sympathy with the "justified fears" of France and utter warnings against the danger of a renewal of German industrial domination in Europe. It was officially announced on the 24th July that Mr. Marshall has assured the French Foreign Minister that no decision regarding a new level of industry for Germany will be taken before the French Government has been consulted. In giving this assurance Mr. Marshall is reported by the press to have acted against the wishes of the War Department and without previously informing General Clay, and there is thought to be a serious divergence between the policies of the State and War Departments on the matter of Germany.

With the Anglo-American conference on Ruhr coal problems expected to begin in Washington within the next few days, there has been some discussion on the question how far His Majesty's Government will be willing to compromise with American "free enterprise" ideas on the efficient development of the Ruhr. Considerable publicity has been given to a "secret" report by Mr. Robert Moses, an official of the New York City administration, who has recently returned from a tour of Germany. Mr. Moses alleges, apparently, that inadequate discipline in the mines and the British plans for their socialization have been the main contributory factors in the failure to increase Ruhr coal production. A second unpublished report on the Ruhr, prepared for the War Department by a group of economic experts, is said to have made similar strictures on the British Administration and to have recommended the establishment of a coal authority financed by the International Bank for Reconstruction and Development. Publication of these reports has been suppressed lest they should prove "embarrassing" to the negotiations in Washington. Regarding the vexed question of socialization, Mr. Raymond Gram Swing, the liberal radio commentator, warns that "not to socialize the Ruhr would be to cut the ground under the German Social Democratic Party in the British Zone, which is the only instrument for keeping the Communists in the zone in a minority." (See also under "Germany" and "France.")

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With the threat of "Communist infiltration" at home as well as abroad very much to the fore, the situation in the Balkans continues to cause alarm. Well-informed observers report that high United States Government officials have been considering seriously the possible need for direct military intervention. The responsibility of the United States for restoring order in Greece in the event of Soviet "obstruction" rendering prompt and effective action by the United Nations impossible, is coming to be widely recognized, and a display of naval force in that area is recommended by some moderate internationalists as a means of discouraging further aggressive manœuvres by the U.S.S.R. It may perhaps be significant, in view of the present uncompromising American attitude towards Soviet policy, that Mr. Truman has nominated Mr. Charles E. Bohlen to succeed Mr. Benjamin Cohen, who is resigning from his post as Counsellor to the State Department on the 31st July. Mr. Bohlen, an American foreign service officer, is particularly well informed on Soviet relations and has attended many international meetings at which the U.S.S.R. was represented.

The Far East is also attracting a considerable amount of attention. A statement on the Indonesian situation issued by the State Department on the 21st July "profoundly regrets" the abandonment of negotiations between the Dutch and the Indonesians, and some commentators have made unfavourable comparisons between the Dutch action in using military force against a weak colonial people and the peaceful settlement achieved by His Majesty's Government in India. In the United States the Government's proposal for an Eleven-Power conference to conduct preliminary discussions regarding a peace treaty for Japan has been widely and enthusiastically welcomed. The failure of the Soviet Union to accept the American invitation has occasioned no surprise and has probably strengthened the conviction that the procedure suggested by the United States Government is the only one likely to produce just decisions with a minimum of "haggling" and delay. It is felt by American commentators that, if the U.S.S.R. will not agree to the terms proposed, the treaty must be written without her, since Russia's contribution to the victory over Japan was so small and so belated that she cannot be allowed to use her Great Power veto to obstruct a settlement. A few of these critics point out that "awkward" differences of opinion may occur between the United States and the strong British Commonwealth group of nations on such questions as the permitted level of Japanese industry and the dissolution of the Zaibatsu industrial combines. (See also under "Low Countries" and "Far East.")

In Washington the first session of the 80th Congress finally adjourned in the early hours of Sunday morning the 27th July. In the last-minute scramble to deal with as much as possible of the urgent legislation remaining on hand the most important measure to be passed was undoubtedly the bill to unify the armed Services of the United States under a single Secretary of Defence with Cabinet rank. There will now be separate departments of the Army, Navy and Air Force, each with its own Secretary, who will not, however, hold Cabinet rank. This bill was signed by President Truman on the 26th and, on the same day, the Senate acted to confirm his nomination of Mr. James V. Forrestal, Secretary of the Navy, to be the first United States Secretary of Defence. The President also signed an executive order implementing the new law, which provides for the creation of a National Security Council headed by the President; a National Security Resources Board to co-ordinate civilian, industrial and military mobilisation; a Central Intelligence Agency; a Munitions Board to co-ordinate procurement for the services; and a permanent Research and Development Board.

As a result of a Senate-House compromise, a bill authorising the appropriation of 1,658,902,197 dollars for United States foreign relief, was completed and passed to the President on the 26th. This sum includes the 400 million dollars for aid to Greece and Turkey, 332 million dollars for post-U.N.R.R.A. relief, the United States contribution to the International Refugee Organisation, and funds for Army administration and relief in the occupied countries. The cut of 18 million dollars (for relief to Poland and Hungary) voted by the House was also approved by the Senate. Also on the 26th the House of Representatives passed and sent to the White House a new Wool Bill authorising the continuance until the 31st December, 1948, of the price support programme for home-produced wool, but omitting the import restrictions contained in the bill vetoed by President Truman last month. (See *Summary* No. 398)

Important items which have failed to reach the statute book include Mr. Truman's proposals for inter-American military co-operation and for universal military training, while action regarding the State Department's Information Services has been deferred until next year. Congress has also failed during this session to enact any new legislation on such domestic issues as minimum wages, national health insurance, housing and Federal aid to education. On the 24th July Senator Taft announced that two joint Congressional committees were being set up, one to make a special study of housing problems, and the other to conduct a nation-wide survey of price conditions. Consideration of a measure under which the Maritime Commission would be authorised to charter American Liberty ships to Germany with a view to reducing the occupation costs in the bi-zonal area has also been postponed until 1948.

Erratum

Summary No. 401, "United States," page 24, col. 2, line 8: the figure should be 1,353,024,900 dollars, not 1,353,029,900 dollars.

LATIN AMERICA

Inter-American Affairs

According to broadcast reports, most of the American countries support the Brazilian proposal that Nicaragua should not be invited to the Rio de Janeiro Conference; the Argentine attitude was confirmed by her Foreign Minister, Dr. Bramuglia, who stated at a press conference that he would be heading the Argentine delegation. (See *Summary* No. 401.)

The Brazilian press has given considerable prominence to the question of inviting observers to the Conference. The Pan-American Union was at first inclined to invite observers from countries with interests in the Western Hemisphere, but the Brazilian Foreign Minister has now informed H.M. Embassy that the Union have ruled against the presence of foreign observers, with the exception of Dr. Trygve Lie, representing the United Nations.

In reply to a Communist question in the Chamber of Deputies regarding Uruguay's attitude towards the projected American defence pact to be discussed at the Conference, the Uruguayan Foreign Minister declared that the Government did not practise secret diplomacy. Should such a pact materialise, the Uruguayan Government would ask Parliament to ratify it.

A New York report states that no economic problems will be discussed at the Conference.

Argentina

The Perón Government have recently issued a whole series of decrees concerned with the campaign for normalising prices and lowering the cost of living. One of them fixed maximum prices for a wide range of food commodities and another determined the maximum charges of textile and shoe manufacturers. In a broadcast explaining the scope of these decrees, President Perón said that they would have the immediate effect of lowering the prices of certain goods. He attributed the sharp rise in the cost of living (from 100 in 1939 to 220 in March 1947) to the after-effects of the war and to shortage of goods and inflation. While admitting that the increases were excessive, the President held that they compared favourably with those of most other countries, with the exception of Great Britain, Canada and the U.S.A. Some of the inflationary trends, the President added, had arisen from the activities of a few criminal persons who wanted to get rich quick at the expense of other citizens, and very severe measures would be taken against them. President Perón asked for the co-operation of the whole population in the campaign and appealed to the workers to produce more, as only thus could the general cost of living be reduced.

According to a broadcast report the Government has ordered the closing of *La Tribuna*. The order was opposed by Señor Miranda and also by the Association of Argentine Journalists, the President of the Association, Señor Octavio Palazzolo, referring to the recent step by the Central Bank in suspending the issue of import permits for newsprint, said that it looked very much as if the Government definitely intended to impose a State monopoly on the purchase and distribution of that type of paper. Señor Miranda's opposition to the closing of *La Tribuna* is curious, in view of that paper's attacks on him (see *Summary* No. 401).

Señor Miranda, on his appointment as Chairman of the National Economic Council (see *Summary* No. 401), tendered his resignation as President of the Central Bank and Chairman of various other organisations whose functions correspond to that office. His successor at the Bank is Señor Orlando Maroglio.

Broadcast reports state that a school for diplomatists is to be opened in the Buenos

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Aires National University, with courses in international law and diplomacy, to equip Argentine officials for diplomatic posts abroad.

The nomination of Mr. James Bruce as Ambassador to Argentina was confirmed by the United States Senate on the 11th July. Mr. Bruce was Assistant Military Attaché in Italy during the 1914–18 war. He is 54 and a Director of various business enterprises.

Brazil

When President Dutra was asked by the *Jornal do Comércio* of Recife about the Government's attitude towards the militant representatives of the banned Communist Party (see *Summary* No. 392) he said that the Party had been outlawed by its own actions and nature. "This," he said, "is not an opinion, it is a decision by the highest electoral tribunal in the country." No one could sincerely deny, the President added, that the Communist Party receives foreign guidance and places itself by its conduct and doctrine above the laws of the country. The decision of the judicial power would be enforced without hesitation and in all its consequences. It is interesting to compare these remarks of President Dutra with those of President Perón, who, in a conversation with H.M. Ambassador, referred to the wish of the United States Government to call a conference at Rio to arm the American Continent against Communism. "That is not the way to fight Communism. You can only fight Communism by producing better conditions for the workers. That is what I am trying to do here."

Paraguay

The masses of undependable information put out by both sides make it difficult to give a reliable account of developments in the Civil War. However, it seems fairly certain that the fighting has increased in intensity and that Argentina, Brazil and Uruguay have become involved, if not in the actual fighting, at least in the circumstances arising out of it. There is little doubt that the Paraguayan gun-boats, *Paraguay* and *Humanitá*, which have been declared rebels by the Morínigo Government, have been helped by the Uruguayan Government with repairs and provisions. An exchange of somewhat acrimonious notes on the subject took place between the two Governments about a month ago and has been followed by another from Paraguay. Furthermore, relations have not been improved by rebel propaganda emitted from the Uruguayan short-wave broadcasting station.

In a heated debate in the Brazilian Chamber of Deputies, Senhor Flores da Cunha, a leader of the Democratic Union, had alleged the existence of a secret agreement between Presidents Morínigo and Perón, which provided for the supply of arms and ammunition to the Morínigo Government from Argentina. He supported his allegation with a list of arms already shipped to Asunción by the Perón Government. The Paraguayan Government naturally denied these accusations and attacked Senhor Flores da Cunha as a Communist. The same matter was also raised in the Argentine Chamber by a group of Radicals.

Dr. Negrão de Lima, appointed mediator in the Paraguayan conflict by the Brazilian Government, after fruitless visits to Asunción in June, spoke more hopefully after his visit on the 17th July and thought there was a possibility of settling the civil war, though he declined to go into details.

THE UNITED NATIONS

Security Council

The Balkans Commission

Six meetings of the Security Council were devoted to the American resolution between the 22nd and the 25th July. A French amendment designed to emphasise the conciliatory nature of the U.S. resolution was adopted without a vote. A clarifying U.K. amendment was also adopted. It was felt by many that the Commission's recommendation that support of armed bands should be considered a threat to the peace prejudiced the Security Council's freedom to decide. The wording of the resolution was therefore made less definite. A new passage was inserted in the resolution, with U.S. consent, urging the four Balkan States concerned to establish normal diplomatic relations as a first step towards good neighbourliness. It was decided "for the purpose of restoring normal conditions along the frontiers between Greece on the one hand and Albania, Bulgaria and Yugoslavia on the other, and thereby assisting these countries in carrying out the recommendations of this resolution to establish a commission as a subsidiary organ." No decision was reached on the composition of the proposed organ. France suggested the six non-permanent members of the Council.

Colombia suggested four non-permanent members plus U.S., U.S.S.R. and one other permanent member. The U.S. proposal that all eleven of the Council should be represented found small favour. The majority held that a single Commissioner would have been the ideal solution, had it been practical politics. In H.M. Government's view, the French proposal was far better than the American, but that a small committee of disinterested States, chosen by the Security Council, was better still.

On the 24th and the 25th July the Soviet, Bulgarian and Yugoslav delegates put up two arguments, (1) that recommendations under Chapter vi required the consent of the parties concerned: (2) that a decision under article 34 to conduct an investigation would not be binding if it infringed article 2, paragraph 7 (domestic jurisdiction). The first argument is devised by wilfully isolating article 37 (2) and is flatly contradicted by article 38. The second, if admitted, will make nonsense of the whole security system of the United Nations, and comes with ill-grace from a country which took the line that Russia did over the question of the Indians in S. Africa.

Such was the state of affairs on the 29th July when the Security Council voted on the U.S. resolution, thus laboriously built up by long debate in the Council, from the recommendations of the Commission which the Council itself had set up. The resolution was voted clause by clause, and each clause was adopted, Russia abstaining the while. Then, when the resolution was taken as a whole, M. Gromyko imposed his country's veto. Poland voted with Russia, the remaining nine members of the Council voted for the resolution. Russia's own resolution, based on no facts that the Investigation Commission discovered, has still to come before the Security Council.

This is Russia's tenth imposition of the veto. It was no surprise. It was but a continuation of her conduct and that of her clients during the whole investigation. Its seriousness for the future United Nations lies in this. As in the Corfu debate, it is a veto used in face not only of an overwhelming majority of members, but in contradiction of the plain facts as established by investigation. It means that, according to the existing rules, the Security Council cannot work for peace if one permanent member, in this case Russia, determines to oppose. It is an obvious deduction that, peace being the object of the majority of the members of the Security Council, some other way will have to be found, and the world comes gradually to realise, in politics as it has done in economics, that the unwilling must not be allowed to forbid the co-operation of the willing.

Mr. Herschel Johnson described the Soviet action as a flagrant abuse of the veto and said that the U.S. had not said their last word; and the British Government are equally determined that no veto shall hinder the attainment of peace.

Membership

According to the Charter "Membership in the United Nations is open to all other peace-loving states which accept the obligations contained in the present Charter and, in the judgment of the Organisation, are able and willing to carry out these obligations. The admission of any such state to membership in the United Nations will be effected by a decision of the General Assembly upon the recommendation of the Security Council" (Article 4, paragraphs 1 and 2); and "the Organisation is based on the sovereign equality of all its members" (Article 2, paragraph 1). Last year, however, of the 8 applicants 5 were not recommended by the Security Council. Albania and Outer Mongolia failed to secure the requisite number of votes, and Eire, Transjordan and Portugal were vetoed by the U.S.S.R. on the ground that they had no diplomatic relations with the Soviet Union. The use of the veto for reasons quite unconnected with the relevant articles of the Charter led to a demand in the General Assembly for an enquiry into the procedure governing the admission of new members. In accordance with a resolution passed by the Assembly conferences took place in June and July between Committees of the Assembly and of the Security Council. The Australian delegation submitted the comprehensive draft as a working paper. As a result of the conferences the Assembly Committee drafted proposals, which the Committee of Experts of the Security Council are now examining. The Assembly Committee agreed unanimously that the Assembly was not entitled, under Article 4 (2), to decide to admit a new member except upon the recommendation of the Security Council. A bare majority of the Committee, viz., India, Norway and the Soviet Union, with Australia and Cuba opposing, maintained that the Committee itself could not suggest rules which would in any way diminish the powers of the Security Council over the admission of new members. Australia had contended in the November proceedings that initial and final responsibility for the

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Admission of New Members rested with the Assembly, and she did so again when the Committees met this year. For the most part the changes foreshadowed in the draft rules are unimportant, but one proposal is that when the Security Council either fails to recommend an applicant, or postpones the case, it shall send a report to the Assembly, and that the Assembly may, after discussing the report, send back the application to the Council for further consideration, recommendation or report. It would also send a full record of the Assembly's own discussion. The Soviet representative could not accept the proposal. It is worth noting that these new rules of procedure provide for a reference back to the Security Council from the Assembly on the lines of the original Australian draft. After they have passed through the Committee of Experts they will go to the Security Council; but there is little hope of their being accepted in time to govern the admission of new members this year.

The Membership Committee of the Security Council met on the 14th, 21st and 22nd July to consider the rejects of last year and the new applicants. In the Soviet view, applications should be dealt with in the order in which they were received. This would mean that Albania and Outer Mongolia would come first, and the Committee would make its recommendations on these two Russian clients before coming to Eire, Portugal and Transjordan. The United Kingdom representative urged that all applications should be considered before any recommendations were made, and the Chairman gave a ruling in this sense. At the second and third meetings, Albania's application was discussed. The Soviet representative spoke in favour. Brazil, turned by Albania's behaviour over the Corfu incident, from a supporter to an opponent, Australia, Belgium, United States, France, China and United Kingdom all doubted Albania's qualifications. There was a general feeling that much would depend on whether or not Albania accepted the Security Council's recommendation of the 9th April that the Corfu dispute be submitted to the International Court of Justice. At the third meeting the Soviet representative supported Albania, making in the process more than the usual number of insinuations and accusations against other countries; and the U.K., U.S., and Australian representatives all deprecated the tone of his utterance.

Hungary, Italy, Austria, Roumania, the Yemen and Bulgaria have all applied for membership of the United Nations. Austria's application was probably prompted by the promise of U.S. support, but under her present régime of occupation and with no hope that a treaty will be concluded in the near future, she is, strictly speaking, not eligible. Roumania is busy contravening the "human rights" clauses of the treaty of peace even before it is ratified. Outer Mongolia is still as little qualified according to Articles 2 and 4 of the Charter as she was last year. The U.S. have been advocating a kind of "blanket" acceptance of all applicants. On the other hand, the U.K. representative holds firmly to the view that the obviously unqualified must not be admitted. Last November Russia's approach to the question was political, at times cynically so. This year, the first states to be voted on will be Albania and Outer Mongolia, and there is no means of knowing how Russia will react and whether, indeed, the Security Council will succeed in admitting any members.

Economic and Social Council

The fifth session of the Economic and Social Council opened on the 19th July. The agenda is a long one and includes reports from the Economic and Employment Commission, the Economic Commission for Europe and the Economic Commission for Asia and the Far East. The Secretary-General will report on relief needs after U.N.R.R.A. Progress reports will also be taken on the International Children's Fund and the proposal that "one day's pay" should be subscribed by all member nations to that fund. Although the Preparatory Committee for the International Conference on Trade and Employment has not yet finished its work at Geneva, a report of its progress will be presented. Discussion will centre on such questions as the date and place of the World Trade Conference, whether States not members of the United Nations are to be invited to it, how ex-enemies are to be represented and whether countries not fully independent are to be invited through their "metropolitan" states to participate separately. A proposal by the International Co-operative Alliance for international control of oil resources, beginning with the Middle East, is almost the last item, though efforts have been made by the proposers to push the subject.

It is too early to report on the session as a whole. Among decisions of interest may be mentioned the Council's agreement

to the admission of Hungary to membership of U.N.E.S.C.O., the dropping of a proposal for world calendar reform, and the postponement (whether to the Greek Kalends or to some other date in the unreformed calendar remains to be seen) of a proposal for the universal adoption of metric weights, measures and money. On this last, the general feeling, expressed by the British delegate was that nations had more than enough on their hands already, and the timing of the proposal was therefore inappropriate.

The report of the Fiscal Committee has been approved, those on Human Rights and on the Status of Women have been referred to the Social "Committee of the Whole."

Economic Commission for Asia and the Far East

The Committee of the Whole, which was in effect the second part of the first session of E.C.A.F.E., has now finished its meetings at Lake Success. The efforts of the leading Asiatic members to get other Asiatic countries such as Burma, Ceylon, Malaya and Dutch and French territories in South-East Asia admitted as *full* members were defeated, largely by the opposition of Soviet and other delegations to the admission to membership of a United Nations Commission of countries not themselves members of the United Nations. The United Kingdom proposal for associate (non-voting) membership for such territories (or groups of them) was approved; but some discussion took place before the point was conceded, in view of assurances given, that applications for associate membership for territories not yet responsible for their international relations should always be put forward by the "metropolitan" Power. India, however, intends to press for greater representation of Asiatic countries when the report of E.C.A.F.E. comes up to the Economic and Social Council.

On the question of geographical scope, it was decided that Japan and Korea should be included and that the Commission should consult the Allied Control Authorities responsible for those territories on all matters affecting them. The next session of E.C.A.F.E. is to be held in the Philippines, probably in November.

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Weekly Political Intelligence Summary
No. 403

FOREIGN OFFICE,
(RESEARCH DEPARTMENT),
6TH AUGUST, 1947

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EUROPE

GERMANY

After further consultations between the 30th July and the 1st August, the United Kingdom and United States Governments have agreed to inform the French Government that they will be glad to receive and give careful consideration to any representations which the latter may wish to make about the plans for the level of industry and coal management. The French Government had already announced that they were preparing a statement of their case. H.M. Government fully agree with the State Department view, reported in last week's *Summary*, that the French must not think that they can veto subjects of discussion in any possible three-Power talks. They feel that the French may have to be told plainly that, although any security arguments which they may put forward will be carefully studied, the level of industry plan cannot be substantially modified or indefinitely delayed. Nevertheless, H.M. Government would have been ready to suggest now that there should be informal Three-Power conversations—although not at ministerial level. The State Department were still unwilling to commit themselves definitely to such talks and would like to avoid them altogether since they fear that the French may try to bring up other topics and even try to have a say in the running of the bi-zonal area. (It is not clear how this affects the U.S. attitude to the possibility of tri-zonal economic fusion.) In fact, it seems the French already expect discussions, and it is improbable that the State Department can escape them entirely. The two Governments will await the French statement before deciding together on their next step.

According to the French Ambassador, who visited the Foreign Office on the 28th July, the French Government have pretty well made up their mind to fuse their zone with the other two Western zones. They do not intend to take a final decision until after the November conference unless Russia shows beforehand that she is not going to attend. M. Massigli indicated that this would not prevent

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EUROPE

GERMANY

After further consultations between the 30th July and the 1st August, the United Kingdom and United States Governments have agreed to inform the French Government that they will be glad to receive and give careful consideration to any representations which the latter may wish to make about the plans for the level of industry and coal management. The French Government had already announced that they were preparing a statement of their case. H.M. Government fully agree with the State Department view, reported in last week's *Summary*, that the French must not think that they can veto subjects of discussion in any possible three-Power talks. They feel that the French may have to be told plainly that, although any security arguments which they may put forward will be carefully studied, the level of industry plan cannot be substantially modified or indefinitely delayed. Nevertheless, H.M. Government would have been ready to suggest now that there should be informal Three-Power conversations—although not at ministerial level. The State Department were still unwilling to commit themselves definitely to such talks and would like to avoid them altogether since they fear that the French may try to bring up other topics and even try to have a say in the running of the bi-zonal area. (It is not clear how this affects the U.S. attitude to the possibility of tri-zonal economic fusion.) In fact, it seems the French already expect discussions, and it is improbable that the State Department can escape them entirely. The two Governments will await the French statement before deciding together on their next step.

According to the French Ambassador, who visited the Foreign Office on the 28th July, the French Government have pretty well made up their mind to fuse their zone with the other two Western zones. They do not intend to take a final decision until after the November conference unless Russia shows beforehand that she is not going to attend. M. Massigli indicated that this would not prevent

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discussions on ways and means taking place beforehand. It is, therefore, possible that the French Government will try to use this as a bargaining point in the hopes of securing a limitation of the level of industry plan.

The practical difficulties in the way of fusion between the French zone and the bi-zonal area are of no mean order, and prolonged discussion would clearly be required before any joint economic organisation saw the light of day. In the French zone the Germans have very little say in economic matters—and certainly not on a zonal level. The three German State Governments are entirely unaccustomed to the responsibilities undertaken by the Bi-Zonal Economic Council, and it would cost the French a struggle to permit even that degree of centralisation. M. Laffon told Lord Pakenham during his visit to the zone on the 17th July that nearly 80 per cent. of the coal was allocated directly by the French authorities, not merely to the different industries, but to the individual firms. Again, in contrast to the bi-zonal area, quotas are fixed for export in many types of goods, and these quotas have to be fulfilled, before goods can be released for the home market. The rate of exports, which according to the latest available statistics is still sufficient to pay for imports, is considerably higher than in the bi-zonal area. It is unlikely, however, that this drain on the area's resources can continue very much longer, since the rate of production is estimated by French officials to be no higher than that of the British zone. The French have indeed admitted in previous reports that the economy of the zone—not only of the Saar—is run in the way best calculated to help France. As regards food the French zone cannot at present be counted as an asset to the bi-zonal area. The three States are mainly agricultural but have, like the bi-zonal area, a low production record; they have also to send supplies to the Saar and make certain deliveries to the French occupation forces. German anxiety about the situation is growing and fostering resentment against the Occupation Power; the Roman Catholic Archbishop of Freiburg, for example, recently issued a pastoral letter sharply criticising the French authorities. In the past, the zone has had the lowest official rations in Germany. French officials admitted to Lord Pakenham that some towns had been as badly hit as the Ruhr, but otherwise they spoke with surprising lack of pessimism. M. Laffon calculated the present ration at 1,200 calories daily—but it is doubtful whether this is always met. He claimed that there was little black market owing to strict supervision, although potatoes had undoubtedly found their way there. He made the dubious assertion that it was in the Germans' interest to sabotage food deliveries and eat off the black market because they knew that the Occupying Power had to make up the deficiencies by increased imports. Even a prominent German official told Lord Pakenham that he did not consider the standard of living in the French zone lower than in the British zone, and he believed that "at times" it was better than in either the British or U.S. zones. This latter remark is probably wishful thinking. The French are, however, eager to secure increased imports and to raise the nation to 1,800 calories—the target set for the bi-zonal area.

Further news has been received of Russian plans to raise the level of industry for Germany as a whole. Details are not complete, but according to the comment of economic observers, they show pretty plainly that the Russians have thrown overboard many of the limits imposed on security grounds in March 1946. Engineering would be increased by 62 per cent. over the figure fixed at that time, chemicals by 50 per cent., rubber by 80 per cent., fine mechanics and opticals by 27 per cent. The Russians plan for a surprisingly large and probably unrealisable excess of exports over imports in 1949—imports being even lower than agreed by the Four Powers and apparently making no allowance for food. Textile exports are intended to be larger than those of pre-war. Iron, steel and engineering exports are to be stepped up by 260 per cent.; it is highly improbable that this can be attained (particularly as coal consumption is, it seems, to be kept below that originally planned), and in any case it would hardly be accepted by the other Occupying Powers. At present every effort is being made to step up coal production in the Soviet zone. The first task of the new Economic Commission in July was to draft a plan introducing a seven-day week in the mines, systematic control of distribution, severe measures against hoarding and the guarantee of full special rations to the miners. In Brandenburg new incentives for farmers were announced on the 19th July, which give them the choice of selling surplus food at the best price they can get or at 1944 prices with a permit to buy industrial goods. Some of the surplus food will go to industrial firms with good production records. One of the most significant aspects of the scheme is that all

transactions take place through the Co-operative Societies and private retail traders are forced more and more out of the picture.

Steps to abolish an independent judiciary in the Soviet zone have lately become increasingly evident. A reliable German news agency reported on the 16th July a speech by the Brandenburg Minister of the Interior at which he said that he accepted no judge who was not a trade union member. As the Communist-dominated *Freie Deutsche Gewerkschaftsbund* is the only permitted union, this is an open admission that the individual has no freedom of choice. When installing Public Prosecutors earlier in the year, the Minister had declared that there were to be no more *unpolitical judges*. According to the CDU organ *Neue Zeit* of the 14th June a district chairman of the SED was chosen to act as "People's Prosecutor" together with the Public Prosecutor, in the case of 14 Saxon food officials accused of misappropriating foodstuffs. It is stated that his duty was to "express the will and opinion of the people." It will be recalled that judges and Public Prosecutors throughout the zone are elected by the Diets and not appointed, so that their political qualifications have particular importance. The Public Prosecutor of Dresden, speaking over Leipzig radio on the 28th May, repudiated the idea of the rule of law accepted by the Weimar Republic and said that when the *bourgeois* class struggled to liberate itself from feudal domination, the demand for the Rule of Law was progressive, but the victory of the capitalist over the feudal order changed this progressive ideal into an obstacle to social progress. Formal equality before the law and the independence of judges were used to preserve the *status quo*. The ideas of "formal equality and abstract conformity with law are outdated . . . . Democratic law is the law that conforms to the German people's conception of justice, that is controlled by the people and serves its interests." This might have been said by a Nazi leader—thus Thierack taking office as Minister of Justice in August 1942 declared: "The administration of justice does not mean the application of trained reason but the regulation of the nation's course of life . . . . Only those judges deserve the highest praise whose judgment represents the people's feelings of right and wrong." It is well known how such methods of "popular justice" led to increasing arbitrariness and eventually to a completely totalitarian system.

After several weeks' silence on the flight of workers from the Soviet zone, the Central Administration for Labour and Social Service issued a statement on the 21st July. This does not deny that there is a mass exodus but says that it is a result of measures taken to discover "fake workers" who were really engaged in black market activities, and to direct them into industry. There are now regular press accounts of conscription in Saxony for work in the uranium mines in the Erzgebirge.

A quantity of "undeclared war material" has been discovered in two plants of the Askonia works in the U.S. Sector of Berlin. According to an official statement by the U.S. authorities, there is evidence, which is being carefully sifted, that "the war material was being manufactured for a foreign Power without sanction." Parts for aircraft, submarines and tanks, as well as kine-theodolites were found. The works have been closed, and some members of the staff, including Count Rudolf Westarp, are reported to be under arrest. Apparently the works council claim that the plant was making kine-theodolites for peaceful purposes, under a plan approved by U.S. Mil. Gov., and that some had been sent to a branch works at Teltow just inside the Russian zone. This was reported by *The Times* on 4th August, which also reported statements by members of the staff that the material found had not been made since the war and was, in fact, awaiting removal by the occupation authorities—they do not explain how it comes to be "undeclared." Until further information is received, it is not possible to confirm that a flagrant violation of Control Council regulations has occurred or that the Soviet authorities are definitely involved. While it seems surprising that the latter should risk using factories in an area outside their direct control, the possibility cannot be absolutely ruled out. There have of course been reliable reports in the past that the Russians were manufacturing a certain amount of war material in Germany.

AUSTRIA

The regulation of wages and prices promised by Chancellor Figl at the end of May has been brought a big step nearer by the adoption by the Austrian Parliament

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of certain proposals submitted by the special commission set up to advise on measures of price and wage adjustment. The commission consisted of representatives of the Trades Union Federation and the Chambers of Labour, Agriculture and Commerce. According to reports in the British press, wages are to be raised by about 50 per cent., unemployment relief by 25 per cent., and old-age and disability pensions by two-thirds. The prices of agricultural products are to be raised, and there is also to be a steep rise in tram and railway fares as well as in postage and telephone rates.

Since the regulation of agricultural prices in the summer of 1946 there has been a considerable rise in the prices of industrial products; this naturally adversely affected the cost of agricultural production and was a source of much discontent to the peasants. An increase in prices for livestock, food, milk and dairy produce was permitted by the Government in June, though this measure produced renewed Socialist taunts that the People's Party were pandering to the farmers. The President of the Chamber of Labour, Herr Mantler, has claimed that the main success of the Trades Union Federation and the Chamber of Labour has been that, through an energetic protest against one-sided increases in the prices for agricultural products, they have brought to the notice of the public and the Government the disproportion between wages and prices, with the result that a simultaneous settlement of wages and prices has had to be recognised as indispensable. Wages in Vienna in May 1947 had only risen 12 points since the beginning of the year, but considerable increases had in fact been made in the shape of supplementary allowances. Trade employees were receiving up to 70 per cent. of their wages in allowances and public servants were recently granted a supplementary increase of 100 Schillings a month.

The new prices and rates are not expected to come into effect for some days since the consent of the Allied authorities has not yet been obtained. Irritation against such an Allied rule was expressed by the Minister of the Interior at a Socialist rally on the 3rd August, when he queried how Austrian financial affairs could be put right if Austrians could not even regulate railway fares or the Vienna tram fares without Allied consent. All political parties except the Communists appear to recognise the need for the new adjustments; in the Communist view a new race between wages and prices has been initiated. The People's Party *Wiener Tageszeitung* has emphasised that the decisive test for the new prices and wages level will be its effect on production. The Socialist *Arbeiter-Zeitung* has pointed out that consumers can now demand that the farmers fulfil their duty of feeding the population.

The new agreement is considered to be a first step towards a reform of the currency, rumours of which have been rife for many months. Here again bitter opposition comes from the Communists, who claim that the measure would be taken at the expense of the working class. In general Socialists and members of the People's Party are agreed that a reform of the currency is inevitable, but it is reported that there are differences of opinion as to the timing of such a measure. This is believed to be especially the case in the People's Party, where opinion varies from support for very drastic measures to be taken at the earliest opportunity, to those who maintain that a lasting stabilisation of the currency cannot be ensured until the Austrian economy has been put on a sound financial basis by means of a loan.

Having concluded for the time being its discussions on the oil problem, the Austrian Treaty Commission has been dealing with the case of the Danube Steam Shipping Company (D.D.S.G.). An interesting development in these discussions has been Soviet insistence that the whole case should be referred to the Committee of Experts—with only a very preliminary discussion by the Commission. This is in contrast to the attitude of the Soviet Delegation during the past six weeks when other Delegates have sought in vain to get the Committee to work on problems connected with the oil discussions. M. Novikov has, however, flatly stated that he considers the D.D.S.G. to be a "purely German asset"—including the Austrian Government shareholding of 26 per cent. which passed automatically to the German Government. The nature of a "German asset" in the case of the D.D.S.G. and of limited companies generally is also, it appears, still a matter of dispute. In the U.K. view (supported in principle by the French and U.S. Delegations) a German asset must be essentially a shareholding and not the actual property belonging to a company; M. Novikov has only conceded that "property, rights and interests" passing as German assets might in certain cases consist of shares. Herr Bauer, the Managing Director of the D.D.S.G., insisted recently that there was

documentary evidence to prove that Germany had seized the D.D.S.G. by force, notwithstanding later attempts to represent the act as a business transaction.

POLAND

The decision of the United States Government not to extend post-UNRRA help to the Poles is generally believed in Poland to be the consequence of its Government's refusal to take part in the Paris Conference for European Reconstruction. Although not actually asserting this, Polish official spokesmen have labelled the United States action unfair treatment of an ally which suffered grievously as the result of the war. The action, it is alleged, was based upon a "biased" report made by Colonel Harrison after his visit to Poland in July as representative of the Department of Agriculture.

According to the text published by the State Department, Colonel Harrison's mission reported that, so far as grain and other foods are concerned, Poland can meet its minimum needs generally for the balance of the calendar year. The mission recognised Poland's need for the import of special supplementary food-stuffs and medical supplies for the relief of certain categories of the population such as children, orphans, sick and aged. In this respect the State Department considers that the Polish authorities concerned with these special cases can obtain all their requirements by dealing directly with private relief agencies in the United States. Colonel Harrison's report stated also that some imports of grain seeds (especially rye) and fertilisers would be helpful in promoting further recovery; presumably the State Department considers that these commodities can likewise be obtained by ordinary trading without the formulation of any American relief programme.

On the 5th August, the Warsaw press announced the signing of the new trade agreement between Poland and the U.S.S.R. Preliminary news reports had suggested that the agreement would bear close resemblances to the pact already concluded between Czechoslovakia and the U.S.S.R.—both agreements forming part of what is being referred to by the Americans as the "Molotov Plan." The earlier reports had spoken of a further reduction in Russia's quota of Polish coal and Russian assistance in the development of new deep oil bearings in the Pomorze province. The details announced on the 5th August, however, are stated to have caused a surprise by including no mention of Russian grain supplies, and, so far as can be gathered, no confirmation was forthcoming of the reported assistance in the new oil-boring project.

SOVIET UNION

Long drawn-out attacks on dollar diplomacy continue to be a steady feature of the Soviet press. Meanwhile, lively economic exchanges are taking place in the Soviet sphere. A new trade agreement with Yugoslavia has followed hard on the heels of those recently concluded with Czechoslovakia and Albania, and another with Poland was signed on the 5th August (see under "Poland). More and more countries within and without the Soviet orbit are concluding deals with the Soviet zone of Germany, the latest to negotiate being Bulgaria and Finland. These agreements are mainly for one year only, on the usual Soviet model. A Moscow broadcast refuting a B.B.C. talk by Patrick Smith, its Vienna correspondent, on the subject of the Soviet-Czechoslovak Agreement was at pains to point out how advantageous were the terms compared with the shackles riveted by the U.S.A. on its trading partners. Much publicity has been given the new Bulgaro-Yugoslav pact, the keystone of Soviet Balkan policy.

Great Britain's economic crisis has provided the occasion for a display of *Schadenfreude*, but comment has been comparatively moderate in tone. The country's difficulties were ascribed mainly to the excessive size of her armed forces, to the influence exercised by selfish monopoly magnates and, above all, to Mr. Bevin's foreign policy.

The visit of the cruiser and two destroyers of the Mediterranean fleet to Sevastopol passed off in an atmosphere of great cordiality, unclouded by the ominous history of the place in Anglo-Russian relations. The attitude of the Commander-in-Chief of the Black Sea Fleet, Admiral Oktyabrsky, and his senior officers in no way reflected current political disagreements. Moscow, however, is clearly playing the visit down and no publicity has so far been given to it beyond the bare announcement of the arrival and departure of Admiral Sir Algernon Willis, Commander-in-Chief Mediterranean, and his ships. The British correspondents who, backed by the Embassy, had made efforts to get to Sevastopol to cover the visit, were refused the necessary permission.

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An unpleasant note has been struck by the relatively unimportant daily paper *Moskovsky Bolshevik* in an article castigating members of the British Trade Delegation for "uncultured behaviour" and charging them with being the modern counterparts of Smollett's brawling Commander Trunnion. They were accused of throwing a rowdy party in their hotel and breaking glass, *etc.*, but the chief offence imputed to them was that a party who had gone off to a lake near Moscow deliberately stuffed bread into the mouths of unwilling Soviet children in order to photograph them eating it. This was held to be peculiarly outrageous in people who had come to Moscow expressly to ask for bread for themselves. They were also indirectly accused of spying because one of the party had a rough sketch map of the way to the lake in his possession. The appearance of this article, which is prominently displayed and has been broadcast, is probably connected with the similar publicity given to an incident last June at the Metropole hotel in Moscow in which some Chancery servants were concerned. The intention probably is, by discrediting British officials, to reinforce the conviction of the Soviet citizen that his manners and morals are immeasurably superior to those of the decadent bourgeois. A recent article in *Molodoi Bolshevik* has hammered home this point, suggesting that bourgeois manners are merely a superficial polish hiding a "brutal and savage morality." The young Soviet person should have simple, natural, modest manners and know how to behave in public places.

Indonesia has had the lion's share of space in the Soviet press during the week, but nothing new has emerged from the comment, the fighting being described in the usual terms as an attempt by Dutch, British and American imperialists to re-establish colonial conditions. In Burma it was implied that the British had been concerned in the murder of Aung San; they were said to be making the fullest use of the new situation in order to strengthen the colonial order in Burma. General Wedemeyer's presence in China was said to be connected with a new aid plan which would put China under the same sort of control as Greece and prominence was given to General Shtykov's statement condemning the American attitude in regard to the organisations to be consulted on the forming of a provisional Korean Government. *Tass* has issued a denial of an American press report that Russia has sent 60,000 Korean soldiers to Manchuria accompanied by Soviet liaison officers and using Lend-Lease trucks.

Tass has described as a "malicious fabrication" a Swedish report to the effect that the U.S.S.R. Minister to Sweden, M. I. S. Chernyshev, had left his post "not of his own free will" and had been arrested in Moscow. According to *Tass* M. Chernyshev is spending his leave at a Black Sea health resort. Swedish sources had reported that M. Chernyshev was suspected of showing excessive friendliness to western diplomats, particularly towards those of a certain South American Republic.

There certainly seem to have been some unpleasant goings on of late in the Soviet Legation in Stockholm, as the Swedish Foreign Ministry has asked for the recall of the deputy military attaché, Major V. Konnov, and another minor diplomat on the ground of "legalised espionage." The Soviet Chargé d'Affaires in Stockholm, M. Basarov, has sent a note to the Swedish Ministry of Foreign Affairs denying strongly that the two officials had acted contrary to diplomatic practice. He added, however, that the two men concerned were shortly leaving Stockholm in the course of routine diplomatic charges. *Tass* has published a report of the activities of an alleged secret organisation of Estonian *emigrés* engaged in espionage against the U.S.S.R. in the form of a quotation from the Swedish paper *Expressen* (see under "Scandinavia").

Meanwhile the former Soviet Minister to Sweden, the venerable Mme. Kollontay, has emerged from her retirement to take up the pen and send to *Izvestiya* a spirited refutation of a story put out in the American magazine *Liberty* that she had been in charge in the Spring of 1943 of negotiations in Stockholm for securing a separate peace between Moscow and Berlin. Recalling that she herself had been seriously ill in the spring of that year and asserting that A. M. Alexandrov, named as her collaborator in the negotiations, had been counsellor of the U.S.S.R. Legation in Australia at the time, Mme. Kollontay went on to insist that 1943 was a ridiculous date for the detractors of the U.S.S.R. to have chosen. That year was precisely the turning-point of the war after Stalingrad and saw the beginning of the great Soviet counter-offensive.

The drive for repatriation of Armenians to the Armenian S.S.R. continues; it was announced earlier in the year that 63,000 were to arrive in the Soviet Union in 1947 (over 50,000 went in in 1946) though at the present rate it seems improbable that this figure will be reached. The latest

contingent of 2,322 from the Lebanon consisted mainly of Lebanese nationals. Two officials of the Council of Ministers of the Armenian S.S.R. and an Armenian attaché of the Soviet Legation in Beirut have applied (unsuccessfully) for visas for Cyprus to collect would-be repatriates from there.

A report has been received to the effect that the two scientists, Roskin and Kluyeva, whose researches on cancer have become well known abroad, are now on trial before a "court of honour" of fellow scientists for giving away secrets connected with their work to a foreign Power. The Power in question is presumably the U.S.A., which took considerable interest in the work and at one time offered to finance it (see *Summary* No. 388, p. 8). It is said to have come out in the course of the enquiry that the former deputy Minister of Health, M. A. Y. Kuznetsov, who was dismissed from his post last May, had negotiated with the Americans for the sale of the new formula and tried to inveigle Roskin and Kluyeva into signing some kind of contract.

Minor changes are continuing to take place in the personnel of the Ministry of Health; N. N. Priorov has ceased to be a deputy Minister and has become Chairman of the scientific Medical Council of the Ministry.

Such occasions as the All-Union Physical Culture Parade held in Moscow on the 22nd July afford an opportunity for taking stock of the Soviet hierarchy. M. Molotov's position as the second citizen of the U.S.S.R. was emphasised by the fact that he was the only one apart from Stalin to receive a bouquet. The only newcomer to Stalin's box was M. A. Suslov, who seems to be a rising man. He is a member of the Orgburo, and was one of the delegates of the Supreme Soviet who visited England. The principal absentees were Shvernik, who has been away for some time, his duties being fulfilled by his deputy Grechuka, and Kaganovich and Khrushchev. The two last were probably attending a similar parade in the Ukraine, but it may be of some significance that Khrushchev was also absent from the recent meeting of the Ukrainian Supreme Soviet.

A new Faculty, described as Physico-Technical, is to be opened this autumn in Moscow University. It is to train scientific workers in the fields of aerodynamics, thermodynamics, the structure of matter, physical chemistry, radio physics and optics.

SCANDINAVIA

Sweden

Since the discovery of a number of passport forgeries last month (see *Summary* No. 398) the Swedish authorities have largely been occupied with the activities of foreign agents—real or supposed. About ten persons were detained, though most were later released, in connexion with an alleged "Baltic" underground movement, and it was even suggested that an Estonian "Government" in exile existed on Swedish territory. The activities of this group were said to be financed from the United States ostensibly by wealthy immigrants, but the rumours—the reports must of necessity at this stage be considered as such—have been described by M. Rei, a prominent Estonian politician and former President, residing in Stockholm, as being completely without foundation. What cannot be denied, however, is that an increasing number of Baltic fugitives are finding their way into Sweden through illegal channels, the majority stowing away on colliers or by other means crossing the Baltic from the Soviet zone. Interviewed by Swedish newspapermen some of the refugees gave as their reason for escaping the fact that a drive of Baltic nationals had recently been instigated in the Russian zone to deport them to the Soviet Union.

The greatest attention has, however, been attracted by a police report to the Government concerning a recent tour of the Soviet Military Attaché to certain areas in the north of Sweden normally prohibited to foreigners. Despite the fact that the Soviet Legation must have been well aware of the regulations governing entry into these districts members of the mission staff carried out an extensive reconnaissance, including the taking of photographs, and made enquiries as to billeting facilities and other matters of military interest. The incident has caused the greatest indignation in the country, and *Dagens Nyheter* has strongly condemned it as a flagrant breach of diplomatic privilege. Declaring that it would be of little avail if the present Soviet Military Attaché were withdrawn only to be replaced by another officer, the paper went on to advocate the curtailment of diplomatic immunity within the defence zones and the granting of greater powers to the Swedish authorities. Readers were also reminded of the fact that a previous Soviet attaché had been withdrawn last year in suspiciously similar circumstances.

The areas in question lie in the *Torne älv* valley on the Finnish border. Although

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the Swedes may well be considered unduly sensitive on any question concerning their eastern defences, there can be little doubt that the Russians have behaved in an extremely clumsy manner and made themselves guilty of a gross breach of established standards of behaviour.

(See also under "Soviet Union.")

THE LOW COUNTRIES

The Netherlands

Commenting (31st July) on the Australian Government's proposal to refer the Indonesian question to the Security Council under Chapter 7 of the U.N. Charter, a Dutch Foreign Office spokesman said that it was "very much to be regretted" that such a step had been taken by a member of the British Commonwealth—particularly in view of Mr. Bevin's recent statement in the House of Commons. It was clear, he said, that the Australian action would not "promote the success" of other steps which H.M. Government might take in the matter of mediation.

"Until the complete Australian proposal be known," the spokesman continued, "no comment can naturally be given. Surprise may, however, be fairly expressed that the Australian Government has found it necessary to put forward the Indonesian question under Chapter 7 of the Charter. For this Chapter mentions acts of aggression, breaches of the peace, and threats to the peace of the world, and as such deals only with the wrongful action of one State against another State. This does not apply to Indonesia. Apparently, the Australian Government share the idea wrongly held by the Republic—that the Republic is already to be considered as a Sovereign State. It is to be remembered that, even in accordance with what is laid down by the Linggadjati Agreement after the interim period, the Republic would be one of the participating States of the United States of Indonesia which, after the Netherlands–Indonesian Union had been established, would be a Sovereign State like the reconstructed Kingdom of the Netherlands."

On the 1st August, the Security Council announced the Netherlands Government's acceptance of the U.S. offer of mediation. M. van Kleffens, the Dutch delegate, later stated that his Government would agree to a cessation of hostilities, provided that the "juridical status" of the Republic was "not prejudged." (See also under "United Nations" and "Far East.") The order to cease fire was actually issued shortly afterwards, to take effect at midnight on the 4th August—a decision which has received the general approbation of the Dutch public. The Indonesians have issued a similar order with effect from midnight on the 5th.

A few days earlier, Dr. van Vredenburch, the Political Director of the Dutch Foreign Office, confirmed reports that M. Lamping, the newly-appointed Netherlands Ambassador to India, had been instructed to get in touch with Dr. Sjarir—if necessary using a British intermediary—and to inform him that, should he wish to visit the Netherlands, he would be welcome.

FRANCE

The situation at Port-de-Bouc (see *Summaries* 401 and 402) where the Jews taken from the "President Warfield" are refusing to disembark from the three British transports which arrived at the port on the 29th July, has caused a serious deterioration in Anglo-French relations. The lack of co-operation shown by the local French authorities amounted to sheer obstruction and contradicts the assurances given to H.M. Government by the French Government. It is believed that M. Jules Moch, Minister of Public Works, and M. Depreux, Minister of the Interior, are mainly responsible for the obstruction, but all the Socialist Ministers feel strongly on the subject of Jewish emigration. Mr. Duff Cooper told M. Chauvel at the Quai d'Orsay that in spite of M. Bidault's efforts the French Government had shown a complete absence of goodwill and of any spirit of co-operation.

The attitude of the Paris press was at first universally anti-British and not even the semi-official *Monde* presented the true facts of the case. *L'Humanité* produced headlines on "the floating Auschwitz," and other Left-wing papers referred to "*bateaux-cages.*" The Socialist *Populaire* was more restrained, but M. Blum wrote an article defending the attitude of the French Government in refusing to force the Jews to disembark, and condemning British actions. The National Assembly voted a resolution on the 30th July which congratulated the Government on its action in the affair of the "President Warfield" and asked that "its feelings of emotion should be made urgently known to the British Government. The general line taken by the press was to treat the Jews as the last survivors of a race persecuted by the Nazis and to gloss over the specific problem of Palestine. The attitude of the French press has now, however, considerably improved; *Combat*, after one violent article, had a leader which tried to examine the British point of view, and the Radical *Aurore* printed a reasonable statement of our case. It appears to be generally assumed in the press that the Jews will now be shipped elsewhere, only 100 having disembarked voluntarily, but H.M. Government attach great importance to the establishment of the principle that illegal immigrants should be returned to the country from which they set out (the doctrine of *refoulement*) and are determined not to ship the Jews back to Palestine or Cyprus.

A refreshing contrast to the situation at Port-de-Bouc was provided by the ceremony held at Saint-Nazaire on the 2nd August to commemorate the British commando raid of March 1942. M. Ramadier was present, together with other French Ministers and the British Ambassador, and in his speech he paid tribute to the British war record.

In another part of Brittany the port of Brest already very largely destroyed during the war, was seriousy damaged by the explosion of a Norwegian nitrate ship which caused over a hundred casualties. The Prime Minister and the Foreign Secretary sent messages of sympathy to the French Government.

The discussions between the C.G.T. and the Employers' Federation (see *Summary* No. 401), are reported to have ended in agreement for a general increase in wages of 11 per cent. The Cabinet is now considering this agreement, which cannot take effect without its approval, but it is unlikely that the Government will be able to hold out against the combined pressure of labour and the employers.

The reforms in Morocco (see *Summary* No. 400) have now been followed up by similar measures in Tunisia where the Tunisian Cabinet has been reorganised and made more representative of Tunisian parties and opinion. It now has a Tunisian at its head with the title of Prime Minister. The draft statute for Algeria is being examined by the Assembly's Committee of the Interior and more than 300 amendments have been tabled. The Government have decided to put the question of confidence, if necessary, both on the substance of their draft and on the urgency of its passage through the Assembly. It seems, however, doubtful whether the Assembly will be able to get through its work before it goes into recess on the 13th August.

SPAIN

It may be interesting to review the mathematics of the voting in General Franco's Referendum on the basis of figures just received. According to these figures 82 per cent. of the electorate (representing 93 per cent. of those who actually voted) approved the Bill of Succession—which has now been signed by the Generalissimo and was promulgated in the Official Gazette on the 27th July.

A careful calculation indicates that out of the 17,178,812 Spanish citizens eligible to vote more than 3,018,497 failed to vote "yes." Making due allowance for normal abstention on account of illness, *etc.*, this would still represent a substantial minority of persons refusing to be cajoled or coerced into expressing themselves in favour of General Franco's manœuvre to keep himself indefinitely at the head of Spanish affairs. In Bilbao, for instance, it is reliably reported, the percentage of those entitled to vote who actually voted did not exceed 30 per cent. The figures given for other towns, though not necessarily reliable, are also of interest. In San Sebastian the percentage was even lower and did not exceed 26 per cent.; in Navarre only 40 per cent. voted, while in Corunna, the Caudillo's own province, over 27 per cent. voted against him. The largest number of votes against the Bill (abstentions, negatives and blanks) was cast in Barcelona—432,106. In Madrid, with 200,000 fewer electors, the number was 313,092. There is strong evidence that the voting returns for Burgos were signed and sent to Madrid in blank two days before the Referendum.

In such circumstances General Franco's remarks to the President of the Supreme Court, whose duty it was as Head of the Central Electoral Committee to convey to him the formal communication of the results, reach the high-water mark of governmental hypocrisy. General Franco congratulated all who had taken such a fine and scrupulous part in the tasks and labours of the National Referendum. So exemplary and so unsullied was the way in which this was carried out, said the Caudillo, that it not only did honour to the Spaniards who had contributed in a personal manner to the success of this outburst of truth, but it also furnished a lesson of admirable civic behaviour offered by Spain to the whole world.

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ITALY

The patience and pertinacity of Signor De Gasperi and Count Sforza were rewarded by the vote on the 31st July which concluded the long drawn-out debate in the Constituent Assembly on the question of ratification of the Peace Treaty. 262 Deputies voted in favour of the Government's motion, 68 against, and there were 80 abstentions. The decree authorizing the Government to ratify once the Great Powers have done their part consists of a single article as follows :—

> "The Government of the Italian Republic is authorized to ratify the treaty of peace between the Allied and Associated Powers and Italy, signed at Paris on 10th February, 1947, on the understanding that all the Powers mentioned in Article 90 of the said Treaty shall have previously ratified."

It was duly signed by President De Nicola on Saturday, the 2nd August. Apart from their objurgations in the course of the debate the left-wing leaders have been seeking to maintain in the country an atmosphere of alarm and excitement. Signor Togliatti has been prating of the danger of war if the efforts of the nations represented in Paris, in connection with the Marshall proposals, are pursued, and Signor Nenni has continued to clamour for the De Gasperi Government to be turned out.

In view of the latest statement from the Soviet Ministry of Foreign Affairs on the subject [that the Treaties drawn up simultaneously in Paris should also be brought into force simultaneously, *after* all ex-enemy States have ratified] this favourable vote does not get us much forrader, and the situation with regard to the coming into force of the Italian Treaty remains one of deadlock.

H.M. Ambassador in Rome has been instructed to make further representations about exchange policy as at present operated by the Italian Government—which is regarded in London as being tantamount to a fundamental breach of the Trade and Payments Agreement of the 17th April and of the agreements reached during the trade discussions which took place at the end of May. The burden of the complaint is that, on the one hand, the Italian Exchange Office have failed to preserve the lire-dollar-sterling cross rate, as stipulated under Article 2 of the Agreement, and on the other hand, Italy has maintained a discriminatory exchange rate against imports from the sterling area. Sir Stafford Cripps took the opportunity of Count Carandini's farewell visit to hand him an *aide-mémoire* on this matter of currency discrimination.

The Rome evening press announced on the 1st August that the Council of Ministers had decided that morning to raise the official dollar rate of exchange from 225 to 350 lire to the dollar. It was stated that the change was necessary (1) as a step towards carrying out the Bretton Woods Agreements, and (2) to bring the official rate closer to the export quota rate—with a view to pushing the export trade. No date has yet been announced for the coming into force of this decision.

Erratum

In *Summary* No. 402, p. 13, l. 21, there was a misprint. For "Article 10" read "Article 90."

SOUTH EASTERN EUROPE

Hungary

The Ministry of the Interior's announcement that no candidate may be arrested until after the Election, except on a criminal charge, suggests at least an attempt to conduct the electoral campaign equitably. The authorized Parties have also been promised freedom of assembly and police protection, to ensure which the police must be notified of political meetings twenty-four hours in advance. As previously stated, Swabians generally will be disfranchised pending their deportation, but those "indispensable to the national economy" may vote. Though the new disqualification clauses lend themselves to abuse, it is doubtful whether they are sufficiently wide to alter the final result if applied with relative honesty. Only the leaders of the now disbanded Freedom Party, indeed, have dared to protest publicly against the recent Russo-Communist *démarche*, and despite the secret ballot a genuine expression of opinion is unlikely to emerge from the background of Occupation, Communist domination and listlessness.

The final decision to hold the Election is due rather to Social Democrat than to Communist pressure, as the Social Democrats expect the more substantial gains. According to newspaper reports the Communists are accusing Social Democrat as well as smallholder "reactionaries" of responsibility for an outbreak of incendiarism, and have in turn to face the

counter-charge of attempting to eliminate their left-wing allies by craft and subtlety, and of preparing to use violence in the last resort. The four Coalition Parties are nevertheless agreed as to their common programme, which concentrates on the Three Year Plan, nationalisation—particularly of the major banks—and further agrarian reforms. Cardinal Mindszenty has stated that the Church will not support any single Party, but has urged voters to refer the matter to their consciences—advice which the Vatican supports.

M. Rákosi, backed by the Communist Press, has called for the return of prisoners-of-war from the West, especially those of military age, who had, he alleges, been absorbed by their thousands in various foreign legions. The Anglo-American attitude is unfavourably contrasted with that of the Soviet Union.

His Majesty's Government and the Government of the U.S.A. have notified the Soviet Government of the importance which they attach to the question of the transfer to Russia of German and Italian property in Hungary. The British Note stresses the need of finding a definition of the term "assets" which will satisfy the Three Powers concerned, and requests that further action be meanwhile suspended. The Note also maintains that as the Soviet Union will be entitled to collect the debts due to these undertakings it must also pay the debts contracted by them.

M. M. Oltványi and M. Csornoky have been appointed as Ministers to Berne and Cairo respectively. Both are members of the Smallholders' Party.

General Sviridov has informed the Foreign Minister that Hungary may resume diplomatic relations with Albania.

Roumania

The National Peasant Party has been disbanded by an Order in Council with the approval of the Roumanian Parliament.

The latest episode in the campaign against the Peasant Party is the arrest of no fewer than two-thirds of the Peasant Deputies. Many other prominent members of the party are in hiding. It is reported by Dl Hățieganu, who was formerly included in the Groza Government at the instance of the Allied Control Commission, that during the recent Moscow talks with Dl Gheorghiu-Dej, the Roumanian Communists informed the Russian authorities that without the support of Russian troops the Groza Government and its Communist masters could not maintain themselves in power.

Dl. Tătărescu has informed the British Political Representative that he has received information from the Turkish Ambassador that on 25th July an aircraft landed at Istanbul from Craiova with three officers, three civilians and the crew. The pilot had been shot dead.

Seven members of the Greek E.A.M. organisation have been granted visas for Greece. There are said to be branches of the E.A.M. at Brăila, Sulina, Tulcea, and Isaceea, the members being in close touch with the Roumanian Communists. A branch at Galața up to a few weeks ago consisted of thirty members, but on a recent occasion a distribution of maize flour was made to poor Greeks, and 220 persons were forced to register as members as a condition of receiving help; they did so, as they were in fact dying of starvation.

Information has been received that General Rădescu, the former Prime Minister—who after the fall of his Government was given sanctuary in the British Legation, and eventually escaped by plane to Cyprus—will "direct the operations of the resistance movement abroad." There may, of course, be something in this rumour, but there is more than one "resistance movement" abroad.

The Roumanian Government have approached His Majesty's Government on the subject of Roumanian rolling-stock removed by the Germans and now to be found in the British zone of Germany, where it is used for the normal railway traffic between Roumania and Germany. Under Article 28 of the Peace Treaty this property "becomes eligible" for restitution. This clause of the treaty is one which the Roumanians would like to see honoured. His Majesty's Government have replied asking for a census of German and Allied rolling-stock still in Roumania. His Majesty's Government will then furnish a census of rolling-stock in the British and American zones of Germany. The reply concludes with a reminder to the Roumanian Government that the Western Allied countries will probably expect the return of their property from Roumania to be given precedence over the return of German stock.

The purchase of 35,000 tons of maize from the U.S.A. by Roumania has been cancelled, as it is stated that the home production is sufficient for all needs; the gold deposited in Switzerland for payment has been removed.

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The one bright spot in the present history of Roumania is the way in which the Patriarch is keeping his end up in the face of continual interference with Church affairs on the part of the Government. The Metropolitan of Iași was ordered by the Government to resign in order that his place might be filled by a Communist nominee. The Patriarch has refused to accept his resignation.

Greece

The veto imposed by M. Gromyko at Lake Success on 29th July did not surprise, but it deeply perturbed, the Greek people—with the exception of the Communists. While noted as a further proof of Soviet complicity, it could hardly fail to accentuate the feeling that Greece has become the arena for a clash of world forces.

Although after a four months' campaign the Greek army has cleared the rebels out of important areas of western and south-western Macedonia, pushing them back towards the Albanian and Yugoslav frontiers and inflicting casualties on them, yet the rebels have never suffered a major reverse but have maintained their numbers and are now better armed and organised than ever before. So long as the rebels enjoy the advantage of an open frontier, the Greek army is unlikely to obtain any decisive success over them. The prospect will be still darker if Greece's northern neighbours increase their help to the rebels, especially by supporting an international brigade the mere rumour of which shook public morale. In these circumstances it is easy to understand the Greek Government's appeal to the Security Council.

After dark on 30th July rebels attacked half a dozen small towns in Western Thrace, near the Turkish frontier. At Alexandroupolis (Dedeagatch) they failed in their attempt to destroy the chief flour mill of the district and the railway station. The attacks were believed to have the double purpose firstly of creating a diversion in favour of bands hard pressed by the army between Xanthi and the Bulgarian frontier, and secondly of increasing the public apprehension caused by the Soviet veto.

The Patriarch of Alexandria arrived in Athens by air on a visit to the Œcumenical Patriarch. The reason for this sudden visit is surmised to be important but has not yet been divulged.

Bulgaria

An agreement of far-reaching importance was signed at Bled, Marshal Tito's summer residence in Slovenia, on the 2nd August by the Yugoslav and Bulgarian Foreign Ministers. At the moment of writing only press reports are available, but, judging from them, the agreement may virtually abolish the frontier between the two countries, much on the lines of the pact signed at Belgrade on the 27th November last between Yugoslavia and Albania (see *Summary*, No. 374, under "Yugoslavia."). Just as on that earlier occasion great care was taken not to offend the Albanians' susceptibilities by saying openly that their little country was being virtually absorbed by Yugoslavia, so on this more important occasion M. Dimitrov, who after all was General Secretary of the Comintern long before Tito's name was heard of, has been able to insist that any rate on paper last Saturday's agreement shall look like a treaty between equals.

M. Dimitrov himself is reported as having told a press conference at Belgrade on Sunday that the agreement provided for a mutual assistance pact and for the closest economic, political and cultural co-operation. It involved the elimination of entry and exit visas, two party ownership of all properties along the entire frontier, and an eventual customs union. The clauses for economic co-operation, he said, provided for mutual assistance in industry, electrification, mining, agriculture, transport and foreign trade, for a fixed rate of exchange, and for an extension of rail and other communications between the two countries. The pact included an undertaking to establish close contact between the two Governments on the "frequent frontier provocations by the Greek Government," and other international problems, particularly the Danube régime (*cf. Summary*, No. 401). M. Dimitrov added that Bulgaria and Yugoslavia would by their mutual efforts defend themselves against all provocation by the "monarcho-Fascists in Greece." It is also understood that Yugoslavia has finally renounced the 25 million dollars' reparations due to her from Bulgaria under the terms of the peace treaty.

Meanwhile preparations for trying M. Petkov have been speeded up so as to enable the case to be started at Sofia on the 5th August. The British Political Representative is in London for consultations, but arrangements have been made for Mr. A. L. Ungoed-Thomas, K.C., M.P., to attend the proceedings as an observer. Four of M. Petkov's associates—three of them army officers—are facing their trial on very similar charges.

It was announced last week that the Bulgarian Government had appointed a special commission to visit the Soviet Zone of Germany and negotiate for a trade agreement.

Residents abroad are to have until the 31st August to make declarations under the capital levy law (see *Summary*, No. 387). Foreign companies holding Bulgarian shares may have to pay as natural persons, *i.e.*, 10½ per cent. instead of the 2 per cent. laid down for juridical persons, although the British Political Representative is protesting about this.

Turkey

By 18th July all three American service missions had left Turkey. It is understood that the one hundred million dollar grant originally contemplated may be somewhat increased and that about two hundred American officers and specialists may be detailed for Turkey. In consequence of this substantial support American stock is high, as was shewn by President Inönü's unprecedented action in attending the American naval mission's farewell cocktail party. Similarly almost the entire press accepted as fair the criticism from Mr. Thornburg of the Twentieth Century Fund that so long as private enterprise was not developed in Turkey, there was no place there for private American capital.

This natural increase of American prestige, however, does not imply a slump in our own. The visit paid by the Commander-in-Chief, Mediterranean, with an imposing squadron, to Istanbul between the 21st and 27th July was seized by the Turks as an occasion for demonstrating their friendship for this country by extending cordial hospitality to the visitors. In addition to festivities in Istanbul, Admiral Willis flew to Angora on 23rd July to be warmly received by President Inönü and by the Prime Minister and other members of the Cabinet and to be entertained by the Chief of the General Staff. The President intervened to calm the misgivings inevitably created by the knowledge that the Admiral was about to go on to Sebastopol with a few of the ships then lying in the Bosphorus, and the press was unreserved in its welcome. Indeed the semi-official *Ulus* emphasised the appropriateness of the Sebastopol visit as indicating that Anglo-Turkish friendship was directed against no third Power, and in general the press dwelt on the peaceful purpose of the alliance. Turkish journalists fell with avidity on Admiral Willis' tribute to the constancy of the Turkish people's friendship during our darkest hours in the war.

Some months ago the suggestion was made in various quarters that the Republic, though still definitely secular, should allow the Moslem religion to be taught again in order to prevent the seeds of Communism from falling on vacant soil. After receiving a good deal of support in the press and in the Grand National Assembly the idea was debated by the People's Republican Party. Recently the matter was settled, for the present at any rate, by a decision that private schools for religious instruction would be permitted provided that the children also attended a primary school and that the teaching and prayers were in Turkish, although Arabic text-books would be allowed.

The harvest is reported to be excellent.

THE MIDDLE EAST

Egypt

The absence of the Egyptian delegation in New York, coupled with the Ramadan fast and the normal summer exodus from Cairo, has brought about a lull in political activity. A further communication to the Security Council is, however, reported to have been sent by Hassan al Banna, head of the Ikhwan al Muslimin (Moslem Brethren), criticising Nahas Pasha's telegram (see *Summary* No. 401) as an unpatriotic manœuvre.

The Acting Prime Minister, Khashaba Pasha, in a press statement on the 30th July, denied reports that there was a difference of view between the Egyptian delegation and the Arab representatives in New York, who were alleged to be anxious to see the re-opening of direct negotiations. This statement was prompted by an article which had appeared in *al Ahram* the same day, giving prominence to a report of the disagreement, and maintaining that a well-known Arab had criticised the utility of the documents intended for presentation to the Security Council by the Egyptian Delegation. Despite this denial it seems likely, in view of the instructions issued to the Syrian member of the Council (see *Summary* No. 401 under "Syria"), now

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in the Chair, that a divergence of views does exist between the Arab States and the Egyptians.

On the 1st August the Egyptian Government expressed their keen anxiety to the Dutch Minister Plenipotentiary over the military operations in Indonesia, and stated their readiness to take friendly steps to bring about a just settlement of the conflict. During the week press reports tended to indicate that the Balkan and Indonesian questions required the Security Council's attention more urgently than the Egyptian case. As a result there has been much confusion and despondency in Egyptian political circles, where it is felt that Egypt is becoming the victim of a war of nerves waged by Great Britain in New York.

The independent Cairo weekly, *Rose el Yusuf*, contains an article urging guerilla warfare by Egyptian commandos against the British, and recommending that the Egyptian General Staff should form units, "similar to those of the Stern Gang and the Irgun Zvai Leumi," to operate in the Canal area, the Sudan and wherever there are Britons and British troops, with the task of harassing the British by public floggings and demolitions. "These heroes," the article maintains, "would contribute towards the overthrow of the British, so that the United Nations may finally realise that the presence of British troops in Egypt is a threat to the peace." A more inappropriate time for the appearance of such an article can hardly be imagined.

An important Company Law was passed by the Egyptian Parliament on the 2nd July, and is awaiting promulgation. Its main provisions are that 40 *per cent.* of the directors of any joint-stock Company shall be Egyptian; that the number of Egyptian employees in such Companies shall not be less than 75 *per cent.* and their total remuneration not less than 65 *per cent.*; that at least 51 *per cent.* of the shares of joint-stock Companies shall be earmarked for Egyptians, and that the officials of the Ministry of Commerce and Industry will have "the authority of police and judicial officers in respect of offences committed in contravention" of it. This bill, the ostensible object of which is the encouragement of new commercial and industrial enterprises in Egypt, marks another step in the campaign to eliminate foreign influence from the country, and is considered likely to hasten the liquidation of established foreign-owned firms, several of which are reported to be contemplating removal to countries where economic legislation is free from the fetters of politics. It is possible that the Egyptians may try to maintain that this law applies to the Suez Canal Company.

A trade agreement has been signed between Egypt and Transjordan, under which "most-favoured-nation" treatment is to be accorded by Egypt to all agricultural and industrial products of Transjordan, whether these goods are for local consumption, for re-exportation or merely in transit.

[See also under "United Nations."]

Palestine

The extreme discretion shown by King Abdullah when the U.N.S.C.O.P. visited Amman (see last week's *Summary*) was somewhat of a disappointment to the Committee. Apparently the King failed to give them any indication of his real views on the Palestine problem; the Prime Minister's (Samir Pasha Rifai's) public statement, on the other hand, was considered much more satisfactory. The Committee maintain that it presented the Arab case to them far more clearly than anything they had previously heard. The Prime Minister was questioned by the Committee on the status of illegal immigrants and safeguards for the Jews in an independent Palestine with an Arab majority. He was also asked whether the Arabs would react with violence to a decision unfavourable to their interests. The Prime Minister suggested that a Constitution could be framed, guaranteed by the United Nations, providing the Jews with all the necessary safeguards, but he was non-committal on the subject of violence.

The U.N.S.C.O.P. have announced their decision to send a sub-committee to visit the displaced persons' camps in Austria and Germany. The principal reason for the visit is apparently to assess the numbers of Jews who genuinely desire to go to Palestine. It is reported that the route of the sub-committee will be Munich, Vienna, Berlin, the British Zone and Belsen.

A broadcast from the clandestine station of the Irgun Zvai Leumi on the night of the 27th July called upon the Yishuv to start a campaign of civil disobedience in addition to the "military war." The broadcast urged the Palestine Jews to discontinue paying taxes, to sever all connections with the Government and to bring about the unification of all Jewish military organisations under a single command. The broadcast also attacked the Chairman of the U.N.S.C.O.P.

The executions of the three terrorists sentenced to death on the 16th June for the attack on Acre prison on the 4th May (see *Summary* No. 391) were carried out on the morning of the 29th July, despite last-minute appeals by the Jewish Agency and the Vaad Leumi for clemency. The executions were responsible for a general increase in tension throughout the country.

On the 31st July the Colonial Secretary announced in the House of Commons that the two British Field Security Sergeants, Martin and Paice, abducted in Nathanya on the 12th June, had been murdered by Jewish terrorists. Their bodies were discovered that morning in a eucalyptus grove in the Nathanya area. Pinned to the bodies were notes signed by the "tribunal" of the Irgun, saying that the "two British spies" had been tried on the following charges:—

"(i) illegal entry into the Hebrew homeland;
(ii) membership of the British criminal terrorist organisation known as the Army of Occupation, which was responsible for torture, murder, deportation, and for denial to the Hebrew people of the right to live;
(iii) illegal possession of arms;
(iv) anti-Jewish spying in civilian clothes;
(v) premeditated hostile designs against the underground movement."

Found guilty on these charges, the notes stated that they had been sentenced to hang, and their appeal for clemency dismissed. It added that this was not a reprisal for the recent execution of the three Jews, but a "routine judicial fact," and that the executed Jews would be avenged by a military operation.

This latest act of Jewish terrorism has been strongly condemned both in England and in Palestine. Mr. Creech Jones, in his statement to the House of Commons, said:—

"In the whole history of violence in Palestine there has scarcely been a more dastardly act than the cold-blooded and calculated murder of these two innocent young men, after holding them as hostages for nearly a fortnight.... Such an outrage against men discharging a service in fulfilment of international obligations is not only abhorrent in the eyes of all civilised persons everywhere, but must surely mean the final condemnation of the terrorists in the eyes of their own people. We can only hope that this latest act will stir the Jewish community in Palestine to root out this evil in their midst."

The Jewish Agency and the Vaad Leumi have made a joint statement to the press voicing the indignation of Palestine Jewry at this outrage.

"The Jewish Agency and the Vaad Leumi," the statement says,—

"have no words to express their execration of the dastardly murder of two innocent men by a set of criminals who are impervious to the voice of conscience, and arrogate unto themselves the power to decide on matters of life and death. We call upon the Yishuv, with the whole Jewish people, to stand by our side in fighting the ghastly fate which has befallen us, until its complete eradication from our midst."

Statements condemning the murder have also been issued by the Anglo-Jewish Association, the Zionist Federation of Great Britain and Ireland, and the Agudath Israel World Organisation.

On the night of the 31st July five Jews were killed and sixteen injured as a result of disturbances in Tel Aviv believed to have been caused by soldiers and police. In a terrorist attack on the 30th July two British Other Ranks were killed and thirty slightly injured, when an electrically-detonated mine exploded near Hadera. On the 1st August crowds in Tel Aviv broke down the main door of Barclay's Bank and later set fire to an R.A.F. vehicle which overturned near the Bank. In Jerusalem, the same afternoon, a military billet was attacked with automatic fire and bombs. Fire was returned and one attacker killed.

During the month of June no illegal immigrant succeeded in reaching Palestine. This was due to the unrelenting efforts of the British authorities to control the movements of suspect ships. In April 3,392 illegal immigrants arrived, however, and in May 3,269. These were the two peak months for the first half of 1947, but, until the arrival of the s.s. *President Warfield*, the maximum for any one month had been 3,926 (in November, 1946).

The first World Congress on Jewish Education was opened on Mount Scopus, Jerusalem, on the 29th July by Dr. Rieger of the Hebrew University. Some 150 delegates, representing twenty-two countries, were expected to be present.

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(iii) illegal possession of arms;
(iv) anti-Jewish spying in civilian clothes;
(v) premeditated hostile designs against the underground movement."

Found guilty on these charges, the notes stated that they had been sentenced to hang, and their appeal for clemency dismissed. It added that this was not a reprisal for the recent execution of the three Jews, but a "routine judicial fact," and that the executed Jews would be avenged by a military operation.

This latest act of Jewish terrorism has been strongly condemned both in England and in Palestine. Mr. Creech Jones, in his statement to the House of Commons, said:—

"In the whole history of violence in Palestine there has scarcely been a more dastardly act than the cold-blooded and calculated murder of these two innocent young men, after holding them as hostages for nearly a fortnight.... Such an outrage against men discharging a service in fulfilment of international obligations is not only abhorrent in the eyes of all civilised persons everywhere, but must surely mean the final condemnation of the terrorists in the eyes of their own people. We can only hope that this latest act will stir the Jewish community in Palestine to root out this evil in their midst."

The Jewish Agency and the Vaad Leumi have made a joint statement to the press voicing the indignation of Palestine Jewry at this outrage.

"The Jewish Agency and the Vaad Leumi," the statement says,—

> "have no words to express their execration of the dastardly murder of two innocent men by a set of criminals who are impervious to the voice of conscience, and arrogate unto themselves the power to decide on matters of life and death. We call upon the Yishuv, with the whole Jewish people, to stand by our side in fighting the ghastly fate which has befallen us, until its complete eradication from our midst."

Statements condemning the murder have also been issued by the Anglo-Jewish Association, the Zionist Federation of Great Britain and Ireland, and the Agudath Israel World Organisation.

On the night of the 31st July five Jews were killed and sixteen injured as a result of disturbances in Tel Aviv believed to have been caused by soldiers and police. In a terrorist attack on the 30th July two British Other Ranks were killed and thirty slightly injured, when an electrically-detonated mine exploded near Hadera. On the 1st August crowds in Tel Aviv broke down the main door of Barclay's Bank and later set fire to an R.A.F. vehicle which overturned near the Bank. In Jerusalem, the same afternoon, a military billet was attacked with automatic fire and bombs. Fire was returned and one attacker killed.

During the month of June no illegal immigrant succeeded in reaching Palestine. This was due to the unrelenting efforts of the British authorities to control the movements of suspect ships. In April 3,392 illegal immigrants arrived, however, and in May 3,269. These were the two peak months for the first half of 1947, but, until the arrival of the s.s. *President Warfield*, the maximum for any one month had been 3,926 (in November, 1946).

The first World Congress on Jewish Education was opened on Mount Scopus, Jerusalem, on the 29th July by Dr. Rieger of the Hebrew University. Some 150 delegates, representing twenty-two countries, were expected to be present.

REPEAT
REPETER

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Iraq

The Foreign Minister, Dr. Fadhil Jamali, has stated in an interview accorded to a correspondent of the Egyptian paper "Al Moqattam" that Iraqi membership of two pacts—the Sa'adadbad and the Arab League—was quite consistent, since these pacts were complementary and not mutually exclusive. "Iraq is in a geographical position," he said, "in which she can be of great assistance in drawing together both the Arab League and the members of the Sa'adadbad Pact. Thus we are able to consider the Iraqi-Turkish treaty (see *Summary* No. 396) as a positive step in this direction."

An Emergency Law Bill was laid before the Majlis early this month, but was shelved owing to the shortage of time for its debate this session, and to opposition criticism. The bill provides the Crown, subject to the approval of the Council of Ministers, with the power to declare a state of emergency in any part of the country. This would involve, *inter alia*, strict control of all publications and the prevention of public meetings. In addition, under the bill the authorities would have the power to dismiss any public official. This bill was probably drawn up to meet the threat of a possible insurrection staged by the five opposition parties (see *Summary* No. 397). According to recent reports, however, there is a growing disunity within the ranks of these parties, although they still have in common a feeling of hostility towards the Prime Minister, Saleh Jabr, and the Regent, whom they consider to be tools of the British.

(See also under "Persia.")

Persia

In his speech at the opening of the 15th Majlis (see last week's *Summary*) the Shah emphasised that Persia's relations with the major Powers would continue to be based on amity and reciprocal respect. He also stressed the importance of the United Nations as a safeguard for Persian independence. Internal policy would, he said, rest upon the maintenance of public order and on social and industrial reform, legislation on these matters forming a major part of the Majlis's programme for the session. There has been the expected spate of criticism of the new Majlis from the left-wing press. *Nabard-E-Emruz* in place of *Jebhe* (moderate left) expresses the view that, although its members have been appointed by the Government, and it is therefore unrepresentative, its opening is welcomed by the people. *Seda-Ye-Mardom* (moderate right) maintains that only if purged of its corrupt elements could the Majlis be of any service to the country.

Mahmud Jam has accepted the portfolio of the Ministry of War and assumed his appointment on the 17th July. He was Prime Minister in 1935, and has held a number of other posts, including Minister of Finance (1923–24), Minister of the Interior (1933) and Ambassador to Egypt (1941). He appears to be a trustworthy and sincere character. The post of Minister of the Interior is still vacant, but M. Feriduni is officiating.

The Persian press has been giving prominence recently to events in Indonesia. Several articles have appeared expressing sympathy with the Indonesians and condemning the action taken by the Dutch Government. Dutch oppression has also been denounced from the pulpits of several mosques, but as yet there appears to be no deep public feeling on the subject.

During the past three months there have been two indications that the Persian Government is continuing to implement its vast programme of social reform. The first is a decree of the 31st May, 1947, approving the constitution of the Social Welfare Institution; the second a radio announcement in June describing the meeting of a Commission for the Welfare of the Tribes. The Social Welfare Institution, established under a decree of 22nd January, 1947, acts as trustee to the Central Aid Fund, the body responsible for co-ordinating the work of Factory Aid Funds in providing social benefits for workers. The new decree charges the Social Welfare Institution with the preparation of various plans, such as insurance schemes to cover sickness benefit, retirement and old age pensions, maternity and burial grants, all to apply to industrial workers only. The "Commission for the Welfare of the Tribes" is a much more nebulous body; in fact its existence has not yet been definitely established. The formation of such a commission, however, is a thoroughly desirable step, and one which has been advocated for years past by representatives of His Majesty's Government. To be effective, a council of tribal leaders would also have to be appointed, but it is doubtful whether these leaders would be willing to sink their personal differences and agree to combine in such a body.

The death penalties for the Meshed mutineers (see *Summary* No. 400) have been commuted to penal servitude. Originally, three Army N.C.O.s were sentenced to death (not two as previously reported), two civilians were given life sentences, and one twenty-five years' hard labour. The civilian sentences have also been substantially reduced. One notoriously pro-Russian bookseller, for example, has had his fifteen years' hard labour cut down to five. Taken in conjunction with the reduction in the sentences of the Iraqi communists (see *Summary* No. 401 under "Iraq") it is not unreasonable to infer that both Persia and Iraq still entertain too healthy a respect for the reactions of the Soviet Union to inflict punishment on their communist insurrectionists.

Tehran radio reported the inauguration of a telephone line between Persia and Iraq on the 15th July.

Corrigendum

Summary No. 402, page 18, "Egypt," last para., line 5: for "hundreds of their number . . . ." read "hundred of their number . . . ." Page 20, "Palestine," column 1, line 7, and "Transjordan," para. 2, line 1: for "Sami . . . ." read "Samir . . . ."

THE FAR EAST

Japan

Interest has been mainly centred on the visit to General MacArthur of Dr. Evatt, Australian Deputy Prime Minister and Minister for External Affairs. (See *Summary* No. 401.)

Dr. Evatt made two statements to the press, one immediately on arrival at Kure on 24th July, and the other on his departure from Tokyo on 3rd August.

In the first statement, after paying high tribute both to the endurance of those in the Allied forces who had achieved victory, and to General MacArthur, "under whose inspiring leadership the strategic position in the South Pacific was completely reversed," Dr. Evatt said that he was in search of authoritative information as to how the occupation policy was working out in practice and what has been done toward the building of a peaceful, democratic Japan. It was Australia's desire that the peace settlement with Japan, while tempered with strict justice, should "also foster the growth of true democracy." He concluded his statement by saying that "in making the Peace Treaty Australia has a right to a voice commensurate with the contribution to victory of its forces": he was satisfied that Australia's right to be a principal party was recognised.

In the second statement Dr. Evatt expressed his appreciation of the facilities that had been afforded him to obtain a first-hand picture of the situation. He said that he had conferred with General MacArthur, met all the senior officials concerned with the occupation of the country and also several leading Japanese personalities, including the Prime Minister, Mr. Katayama, and the Trade Union leaders, with whom he had discussed some of Japan's main problems. "It has long been clear," he said, "that the Australian Government shared General MacArthur's views as to the desirability of an early conference in order to negotiate a definitive Japanese treaty of peace," and "it is especially satisfactory to be able to add that there is a very substantial area of agreement with the leading United States authorities in Japan on the major issues which will arise at the Conference."

In internal affairs the energy of politicians and the press appears to have been concentrated on criticism of the Katayama Government, which is said to have lost much of its erstwhile popularity. Among the many press criticisms the *Nippon Times* asserts that "judging from the foreign press comments, the Katayama Government enjoys wider respect among foreign circles than it does in Japan." In an article in the *Central News* of 25th July the Katayama Cabinet is blamed for the spirit of increasing unrest in Labour and Farmers' Unions. The two main reasons for the mounting resentment against the Socialist-led Coalition Government are said to be general dissatisfaction with the Government's economic policy and differences of opinion between the Minister for Agriculture and Forestry, Mr. Hirano, and the leaders of the Farmers' Union. The Government, however, are expected to issue new emergency measures which, it is thought, will tide over the economic situation until the position becomes stabilised with the new rice crop in October.

Indonesia

When the United Nations Security Council met to discuss the Indonesian question, the Netherlands Representative,

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M. van Kleffens, in his statement, said that if the helping hand of a nation such as the United States of America were held out in the interests of conciliation, the Netherlands Government would take it. Shortly afterwards the United States Delegate informed the Security Council that his Government had offered their good offices; and, on 1st August, M. van Kleffens announced the Netherlands Government's acceptance of this offer. The United States Representative made it clear that his Government wished it to be understood that their offer to mediate was also extended to the Indonesian Republican Government, and he quoted M. Sjarir's statement of the 31st July, that Indonesia would accept any impartial arbitration. Later M. van Kleffens said that he had been authorised to announce that the wish expressed by so many members of the Security Council that hostilities should cease "coincided with the wishes of the Netherlands Government." (See also under "United Nations" and "Low Countries").

In Batavia Dr. van Mook released from "protective custody" the six members of the Jogjakarta Government, including Dr. Gani, Deputy Prime Minister. It is to be noted, however, that according to reports neither the Indonesian Mayor of Batavia, nor any of the other detained officials of the Republic were set free.

The message from the Security Council, calling upon both parties to cease hostilities and settle their dispute by arbitration or other peaceful means, was handed to Dr. Gani together with a note from Dr. van Mook offering to transmit it to M. Sjarifoeddin at Jogjakarta over the Batavia radio service.

On the same day Dr. van Mook broadcast a lengthy statement which opened with the announcement that the Netherlands Government had accepted the United States offer of mediation and had ordered, as from midnight on 4th August, the termination of the military action which had been "necessitated by an untenable and lawless situation." Dr. van Mook then went on to state that those parts of Java and Sumatra for which the Netherlands Government have assumed direct responsibility will be defined as soon as possible, and that in those regions they will maintain law and order by every means at their disposal, quelling promptly any disturbance of the peace. And, after declaring that the Netherlands Government are awaiting confirmation of the Republican leaders' compliance with the requirements of the Security Council, Dr. van Mook concluded with a pious expression of hope that the Republican Government may not again be found wanting in that degree of co-operation which "is possible only on a foundation of real security, democratic freedom, and good faith in the execution of agreements."

No doubt the general tone of this somewhat ponderous statement—which indicates that Dr. van Mook has no intention of relinquishing his cherished dream for the formation in East and West Java of two new independent states within the Federation, and which, it is understood, was broadcast *before* the Security Council's message to the Republican Government was transmitted—produced an irritating effect in Jogjakarta. When, later in the evening, the Republican Government broadcast their reply to the Security Council their acceptance was couched in defiant, rather than conciliatory, tones.

Mr. Sjarifoeddin announced his Government's intention to make every effort to comply with the Security Council's "cease fire" requirement, but asked that the serious technical difficulties to be overcome in the execution of this order be taken into consideration. In regard to arbitration, however, the Republican Government suggested that this be undertaken by a Commission set up by the Security Council and composed of representatives of several countries acceptable to both parties. They also asked that a representative of the Republic be summoned to plead the Indonesian case before the Security Council. Finally, they advanced their desire for the complete withdrawal of all Netherlands forces from the whole of the archipelago, and expressed doubts as to the possibility of any attempt at the cessation of hostilities becoming effective if the armed forces of both sides were only to be withdrawn behind the demarcation lines agreed upon on the 14th October, 1946.

Thus the reply not only counters the Dutch assertion of a reduction in the area over which the Republic of Indonesia is to exercise control in future, but also presents entirely new and far-reaching claims of sovereignty.

According to press statements M. Sjarir, Adviser to the Republican Government, left Bombay by air for the U.S.A. on the 4th August.

French Indo-China

The High Commissioner for Indo-China, M. Bollaert, who had been in Paris for consultations with the French Government, returned to Saigon on 21st July. According to a report from H.M. Consul-General at Saigon, he appeared optimistic concerning the final outcome of certain proposals he had put forward while in France for a solution of the present impasse.

Two days before M. Bollaert's arrival, Dr. Ho Chi-Minh, released a statement in which he said that, although he had not yet met M. Bollaert he was prepared to endorse any statesmanlike action which the latter might take toward the recognition of the independence and unity of Viet-Nam and the restoration of friendship and co-operation between the two nations.

Despite the somewhat provocative undertone of this statement, M. Bollaert is said to believe it likely that the Viet-Nam leaders will now be prepared to negotiate; and, according to press reports, he has issued a stern statement, making it clear that the first essential to any settlement is the cessation of guerrilla hostilities. His statement also conveyed a message that is both a warning and a plea to the followers of Dr. Ho Chi-Minh, that "at the end of this conflict there are neither conquerors nor conquered—we shall exclude from negotiations only those adversaries inimical to reason and partisans of the worst politics."

It would seem that M. Bollaert, having failed to find any other person or group able to command sufficient public support to form an entirely new Government, has decided to try once again to work with the recalcitrant Dr. Ho Chi-Minh. In what is thought to be an endeavour on their part to provide an opening for fresh negotiations with the French Authorities, the Viet-Nam Government have recently discarded a number of their more extreme members and undergone a general reshuffle. It is also reported that Bao Dai, the ex-Emperor of Annam, has been re-appointed to the post, which he held after the Japanese surrender, of Supreme Adviser to the Viet-Nam Government.

On 5th August, accompanied by his military staff, M. Bollaert proceeded to Hanoi, and it seems to be his intention to remain there for some time in order to make a close study of the situation and gather first-hand information.

THE UNITED STATES OF AMERICA

Great Britain's financial worries have again become front-page news in the United States. Prominence is given to the difficulties which have resulted from the unexpectedly rapid exhaustion of the American loan. Consequently there is sympathy in internationalist circles for the idea of relaxing at this stage the sterling convertibility and non-discriminaton provisions of the loan agreement. Mr. Marshall has announced that the United States Government has agreed to hold a "high level" conference on the question of easing the loan terms, although the Secretary of the Treasury, Mr. John Snyder, seems to feel that no real modification will be possible without the assent of Congress. As during the fuel crisis last winter, commentators readily concede that American security interests may be seriously affected if the situation at home compels this country to abandon any of its foreign military commitments. In analysing the news from these islands the same commentators again pay tribute to the spirit in which the British people are apparently prepared to adjust themselves to new hardships. Yet there are the inevitable recriminations and *Schadenfreude* regarding the supposed shortcomings of the British "Socialist experiment." Even the otherwise friendly *New York Herald-Tribune* asserts that "the United States would look upon Britain's plight a good deal more sympathetically if the Labour Government would subordinate its party programme for the moment to the needs of production." It also remarks that "the Marshall Plan, upon which Britain so clearly counts, has been designed to help foreign nations to their feet, not to cradle them for ever in friendly arms."

Those who ascribe this country's difficulties in the main to a surfeit of economic planning and State control have now become adamant in their insistence that the Washington talks on German coal production will fall short of their object if they do not compel His Majesty's Government to abandon their socialisation plans for the Ruhr. The growing conviction that no programme of European recovery is likely to be effective which does not permit the Ruhr to regain more of its former productivity is causing considerable importance to be attached to the Washington

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meetings, and there has been much speculation regarding the range of subjects to be covered. Mr. John J. McCloy, the President of the International Bank, heightened interest in the forthcoming proceedings on the 29th July, when he disclosed that he had, with the knowledge of the State Department, asked Mr. Lewis Douglas to make an informal survey of the coal situation in the Ruhr during his visit to Germany with a view to determining what the Bank could do to encourage production there. (See also under "Germany.")

Emphasis is given both to the economic position in Great Britain and to the problem of the Ruhr in the newly-announced plans of the Special Committee of the House of Representatives which is to gather information on foreign relief and rehabilitation needs (see *Summary* No. 401). The Committee is expected to establish its headquarters in London and from there to embark upon a tour of the Ruhr. It will then divide into a number of sub-committees, one of which will devote itself to the problem of the Ruhr and another to "British and Dominion finances." Representative Christian A. Herter (Republican, Massachusetts), a former career diplomat who acted as secretary to the American Peace Commission in 1918, is to officiate as the Committee's "executive head" and vice-chairman, and ten other Republicans and eight Democrats, representing between them most of the Standing Committees of the Lower House, have been selected to serve with him. Although the party appears to be rather on the conservative side and contains one or two unregenerate isolationists, it should be able to give reasonably unbiassed consideration to Europe's difficulties.

The creation of this Special Committee apparently aroused some resentment among the regular Foreign Affairs Committee, and to assuage the latter the House of Representatives has had to agree that the Foreign Affairs Committee likewise shall spend the recess investigating the situation in the needy countries. The Chairman of this committee, Mr. Charles A. Eaton, has also been appointed Chairman of the Special Committee. In addition to the foregoing arrangements the notoriously frugal Chairman of the House Appropriations Committee, Mr. John Taber, has designated his colleague, Representative Everett M. Dirksen to come and form his own independent estimate of the situation over here. (Representative Dirksen is an isolationist from Illinois who believes that providing aid to Europe is tantamount to "pouring money down a rat hole.") Thus such is the multiplicity of Congressional bodies at present about to make "on the spot" investigations abroad that the press is waggishly inviting the public to "join Congress and see the world."

M. Gromyko's veto of the proposed United Nations frontier commission for Northern Greece has been taken as ample vindication (if such was needed) of President Truman's "unilateral" approach to the Greco-Turkish problem in his well-known message to Congress last March. It has also had the effect of consolidating support for the Marshall proposals. As one newspaper observes, two tendencies will now become more obvious: "one is that which looks . . . toward excluding Russia from U.N. . . . The other is that which looks toward what is often denounced as 'by-passing' U.N. through devices in which two or three or more of the Western Powers concert measures of their own to meet critical practical situations as they arise." Mr. Charles Eaton, the Chairman of the House Foreign Affairs Committee, who served as a member of the U.S. delegation to the San Francisco Conference in 1945, has now added his influential voice to those who clamour for the Russians to be "read out" of the United Nations if they continue to refuse to "give in and behave like a civilised nation."

Since the adjournment of Congress leaders of both political parties are finding themselves able to devote more attention to the 1948 election. For his part Senator Taft barely waited for the lobbies to clear in Washington before proceeding to a Republican rally at Columbus, Ohio, on the 31st July to announce that he might be a candidate for his party's Presidential nomination. His only proviso was that he must be convinced within the next two months that he had a good chance to win both the nomination and the election. On the same occasion he launched a bitter attack upon President Truman and proceeded to criticize the present foreign policy—hinting, however, that he might support the Marshall proposals if these involved the provision of machinery and materials to "restore . . . . productive ability," instead of mere dollar credits or even food. (It is in any event a tribute to Mr. Truman's still rising prestige that the brunt of the attack was devoted, not to recent developments, but to the alleged failures of the Roosevelt era—especially the Teheran and Yalta agreements and the "harsh and impractical Morgenthau plan" for Germany). Senator Taft was also at pains to defend the achievements of the Republican majority during the recent session of Congress. These, as even a few thoughtful Conservatives at present admit, were not uninfluenced by the special pleading of the wool, sugar, real estate, and railway interests. It is therefore suggested that, having served business so well during its first session, the 80th Congress may find it expedient during its second session to deal with measures with a more popular appeal—such as the housing, education and welfare Bills with which Senator Taft himself has been associated.

LATIN AMERICA

Inter-American Affairs

The Governing Board of the Pan-American Union has decided not to invite the present Government of Nicaragua to the Rio de Janeiro Conference, which is to open on the 15th August. This decision, which was taken on the 28th July, was based on the fact that none of the American Republics have recognised the present Nicaraguan régime. It was pointed out, however, that as an election in Nicaragua is due to be held on the 3rd August, the Union has left the door open for an invitation to any new Nicaraguan Government that gains the recognition of a majority of the American republics (See *Summaries* Nos. 400, 401, 402).

According to the Brazilian press, the Brazilian delegation will be headed by Dr. Raúl Fernandes, the Foreign Minister; the Argentine Delegation (See *Summary* No. 402) will be composed of 40 members, including representatives of the armed forces. A very strong United States Delegation is expected at the Conference, including Mr. Marshall, Senators Vandenberg and Connally, Representative Bloom, Mr. Warren Austin and Mr. William Pawley, Ambassador to Brazil. It is probable that President Truman will pay a state visit to Rio de Janeiro during the Conference.

Argentina

On 24th July the Senate approved the appointment of new members of the Supreme Court to replace those who were recently impeached and dismissed from office. The new Justices are: Drs. Justo Lucas; Alvarez Rodriguez; Felipe S. Perez; Luis R. Longhi and Rodolfo Guillermo Valenzuela. The dismissed Attorney General, Dr. Juan Alvarez, has been replaced by Dr. Carlos Gabriel Delfino (See *Summaries* Nos. 369, 391).

Chile

Before and after the return of President Gonzalez Videla from Argentina on the 12th July there was considerable speculation about Government changes and the formation of a National Government. Many consultations took place between the various parties and there were interviews with the President to whom terms for joining the Government were presented. The only point on which there appeared to be agreement was on the exclusion of the Communists from the Government. It began to look as if the difficulties in finding a formula acceptable to all parties were insuperable.

According to a broadcast announcement, this has proved to be the case. The President has released an official statement to the country in which, after giving an account of his efforts to organise a political cabinet, which were nullified by the inflexibility of the political parties, he requested from a group of citizens the sacrifice of participating with him in the Government. The Cabinet accordingly resigned, and a new one has been constituted as follows:—

Foreign Affairs: Señor German Vergara Donoso.
Interior: Rear-Admiral Holger.
National Defence: General Guillermo Barrios Tirado.
Economics and Trade: Señor Alberto Baltra Cortes.
Finance: Señor Jorge Alessandri Rodriguez.
Education: Dr. Enrique Molina Garmendia.
Justice: Dr. Eugenio Puga Fisher.
Public Works: Señor Ernesto Merino Segura.
Agriculture: Eng. Ricardo Bascunan.
Labour: Señor Juan Pradenas Muñoz.
Health: Dr. Jose Santos Salas.

In his statement the President emphasized that the members of this Cabinet were not party men, but mostly experts, prepared to contribute their abilities, self-denial and patriotism to assuring the welfare of the country. He looked for the support of the healthier public opinion in the country, the unconditional backing of

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the armed forces, and the certainty of counting on the people's sympathetic co-operation.

Costa Rica

The pre-election campaign began about the middle of July, with Sr. Ulate, Director of *El Diario de Costa Rica* as Democratic Party candidate, and Dr. Engel Calderon Guardia, who was President from 1940–44, as Republican National Party Candidate. It was evident from the interchange of insults and the use of "nerve" bombs by the Democrats—the conservative elements in opposition—that the political situation was deteriorating. Clashes occurred on the 19th and 20th July, with several fatal casualties. A general strike followed, which, according to broadcast accounts is attributable to indignation at the behaviour of the police in firing on unarmed demonstrators. The Democrats have demanded the removal of the Minister of the Interior, which the Government refuses except on proof of misconduct. All bank clerks have been called up for military service, and the police have been reinforced with voluntary dock workers. The usual arrests, minor clashes and sporadic looting continue, but the food and employment situation is not serious and the railways and air services are being maintained. The Democrats have now abandoned their more extreme demands, and the probabilities are that the general strike will be called off.

Dominican Republic

There have been various statements reporting the existence of a mixed revolution-army operating from Cuba to invade the Dominican Republic (see *Summary* No. 371). While some official sources are inclined to discount the danger of serious trouble, broadcast reports quote the Dominican Ambassador to Washington as announcing that "a Communist revolutionary in Cuba is ready to invade the Dominican Republic" and add that the Dominican Government has taken steps to deal with the expedition openly prepared in Cuba. The State Department is also said to be studying the situation closely, owing to the possibility of serious consequences to United States interests. Press messages of the 31st July quote the Dominican Embassy in Washington for the assertion that a three-ship expedition has left Cuba to invade the Dominican Republic. Apparently the fleet is not a very speedy one, as no reports have been forthcoming about the welcome that awaited it on arrival at the hospitable shores of Hispaniola.

Ecuador

A Census taken in Quito at the end of June provisionally gives the population of the city as 211,174. The Census Board has since commented on the dreadful living conditions of large numbers of people and the numbers of bars in the old part of the city. There was a counter-consolation in the discovery of a hermit in a cave on the slopes of Mount Pichincha.

Guatemala

The Minister for Foreign Affairs, Lic. Eugenio Silva Pena, and the Minister of Education, Lic. Julio Bonilla Gonzalez, resigned on the 31st July. Though no official announcement has been made, it is almost certain that the new Minister for Foreign Affairs will be Senor Munoz Meany, Guatemalan Minister in Paris. Sr. Munoz is described as Communist and anti-British and difficult to work with. His attitude towards the Belize controversy has not been defined, but he will probably have the support of Congress, which was not the case with Lic. Silva Pena.

President Arévalo has yielded to pressure from the workers and seems to be going towards the Left. This does not meet with the approval of the Army under Colonel Arana, who is perhaps the most powerful man in Guatemala. The situation is uncertain, and there are rumours that a complete change of Government may take place and that the President will be thrown out.

Uruguay

After a few weeks' illness, Tomás Berreta, President of Uruguay, died in Montevideo on the 2nd August.

Dr. Berreta, who had held office for only five months, was born in 1876. He was a man of humble origin, and after early days on his father's farm, he entered public life as a follower of Dr. Jose Battle, in whose group of the Colorado party he managed to secure a good position. He served in both houses of the Legislature and became Minister of Public Works in 1943. In this post he confirmed his reputation and was installed as President in March of this year (see *Summary* No. 384). Dr. Berreta was a strong supporter of the Allied cause in both world wars and had a particular admiration for Great Britain.

Sr. Battle Berres, the Vice-President, will serve as President for the remainder of Senor Berreta's four-year term.

THE UNITED NATIONS

Security Council

Membership Committee

On the 28th July the Committee postponed consideration of the Albanian application until Member States had examined the exact position with regard to Albania's acceptance of the jurisdiction of the International Court in the Corfu dispute. Another cause of the postponement was Albania's conduct towards the Balkan Investigation Commission. China opposed the admission of Outer Mongolia on the ground that this People's Republic had invaded China by force of arms. Russia's representative transferred the accusation to China, alleging that "certain circles in China" were trying to make the Sino-Mongolian border into another Greek frontier. The Committee postponed further action until China had had time to reply to the Soviet charges. The candidature of Transjordan was supported by Syria, the United Kingdom, the United States, Belgium, Brazil, China and France. When the Committee met on the 30th July the Soviet representative questioned Transjordan's genuine independence under the imposed "treaty." He repeated the objections his Government had made last year to the admission of Eire and Portugal, in particular the assertion that the absence of diplomatic relations with Russia proved a State unfit for membership of the United Nations. Poland's representative argued that the Portuguese case should be put off for the present, because of what he called Portugal's close relations with General Franco's Government.

On the 4th August a Soviet proposal to postpone consideration of the applications of ex-Satellites and of Austria was rejected. The United States representative then declared his Government's support of Italy and Austria and of the Yemen, and their misgivings over the qualifications of Hungary and Roumania.

A memorandum submitted to the United Kingdom delegation by the World Jewish Congress accuses the Yemeni Government of permitting slavery and practising discrimination against Jews—*e.g.*, exclusion from the Civil Service, ban on building their houses higher than those of the Moslems, refusal to allow them to leave the country, etc.

Indonesia

Australia and India had both referred the Indonesian situation to the Security Council, the former under Chapter VII the latter under Chapter VI of the Charter (see last week's *Summary* under "Far East"). India's request to the Security Council contained the charge that "Dutch forces had embarked without warning on large-scale military action against the Indonesian people" (see also under "Far East"). The Council discussed the matter on the 31st July and the 1st August. Colonel Hodgson (Australia) contended that Indonesia was a State in International Law and moved the following resolution:—

"The Security Council, noting with concern the hostilities in progress between the armed forces of the Netherlands and of the Republic of Indonesia, and having determined that such hostilities constitute a breach of the peace under article 39 of the Charter of the United Nations, calls upon the Governments of the Netherlands and of the Republic of Indonesia under article 40 of the Charter of the United Nations to comply with the following measures, such measures to be without prejudice to the rights, claims or position of either party.

(*a*) To cease hostilities forthwith.
(*b*) To settle their disputes by arbitration in accordance with Article 17 of the Linggadjati Agreement signed at Batavia on the 25th March, 1947."

Mr. Van Kleffens denied the competence of the Security Council to consider the Australian request under Chapter VII, since the Republic of Indonesia was not an independent State and Dutch action was domestic, coming within Article 2, paragraph 7. It had, he said, been invited by the Governments of Eastern Indonesia and of Borneo, and was welcomed by the great majority of the Republic's inhabitants. The Dutch had already sought American arbitration and Mr. Van Kleffens told the Council that his Government would seek the good offices of the United States at the appropriate time. A little later the United States representative informed the Council that his Government had that very day offered its services. They were accepted, and Australia's representative announced that Dr. Sjahrir had, on the 31st July, promised Indonesian acceptance of any impartial arbitration.

Great Britain's representative was prepared to put forward a resolution that

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United States mediation offered the surest way to peace; mediation, he said, was covered by Articles 34 and 35, both of which were far more relevant to the case than was article 39. By suggesting arbitration the Council would not abandon the case, since it would remain "seized" of it until a proper solution was reached. Mr. Gromyko described the United Kingdom resolution as an attempt to by-pass the Council, whose duty was to investigate the matter thoroughly. He also proposed an amendment that the Council's resolution should require the two parties to resume the exact positions they had held when hostilities began. This amendment was defeated.

From the United Nations' standpoint, the main constitutional issue was the old question of the limits of domestic jurisdiction: was the Republic of Indonesia an independent State? Did Chapter VII apply? American amendments were introduced into the Australian resolution to get over the difficulty of Chapter VII and to make the recommendations less definite and therefore more easily acceptable. The Amended Resolution ran as follows:

> "The Security Council, noting with concern the hostilities in progress between the armed forces of the Netherlands and the Republic of Indonesia calls upon the parties, (*a*) to cease hostilities forthwith and (*b*) to settle their dispute by arbitration or by other peaceful means, and keep the Security Council informed about the progress of their settlement."

The provision to keep the Council informed was a Polish amendment.

Neither the Belgian nor the French nor the United Kingdom representatives felt entirely convinced that the Republic was an independent State, and all three abstained as the three parts of the Resolution were voted upon and adopted separately. No vote was taken on the resolution as a whole, but the United Kingdom representative let it be known that his abstention would not be intended as a veto. Mr. Gromyko tried to introduce the original Australian preamble, failed, and abstained from voting for the amended preamble on the ground that it was too weak. He supported the two recommendations.

The Balkans Commission

On the 29th July Mr. Gromyko had vetoed the United States resolution, which 9 out of the 11 members of the Security Council approved. On the 4th August, the Security Council rejected the Russian resolution which put the blame on Greece, demanded the withdrawal of foreign troops, and urged the need of a Commission to supervise "economic aid" for Greece. Only Poland supported the resolution. Mr. Herschel Johnston (United States) described as "futile," a Polish compromise resolution calling upon Greece and her northern neighbours to restore normal diplomatic relations.

The Egyptian Complaint

Nokrashy Pasha presented his Government's case to the Security Council on the 5th August. Sir Alexander Cadogan replied to the Egyptian letter of the 8th July, reserving his right to answer Nokrashy's speech at a later meeting, and the hearing was adjourned until the 11th August.

Nokrashy asked the Council (1) to direct the United Kingdom to withdraw its troops from Egypt "including the Sudan," and (2) to end the present régime in the Sudan. He accused the U.K. of bad faith, of seeking not alliance but domination, and hoped that the Council would affirm that the world of the twentieth century had left nineteenth-century imperialism behind, etc., etc. His main argument was that Egypt had accepted the 1936 twenty-year treaty with the U.K. under duress, that the treaty was a "temporary expedient" to meet the danger of world war, that the treaty had "outlived its purpose." The presence of British troops in Egypt without Egypt's consent was contrary to the Charter of the United Nations. With regard to the Sudan, he contended that the 1899 agreement between the U.K. and Egypt did not give the U.K. a share in the sovereignty of the Sudan, and he accused it of trying to divert Sudanese trade from Egypt, and of thwarting what he called the desire of the Sudanese masses for unity with Egypt.

Sir Alexander Cadogan based his case on the principle of all International Law, *Pacta sunt observanda*. The 1936 treaty remained in force until 1956 unless both parties agreed otherwise. It covered the presence of British troops and the question of the Sudan. Egypt could not denounce it unilaterally and then claim rights on the ground that no treaty existed. Last year the United Kingdom, though in no way bound to do so, had entered into negotiations with Egypt for a revision of the Treaty. All matters had been agreed upon save one, the right of the Sudanese to choose their own status ultimately. This H.M.G. insisted upon and Egypt denied.

Mr. Bevin offered to sign the agreed terms, treaty of mutual assistance, withdrawal of troops, etc., and to leave the Sudan question for future decision. The Egyptian Government refused, and the reward of H.M.G. for meeting Egypt's request for negotiations was to be "haled before the Security Council," which, as Sir Alexander submitted, could "not intervene in respect of negotiations which we were in no way committed to undertake for the revision of an existing international treaty."

As to the alleged threat to international peace and security, he saw none "unless, of course, the Egyptian Government contemplated creating it."

EUROPEAN ECONOMIC CO-OPERATION

The first task of the Committee of European Economic Co-operation in Paris, working through its Executive Committee and its Technical Sub-Committees, has been to draw up a form of questionnaire, the answers to which, supplied by each of the sixteen participating countries and collated by the Committee, will give the material for a report on European needs to the United States. This work started with a long and detailed draft tabled by the French delegation on 16th July.

This draft, prepared by M. Marjolin, the Secretary-General of the Monnet Plan, was in eight sections, designed to show the economic difficulties arising from the war and what the countries have done to overcome them; how basic resources are to be used for the next three or four years; how a balance sheet can be drawn up of Europe's requirements and resources; how much power, raw materials, food, capital equipment and finance will be needed from abroad; and what the sixteen countries can do for European co-operation.

A British re-draft of this questionnaire was put forward in the form of a memorandum on 17th July and some difference is perceptible between the British and French approach. The British delegate asked members (at the second meeting of the Committee of Co-operation on 17th July) to try and see the programme through the eyes of those to whom it was addressed. They should aim at establishing four things:—

(*a*) How much of the "vital" supplies would be needed;
(*b*) What "Europe" (*i.e.*, the participating nations) could do singly and collectively;
(*c*) What outside help would be needed to enable them to do it;
(*d*) A comprehensive short and long-term picture of the data thus collected, in the form of an estimated balance of payments, particularly with the American continent, over a period long enough to show that progressive improvement would lead to definite recovery.

The "vital" supplies are those dealt with by the four technical committees (food and agriculture, iron and steel, transport, and power) with the addition of timber and, possibly, rubber. The aim is to present a "European" negative balance of the critical items while avoiding complications about the rest, to escape financial pitfalls, to allow for special conditions, and to leave countries free to prove in their own way that each will be internally and externally viable by the end of 1951.

In discussion on the draft questionnaire the Netherlands delegate, Mr. Hirschfeld, stood out for a distinction being made between short-term action to assist recovery by raising the level of production (including that of Western Germany) and long-term development. He wanted the principles to be generally agreed before the questionnaire was drafted and thought it should aim chiefly at obtaining data which would help the fuller use of existing industrial capacity and the re-establishment of multilateral inter-European trade. The arrangement arrived at by agreement with the U.S. administration is that the U.S. authorities are cooperating in the working party which is preparing replies to the questionnaire, and that the British will present the case of the bizonal area in Paris. The distinction between long and short term proposals was also defended by the Scandinavian delegations, who were anxious that the Paris organisation should not take to itself functions belonging properly to the Economic Commission for Europe. M. Alphand, speaking for France, took up Mr. Hirschfeld's point about full use being made of existing industrial capacity in Germany. France, he said emphatically, could not in any case agree to an increase of German capacity or production beyond the security level; and such increase as might be allowed in coal and

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agriculture must be for the benefit of Europe and to relieve the burdens of the occupying Powers.

Nevertheless, it is clear that the picture of "Europe" or even of "Western Europe" will not appear convincing to the United States unless Germany is included in it. The difficulty of achieving the maximum contribution from Germany towards the reconstructing of Europe and at the same time achieving security against future German aggression has been recognised and the Commanders-in-Chief of all four zones, each of whom is receiving the questionaire, have been requested to give a realistic estimate of what Germany might produce in the periods under review and at the same time to state the levels fixed in the 1946 Level of Industry Plan—with a reminder that these levels were fixed on the assumption that Germany was going to be treated as an economic unit. One odd problem arose—namely how the American zone was to be represented at a conference of which the United States is not a member.

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No. 404

FOREIGN OFFICE,
(RESEARCH DEPARTMENT),
13TH AUGUST, 1947

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EUROPE

GERMANY

The British and U.S. Governments informed the French Government on the 9th August that they agreed to a meeting without delay between representatives of the three countries in order to consider French views on the revised level-of-industry plan for Germany already agreed by the British and U.S. Governments. The French views on the management and control of the Ruhr coal would be similarly received and discussed. It was made clear in the U.S. note that the final plan for the level-of-industry would be formulated and adopted by the British and U.S. Governments, *i.e.*, that French agreement would not be indispensable. The talks will be conducted below Ministerial level. Meanwhile, the Anglo-U.S. talks on German coal production are due to open in Washington on 12th August. A view expressed by the State Department is that the United States will wish to express their views on how ownership, that is to say "socialisation," may affect production, but that they will not expect a final decision on this subject at the conference.

The Soviet-controlled German Press has taken the line that Great Britain, as the economic vassal of the United States, will not be able to stand up to U.S. pressure over the Ruhr. More interesting is the faithful if somewhat pallid reproduction in the Soviet-controlled press of Russian propaganda on the British economic crisis: the only way out for Britain, it is said, is to follow the advice of Mr. Zilliacus and the Labour rebels, "now comprising one-third of all Labour M.P.'s," and to "free Britain from the clutches of dollar imperialism by improving trade relations with Eastern and South-Eastern Europe, and putting an end to the General Staff policy, which makes the British troops in Greece the vanguard of a U.S. policy shaped by the Truman doctrine."

The topic of socialisation, though far from dead, is not as alive in North Rhine/Westphalia as might have been expected. On the 2nd August, the North Rhine/Westphalian Diet agreed to remit to an

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Quadripartite discussions in Berlin have long served as a means less of securing agreement than of elucidating Soviet policy. At the 132nd Co-ordinating Committee meeting on the 6th August, the British and U.S. members again pressed for the much-needed currency reform. Despite concessions on their part, they were rebuffed by the Soviet representative in such a way as to suggest that the Russians will accept no reform which limits their power to print as many notes as they wish. At the same meeting General Dratvin alleged that preparations were being made to incorporate the British and U.S. Sectors of Berlin in the Bi-Zonal Area. General Robertson, denying this, said that any attempt by the U.S.S.R. to include its Sector in the Soviet zone would be regarded as a violation of agreements. There is unfortunately some ground for issuing this warning.

Confidential information suggests that the flow of skilled labour, by deportation or otherwise, from the Soviet zone into the U.S.S.R., has not been checked. In the three months May–July upwards of 110,000 persons, including families, are estimated to have left for the U.S.S.R. Movement on this scale, if continued, must seriously affect the balance of the zone, though to nothing like the same extent as if the families were left behind.

Five delegates of the Communist-controlled "Free German Youth" have returned from a 17-day visit to Russia. They declared exuberantly that they were treated as "equals among equals," that they found no sign of dislike of the Germans, and that they had been able to go anywhere and see anything they wished. Owing to sickness, however, they had not been able to visit prisoner-of-war camps.

The slight improvement in the food situation in the British zone led to a small rise of morale towards the end of July. Actual rations for the town-dweller, however, have not yet reached the nominal 1,550 calorie level, and conditions continue depressing in the extreme. Germans are reported to be becoming increasingly casual when speaking to British officials.

The wrangle still continues between Christian Democrats and Social Democrats over positions in the Bi-Zonal Economic organisation. *Summary* No. 402 described how the Social Democrats retired into "constructive opposition" when they were unable to secure for one of their nominees the key post of Director of Economics. As a result the Christian Democrats will secure all the Directorships. Both General Clay and General Robertson have decided that, unfortunate as this political squabbling may be, intervention by the Allies would be even more unfortunate. Meanwhile the Social Democrat leader, Dr. Schumacher, has at least declared that the SPD approves of the Economic Council despite its many minor blemishes.

AUSTRIA

With the Austrian Treaty Commission in full session, and the question of reparation claims from German oil assets in Austria still under discussion, the Soviet Authorities on the 2nd August forcibly assumed control of the premises of the Austrian Mineral Oil Works Company Refinery at Lobau (Soviet zone). This company is jointly owned by two British and U.S. corporations through their German subsidiaries. Leading employees of the company were dismissed and all communication with the company's head office in Vienna was cut off. Both the British and U.S. High Commissioners have protested to the Soviet High Commissioner, and the matter was also brought up by the British Delegate at the Treaty Commission's meeting on the 6th August. The Soviet authorities have sought to justify their unilateral action on the basis of Article 10 of Law No. 5 of the Control Council for Germany. The British and U.S. High Commissioners have pointed out that the Law provides no justification for the seizure of the Lobau

installations, and in any case it cannot be contended that reparations can be taken from property in Austria, which is in joint British-U.S. beneficial ownership. It is understood that the ownership of the boilers used in the refinery is in the name of a Leipzig firm. There have also been unconfirmed rumours of the seizure by the Soviet authorities of four textile factories owned by the Creditanstalt.

In contrast to this unilateral Soviet action, which seems to cut directly across the purpose of the Treaty Commission's discussions, there have recently been one or two instances of an apparently favourable change in Soviet policy in Austria. At the Austrian Treaty Commission's meeting on the 4th August, M. Novikov took up a surprisingly conciliatory attitude and appeared to be anxious to give the impression that, so long as the Soviet Government received some concrete reparation, a reasonable agreement could be achieved. A couple of days later, after an interview with Sir George Rendel, M. Novikov expressed his readiness to discuss the oil problem informally with the British Delegate with a view to seeing how best agreement could be reached in the Commission. Prior to this, however, the British Delegate found it necessary once more to reassure M. Novikov of his Government's appreciation of the Soviet Union's claim to reparation from Germany and also that the United Kingdom had no intention of defending any unsound British claims.

The Commission has also discussed questions concerning banking institutions, insurance companies, industrial concerns and real estate. Reports show that the Soviet authorities in Austria have taken over some 34,000 hectares of agricultural land and some 56,000 hectares of forest land. Of about 260 confiscated industrial undertakings, 60 are considered of special importance to the Austrian economy; in 18 of these, 100 per cent. of the shares were German-owned on the 8th May, 1945, and Germans had a controlling interest in a further 25 of these concerns. Six—including the Unilever concern which was confiscated at the end of 1946—bear no indication of being in any way German assets.

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The new rate of wages and prices came into force on the 10th August. According to British press reports rents have gone up by 50 per cent., and coal by 35 per cent. The new wage schedule is said to be working out to the disadvantage of the salaried classes. There is considerable doubt as to the permanence of the new rate, the stability of which must depend on a real and substantial increase in the production of consumer goods. It is generally regarded as a stop-gap device to tide over the next three months until a reform of the currency can be tackled.

Following on the alarm and uncertainty caused by the recent kidnappings, a stir has been created by the publication of the news of the arrest, in April, of two Austrian police officials by the Soviet occupation authorities. According to reports in the U.S.-controlled press and radio, the policemen fired at a drunken man who had broken into the house of an Austrian family. The man, who was not in uniform, turned out to be a member of the Soviet army. The policemen are said to have been sentenced to ten years' penal servitude in Siberia. The Austrian Minister of the Interior is investigating the matter.

CZECHOSLOVAKIA

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show greater interest in a pact with Czechoslovakia. The Czechoslovak Government, particularly with the eloquence of M. Jan Masaryk to persuade them, had apparently decided that a pact with France would be desirable in view of their avowed policy of strengthening relations with both the east and west.

Agency reports, quoted by the papers of the Czech right-wing parties who are naturally most interested in the matter, state that on the 26th July M. Bidault was accused by M. Pierre Cot of trying to prevent the conclusion of an agreement between the two countries, to which M. Bidault had replied that he had offered such a treaty to Czechoslovakia on the 1st June, as well as a similar one to Poland early in July. Prague had so far not replied. According to *Agence France Presse*, M. Masaryk thereupon sent a telegram to M. Bidault asking that the Czechoslovak attitude might still wait, that his Government and Parliament were on vacation until September, and that it would be a grave error to attribute the Czech request to a change in policy, the will of his country to conclude a treaty of mutual assistance with France remaining undiminished. It should be stated, however, that M. Masaryk told the British Ambassador in Prague, after returning from the Moscow meeting, when Czechoslovakia finally decided not to join the Paris conference on the Marshall offer, that the French pact would not now, at least for some time, be proceeded with. The prospects of such a pact being concluded have therefore receded somewhat, although M. Masaryk said that the Russians were less opposed to the pact than to the Czech attendance at the Paris Conference.

A Trade and Payments Agreement was signed in Prague at the end of July between the Combined Anglo-American Zones of Germany and Czechoslovakia. This agreement will do much to ease the financial difficulties experienced in their relations with the Zones which resulted from the Czechs' shortage of dollars. A comprehensive list of goods has been drawn up, and such questions as patent rights, travel communications, and goods transit, are satisfactorily settled.

The constitutional problem still remains one of the thorniest in the internal affairs of Czechoslovakia. Obviously few political leaders wish to be too definite about the crucial issue of Czecho-Slovak relationships, or the equally fundamental one of how far the liberal-democratic traditions of the old Masaryk Constitution can be preserved under Communist pressure. A meeting of lawyers and constitutional experts held at Marianské Lázné to consider certain questions put to them by the Assembly's Constitutional Committee left these basic questions unsolved, if perhaps a little more fully explored.

It is reported by Czechoslovak authorities that frost and drought in the spring, followed by mainly dry weather this summer, will result in a scanty grain harvest in Slovakia, where special steps are being taken to maintain the flour ration. Slovakia is also reported to be asking for a larger proportion of the Russian grain imports promised under the Trade Agreement signed last month in Moscow.

POLAND

The remarkable achievements in reconstruction witnessed in Poland since the close of hostilities, and recognisable in production figures and in the statistics of overseas trade, have been recently acknowledged by expert observers. As regards the Three-Year Plan, it is claimed that the targets set for the first six months have been surpassed in the output of all the basic industries, including coal, iron and steel, chemicals, timber and building. Although these, and the official estimate of 4·58 million tons of coal for June 1947 must probably be accepted with reserve, it is interesting to compare that figure with the 3·53 million tons for the same month last year. Preliminary reports of the July output claim that the 5 million mark has been exceeded.

The official termination on the 30th June of the activities of the UNRRA Mission to Poland recalls the part played by that organisation in post-war reconstruction. In its scope the programme of UNRRA aid for Poland was second only to that for China. During the two years which ended on the 30th June the value of UNRRA goods amounted to over 480 million dollars, of which approximately 203 million accounted for food, 95 million for industrial aid, 82 million for clothing, textiles and shoes, 76 million for agricultural aid, and 23 million dollars for medicines. The Polish Government, it is considered, are entitled to praise for the judicious manner in which the materials were used, and for the fact that the black market in goods bearing the UNRRA label was mainly restricted to articles of minor importance.

On the 2nd August, M. Gomulka opened the Gdansk International Fair. In his speech at Danzig, the Minister seized the opportunity to stress the great progress made in Poland, in particular the revival of the ports and Poland's international trade. He referred also to his Government's decision not to take part in the present Paris talks on the Marshall offer. That their decision was justified, M. Gomulka held, was proved by the recent action of the State Department in discontinuing aid to Poland after receiving the report of Colonel Harrison (see *Summary* No. 403). This was particularly true, the Minister said, in view of the fact that the report acknowledged Poland's great achievements—which were also to the advantage of Europe as a whole.

A tour of Northern and Eastern Poland recently carried out by M. Holliday, the Commercial Secretary of the British Embassy, who reported that as a result of frost and drought the wheat crop in particular will be a light one, and helps to confirm the view that Colonel Harrison's conclusion—that Poland had sufficient food-stuffs generally to meet its minimum requirements for 1947—was accurate only if applied to the calendar year 1947, and not the harvest year 1947–48. Some improvement, especially in the potato crop, was, however, brought about by the heavy rainfall in June.

As evidence of Poland's desire to enter into reciprocal relations with the Western countries, the Government are pointing to the trade negotiations recently opened with France. A joint communiqué issued in Paris on the 1st August prepares the way for the conclusion of a trade agreement covering the exchange of Polish coal against French capital and other goods. At the same time, Warsaw has denied reports emanating from Hamburg that there was any intention of linking the Soviet Zone of Germany any more closely with Poland than is the case already under the Agreement concluded last March.

The political murder by a group of armed bands, of a prominent member of the Socialist Party (P.P.S.), M. Zeglicki, Governor of Lomza, while addressing a local gathering of sheriffs—and with him a member of the pro-Government Peasant Party (S.L.)—is reported to be giving rise to some alarm among members of the P.P.S. The action is held to be a warning from the underground organisations to the Socialists against fusion with the Communists (P.P.R.), and a reply to the latest series of arrests and trials. (See also *Summary* No. 402). The trial of 17 prominent Poles, including a number of University professors and the former secretary of M. Mikolajczyk Party (P.S.L.) was due to open in Cracow on the 11th August. On the 5th, the Warsaw Regional Court passed sentence on M. Augustynski, editor of the P.S.L. *Gazeta Ludowa*, Father Pawlina, secretary of the Catholic Relief organisation, *Caritas*, and M. Maciejec, a former security official; they received sentences of 15 years' imprisonment, 10 years' imprisonment, and the death sentence respectively. Maciejec was convicted of having collected secret information and passing it through Pawlina to Augustynski, who maintained contacts with the illegal organisations, W.I.N. and W.R.N. M. Mikolajczyk and other prominent members of P.S.L. were stated to have received secret information in this way. Meanwhile, in the last few weeks, there have been appearing frequent notices of joint meetings of members of the P.P.R. and the P.P.S. in a number of provincial centres.

SOVIET UNION

The Soviet press, giving rein to wishful thinking, continues to harp on the impending slump in the U.S.A. Academician Varga in an authoritative article in *Pravda* even suggests that it has already begun. Meanwhile increased attention is being devoted to Great Britain's economic crisis, but nothing new in the way of comment has emerged. *Krasny Flot* suggested that it would be possible for this country to save herself by her own efforts but held that the Government would not take the necessary measures to this end, as they were unwilling to sacrifice the interests of the ruling class by breaking up the economic structure of the country. They preferred to rely on foreign support, but, instead of making the fullest use of that support and devoting the American loan to the modernisation of industry, they had spent it largely on the financing of foreign obligations. Viktorov, in *Pravda*, took the line that the U.S.A., both by the actual conditions of the loan and by its general policy, had prevented Great Britain from using it in the way that her interests demanded. Mr. Churchill's Blenheim speech was dismissed as the wielding of an ideological tomahawk of the 1919 type. All commentators pointed the moral that Britain's situation was a warning to all nations who were wistfully looking towards the Marshall plan. If a Great Power should come to such a pass when hitched to the American chariot, what would happen to small countries? It was suggested in most of the comment that the British working class was going to bear the main share of the burden. The plight

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of the British workers was further elaborated in *New Times*, which published a detailed refutation of an article in *Britansky Soiuznik* which had suggested that the lot of the British workers had materially improved. *New Times* admitted that there had been an advance in technology, such an advance as could be traced even in the Fiji Islands, but said that in the main the British working man was being sapped by under-nourishment and was in a worse state than at the beginning of the century.

The thirtieth anniversary of the sixth Congress of the Bolshevik Party which took place in 1917 at the culminating point of the Revolution provided the occasion for drawing historical parallels for the present "export of reaction" from the West, loans to the Tsar in 1906 and American financial aid to Kerensky being given as notable examples. Stalin, in 1917, had agreed that the West also sent out Socialist rays, but it was now clear that these had changed their direction and to-day Socialist rays came from the East.

The Council of the post-war organisation of concentration camp victims known as the International Federation of Former Political Prisoners has just been meeting in Warsaw, seventeen States being represented. *Tass* has given a long report of the appeal that was issued to all democratic countries which had fought the Fascist aggressors to intensify the struggle against the remnants of Fascism. The appeal, which was on stereotyped lines, called in particular for the cessation of Anglo-American "intervention" in Greece and for the ending of the conflicts in China, Indonesia and Indochina. It also endorsed current Soviet propaganda to the effect that the Marshall plan was a step on the road to the resurgence of German militarism. Other international organisations in which the U.S.S.R. has shown interest recently are the International Congress of Democratic Lawyers held in Brussels in July, in which the Roumanian Communist Minister of Justice was a prominent speaker and the International Architects' Conference, also held in Belgium. The Soviet delegate to the latter expressed pity for the poor Belgian architects who, in contrast to their Soviet colleagues, had no real freedom for creative work. The Soviet delegate was said to have brought about the insertion of clauses into the statutes of the organisation giving it a "democratic character."

Aviation Day on the 3rd August was celebrated in the usual style but a notable new feature was the display of several new types of aircraft; last year hardly any new types were seen. Seven different types of jet propelled aircraft including a four-engined bomber were shown, and various aerobatics were executed by jet aircraft. The trend of the designs showed strong German influence. It had evidently been decided that the advantages of impressing foreign countries with Soviet airpower outweighed the usual desire for secrecy.

The Council of Ministers has decided that the existing system for collecting and supplying seed grain has become unsatisfactory and that in future the collective farms themselves shall bear the entire responsibility for growing and distributing seed. Apparently certain local Party and Government administrations have been abusing the facilities offered by *Gosstrakhfond*, which was created some years ago to secure a supply of high quality seed for collective farms, instead of speeding up the creation of seed funds by the farms themselves. *Gossortfond*, the State Fund for special types of seeds, is to be reformed and incorporated in the Ministry of Agricultural Deliveries, so that improved grades of seed may be gradually introduced on collective farms "exclusively by way of exchange."

The Supreme Soviet of the U.S.S.R. has decorated Col.-General Enver Hoxha with the Order of Suvorov for his capable command of military operations by the Albanian Army against Germany and Italy. This is a relatively minor award to be given to a head of State. Tito received the Order of Victory and Dimitrov the Order of Lenin.

THE LOW COUNTRIES

The Netherlands

Last week Dr. van Vredenburch, Political Director of the Netherlands Foreign Office, who happened to be in London, discussed the Australian and Indian action in referring the Indonesian dispute to the Security Council. It was explained to him that this was not a step which would have been advocated by H.M.G., who had pointed out its disadvantages to the Australian and Indian Governments, adding that these disadvantages appeared to H.M.G. to be greater if Chapter VII rather than Chapter VI of the Charter were invoked. Dr. van Vredenburch was told that it would thus be misleading to construe the Australian Prime Minister's statement that Australian reference to the Security Council had been made "after the closest consultation with the Govts. of the U.K., New Zealand and India" as implying anything more than the statement actually said. The fact was that, when there was no response from the U.S. Govt. to H.M.G.'s proposal for joint mediation, the latter no longer felt justified in attempting further to dissuade the Australian and Indian Governments from referring the dispute to the Security Council. Dr. van Vredenburch has himself made informal comment on the subject. The failure of the U.S. Government promptly to give effect to their mediation offer appears to have depressed him: in his view delay could only lead to further trouble in the Security Council. He expressed the hope that the U.S. Government might see their way to appointing someone of the calibre of General Eisenhower, assisted by a large team, would carry out an investigation on the spot with a view to restoring order. He still, however, looked with favour upon the five-Power investigating Commission (Canada, Brazil, Sweden, China and Saudi Arabia) suggested by his own Government. Dr. van Mook objected to the inclusion of China on the ground of her partiality, and also wanted the Commission to consist of three Powers only, which Dr. van Vredenburch thought too few.

A Netherlands Government statement, outlining the steps to be taken following the end of hostilities in Indonesia, was issued on the 12th August. After a preamble in which the reasons which "compelled" the Government "to make a police use of its military power" are briefly restated, the statement goes on: "The Netherlands Government are again faced with the question of how they are to achieve their object in Indonesia by peaceful means. This aim is known. It is not by any means a return to any kind of Colonial relationship. It is none other than the execution of the right of self-determination granted and accepted by the Government as the basis of their policy. It is none other than the reconstruction of the old Netherlands Indies into a new Indonesia—a sovereign, democratic and federal State, a self-reliant member of the United Nations." The essential prerequisite was the restoration of law and order, to which end Indonesia needed an "efficient police apparatus." The Government reiterated their willingness to reduce the numbers of their troops as soon as the "efficient police apparatus" was capable of "guaranteeing law and order." Lest there should be the "slightest doubt" about their willingness to create the "sovereign, democratic, federal State" in Indonesia, the Government, "in preparation for this State, and during the necessary period of transition," offered the immediate formation of an "Indonesian Federal Interim Government, in which representatives of the various participating States—including the minorities which are still insufficiently represented—would co-operate with the Lieutenant-Governor-General." They had already reached an "important measure of agreement" on this proposal both with the Governments of the Republic and of the other Indonesian participating States—East Indonesia and West Borneo. The Netherlands Government now repeated the offer to "all participating States and population groups in Indonesia." It was the Netherlands Government's intention that this Interim Government should, "for the time being," also administer areas occupied in recent weeks. The previously-mentioned "police apparatus" would be subordinated to the Interim Government which, "as soon as possible," would have to establish federal organisations to ensure food supplies and the "economic, monetary and commercial unity" of Indonesia. The formation of the Interim Government would "in no way" retard the finding of a "permanent solution": the intention was to convene, "at the shortest possible notice" a "Round Table Conference" for consultations on the final establishment of the new Indonesian political structure. Since that was their chief aim—not the "ironing out of a difference"—it followed that a solution could be "promoted by good offices, but not by arbitration between the Netherlands and the Republic."

Belgo-Netherlands-Luxembourg Customs Union

The Netherlands First Chamber unanimously approved *Benelux* (Belgo-Netherlands-Luxembourg Customs Union) on the 31st July.

Belgium

M. Moens de Fernig, Minister of Food and Imports, in a recent broadcast to the nation, strongly warned his audience against taking too optimistic a view of the present position of Belgian food supplies, and reminded them of the agreement reached at the International Cereals Conference that the participating Governments should "use all possible means of educating public opinion on the seriousness of the position." Agriculturists, upon whose co-operation they depended for

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the success of the "grain collection plan," and manufacturers, who were "concerned about restrictions," alike had to realize the "very serious situation which existed." It was also of "prime importance" that consumers should understand that the retention of a rationing system was "entirely due to the world situation, of which the consequences were universal and did not affect a few countries only." For "some months" past, the Minister continued, Belgium had been living in a state of "apparent plenty," which made the public "sceptical" about the "serious problems" of world food supplies. Five main commodities—cereals, meat, fats, sugar and cocoa—were at present still rationed. No improvement in the supply of cereals could be expected before the 1948 harvest; and meat supplies were conditioned by fodder supplies. Cereals and meat, therefore, presented twin problems: neither could be solved separately. Another great difficulty was the supply of fats, which would have to be increased by nearly 40 per cent. if demand were to be satisfied. This the Minister did not think would happen "in the next year or two."

M. Moens de Fernig then outlined a series of measures aimed at reducing consumption of cereals. In the current year not only wheat, but also rye, would fall within the scope of official collections. Rye would be exchanged for an equal weight of fodder and hay; wheat-growers would receive a priority coupon for fodder and hay equal to half the weight of the wheat delivered in excess of their quota; while meat coupons would be given in exchange for barley at the rate of 4 kg. of barley to 1 kg. of meat. In addition, the use of cereals would be strictly controlled. They could not tolerate the action of certain millers, bakers and confectioners who milled and used white flour and sold their products "to the detriment of part of the public"; nor could they tolerate the sale of bread "more often than not baked with black-market flour"—to any who cared to buy it without surrendering bread coupons. It was of the utmost importance that Belgium, depending as she did almost entirely upon imported bread-grains, should conform to the recommendations of the Cereals Conference; and he relied upon all concerned to see that the "discipline demanded by the common interest" was maintained.

The latest report on the food situation shews that, for the month of August, the butter and meat rations are reduced from 400 g. to 350 g. and 1,800 g. to 1,500 g., respectively. On the other hand, chocolate, horse meat, condensed and evaporated milk, and infant foods are now unrationed. Subsidies on bread, butter, margarine, lard, milk, beef, pork, table oil, tinned salmon and chocolate were abolished on the 1st August. The difference in price between the official rationed quantities, with and without the subsidies of these commodities, is to form the basis of compensation for consumers classed as "economically weak," payable at the rate of 62 francs per month for each member of the household, with further compensation for those entitled to supplementary rations. Controls affecting the meat and milk trades are to be relaxed considerably: on the sale of some meats (*e.g.*, mutton and horse meat), controls have disappeared. Nevertheless, since the 1st August, the Food Minister has introduced two meatless days in all restaurants (the serving of poultry and feathered game is exempted from the order), with heavy penalties for contravention, including immediate closure of the offending restaurant for three months.

FRANCE

His Majesty's Government were particularly concerned to meet the French request for immediate discussions about the revised level of industry in the Anglo-American zones of Germany, lest the French should insist on tangling the matter up with the technical assessments of European resources being prepared at the Paris Conference. The State Department was duly informed of our views.

The Chargé d'Affaires at the French Embassy in London made it clear, when he called at the Foreign Office on the 8th August, that France would not be satisfied with the proposal for a preliminary exchange of views in writing on this question. Later he conveyed more formal representations to the same effect. With this attitude H.M. Government were disposed to sympathize. French pertinacity eventually had its reward in the U.S. decision, on the 9th August, in agreement with H.M.G., to hold tripartite conversations on the plans relating to the level of German industry and the management and control of the Ruhr mines (see under "Germany").

The joint recommendation of the Employers' Federation and the C.G.T. (see *Summaries* 401 and 403) for a general increase in wages of 11 per cent. was rejected by the French Cabinet on the 6th August, mainly on the ground that a general increase in prices would follow. Such a development would aggravate the

inflationary tendencies which the Government are striving to check, and at the same time render illusory the gain in wages. M. Ramadier's attitude at his Press conference was conciliatory, however, and he suggested that before long "necessary measures" would be announced to settle the problems arising out of the disparity between wages and prices. He declared, moreover, that only "legal" salaries could be taken as the basis for increases—*i.e.*, excluding bonuses and similar additions. The rejection is likely to have both economic and political repercussions, for the C.G.T.'s disappointment can hardly fail to be tinged with political animus. It is admitted that certain controlled prices are out of proportion to the cost of production, and decrees fixing new figures are said to be in preparation. [The agreement had recommended a complete overhaul of price-fixing machinery, and insisted that controls should be restricted to the necessities of the working classes, and to goods for export and for the reconstruction programme. In other cases they should lapse altogether.]

The question of devaluing the franc is again being discussed in the French Press, with the proviso that such a measure would be advantageous only if planned on an international basis with new levels being fixed for the world currencies.

The Communist reaction to General de Gaulle's speech at Rennes (see *Summary* 402) has been as violent as might have been expected. *L'Humanité* published a whole-page refutation of the General's attacks on the French Communist Party and the U.S.S.R. This was followed by a series of articles comparing the General with Colonel de la Rocque, and accusing him of wanting to split France into factions. Speeches on similar lines were made over the week-end of the 2nd–3rd August by MM. Thorez at Digne, Duclos at Bordeaux and Marty at Lyon. Except for the groups of the extreme Right, the other parties received the speech with reserve or even disapproval. It certainly appears to have increased the hostility between the *Rassemblement du Peuple français* and the Communists.

The R.P.F. have requested that a public place in Paris should be made available for a speech by General de Gaulle on the 5th October, which would be his first public speech in Paris itself since the inception of the movement. The initial reactions of the municipal authorities have been favourable.

The situation remains virtually unchanged at Port-de-Bouc (see *Summaries* 401, 402 and 403), where the Jews transferred from the "President Warfield" to three British transports still refuse to land. It has been suggested that the immigrants are perhaps afraid of molestation by anti-Jewish organisations if they disembark voluntarily. Haganah issued a communiqué in Paris on the 9th August announcing that while the "President Warfield" was at Haifa, Haganah in Palestine got in touch with some of their members who are among the passengers, and that, as a result of their exhortations, all the passengers have sworn not to disembark from the transports in any circumstances. Press representatives, including four Jews, visited the transports on the 5th August, and are believed to have been impressed by the good relations which appeared to exist.

On the 5th August, M. Bousquet informed H.M. Embassy that the Ministry of Foreign Affairs were greatly perturbed by the continued ill effect on Anglo-French relations of the failure to find a solution to the problem. He also mentioned in strict confidence that the Ministry of the Interior had requested the Ministry of Foreign Affairs to ask for the immediate withdrawal of the vessels now at Port-de-Bouc. The Ministry of Foreign Affairs, he said, meant to refuse this request, but were anxious to suggest some definite plan to induce the immigrants to land and so to break the present deadlock.

It is now reported that two cases of measles have broken out among the children on the "Empire Rival," and that the Minister of Population was anxious for the children to be evacuated. It was hoped that the disembarkation of the children might induce a large number of the parents to follow.

By the 10th August it was reported that 129 Jews had left the transports, and that of these 59 had been sent to hospital, while the remainder had been accommodated in a camp.

Two measures are under debate in the somewhat stormy Parliamentary session due to end this week—the new statute for Algeria and a law on the introduction of proportional representation into municipal elections in the larger towns. On the latter, M. Ramadier, faced with combined opposition from the M.R.P. and the Communists, on the 8th August raised the question of confidence. The vote took place on the 11th and resulted in 404 in his

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favour and 184 against, the latter figure being made up largely of Communists. The M.R.P. spokesman in the Chamber stated that, while the party remained faithful to its ideas on the electoral law, they admitted that " account must be taken of the general situation in taking up a political position." They had decided to vote for the confidence motion, but the decision had been taken in difficult circumstances. M. Ramadier thanked the M.R.P. for putting before its own ideas " the feeling of the unity of Government." In other words, the main objects are evidently to keep out the Communists, maintain the continuity of Government, and see the Marshall Plan put into operation.

The new statute for Algeria—which, after protracted consideration by the Government, reached the Assembly earlier in the month, and has at last reached the Commission of the Interior—proposes to establish an Algerian Assembly of 90, elected in equal numbers by two colleges of voters. The first college would consist of those who possessed full citizenship before the war, with the addition of Moslems who have been admitted to it since the war on grounds of property, education or Army service. The great majority of voters in the first college are Europeans. The second college would consist of all Moslem voters not included in the first, and would be numerically many times the stronger of the two. It is here that the point of dissension arises—for if one electoral college were purely French and the other purely Moslem all could be well. But it is feared that the Assembly will be swamped with Moslem members, and that French sovereignty and French interests will go down before the onslaught of Moslem nationalism. New opposition and suspicion were aroused by certain suggested amendments put forward by the Commission of the Interior (apparently by a series of predominantly Communist-Socialist votes)—that the title of the Governor-General should be reduced to that of " representative "; that the franchise should be extended to include Moslem women; and that the two-thirds rule for the budget should be changed to one of a simple majority. These developments have resulted in the resignation of the M.R.P. deputy for Algiers, a change of front of the whole M.R.P., which had originally undertaken to vote for the Bill; a declaration by the President of the Council General of Algiers that if the statute is voted, even without the suggested amendments, 126 mayors and 22 councillors of the Departments of Algiers will resign. M. Ramadier has been anxious to get the statute passed before the present Parliamentary session ends on the 14th August, but in view of the delicate nature of the situation, whether considered from the point of view of Paris or of Algeria, it became more than a little doubtful whether it could be debated in the time. Accordingly, on the 11th August, the Commission of the Interior decided to recommend to the Assembly that it should postpone its holidays to make possible an immediate debate on the statute.

(See also under " Spain ")

SWITZERLAND

Madame Perón, wife of the President of the Argentine Republic, arrived in Switzerland on the 4th August. An official Swiss communiqué issued on the 29th July declared that as she had expressed the wish to visit their country, and as it had been ascertained from the Argentine authorities that the visit was an official one, the the Federal Council had invited her to be their guest in Berne, where problems relating to commercial exchanges between the two countries would be discussed.

Two incidents marred what otherwise appears to have been an amicable enough tour of the capital cities. At Lucerne two large stones were flung at the carriage in which were Madame Perón and M. Etter, President of the Swiss Confederation. The windows were broken, but no-one was injured. At Berne, as the official cars were passing through the city, a ripe tomato thrown at the visitor missed its mark and hit M. Petitpierre, the Swiss Foreign Minister. Police statements identified the Lucerne offender as a paranoiac suffering from schizophrenia who had been confined in asylums both in the Argentine and Switzerland and who apparently intended his attack to be an act of vengeance for his incarceration. The Berne tomato-throwers proved to be three members of the *Parti du Travail* (Communist). During a session on the 6th August the Federal Council condemned the " unpardonable actions " and expressed regret at behaviour so contrary to the traditions of Swiss hospitality.

In spite of all this, there are definite indications that Swiss opinion just now is extremely resentful of the high prices demanded for Argentine wheat, and in any case Madame Perón's visit must have been a little inopportune, coming as it did during the Federal Council holiday.

On the 5th August *l'École d'Eté de la Fédération Mondiale des Associations pour les Nations Unies* opened at Geneva for the study of new international institutions. Addressing the delegates from 25 countries Professor Victor Martin said that as it had taken the cantons of Switzerland considerably more than 500 years to recognise the necessity for surrendering unconditional sovereign power, it might reasonably be expected that a great deal of patience would be required for a similar solution of the international problem. This idea was taken up and elaborated by M. Jan Masaryk, Foreign Minister of Czechoslovakia, and President of the Fédération Mondiale des Associations pour les Nations Unies, who frankly admitted that he found it hard to wait on the course of events but that he had learned to have patience and hopes. He was convinced that in the long run the world would follow the example of Switzerland. For the United Nations supplied " the best, the most logical and the most democratic means for solving the problems of a world which, one must admit, had gone a little mad."

The Federal Department of Justice and Police announces the signing of an agreement abolishing visas between Switzerland and Lichtenstein, on the one hand and Denmark, on the other. This does not apply, however, to persons wishing to take up employment in the other country.

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SPAIN

The second Republican all-party Government-in-exile, formed by Señor Llopis in February 1947, came to an end on the 6th August following the withdrawal of the Socialist members and other representatives of workers' organisations who are backing the former Minister of Defence, Indalecio Prieto, and the programme advocated by him at the recent Socialist Congress at Toulouse. Señor Prieto, despite ill-health, had made for the first time the journey from Mexico to France in order to lay before his fellow-Socialists a programme which does in effect involve a complete break with the past, the scrapping of the Government-in-exile and a new appeal to the United Nations Security Council when it re-assembles in September. In a broadcast to the Spanish underground made from Paris on the 9th August Señor Prieto communicated the decisions taken by the large group of the Socialist Party which acknowledges his leadership. There was to be no collaboration with the Communist Party in any shape or form, he said, until the Communists gave proof of a change in heart; the Socialist Party would vote for a Republic if there were elections or a plebiscite in Spain.

The decisions taken by the Congress under Señor Prieto's influence spring from the realisation (1) that no opposition Republican Government containing Communist representatives has any chance of coming to an agreement with the bulk of anti-Francoists inside Spain; (2) that the old slogan of " Republican legality " is outworn and should be discarded; and (3) that direction of the " Opposition " must in future come from inside Spain. In connexion with this third item the Resolution passed by the Congress to the effect that a commission should be set up to contact all opposition elements outside and inside Spain (with the exception of the Communists) was qualified by a proviso that the Socialist Party inside Spain must first give its blessing to such a commission.

The President, Señor Martínez Barrio, approached Señor Giral, Prime Minister of the first Government-in-exile, and asked him to form a new Government, but Señor Giral declined. Señor Martínez Barrio then invited Señor Don Carlos Pi i Suñer, the President of the Catalan National Council, to undertake the task, but he also declined.

When Señor Llopis selected his Government six months ago his aim had been to form a coalition Government which would be in line with the views of the Powers in the United Nations Organisation. But the hope that this show of unity among the Spanish Republican groups would merit official recognition and the active help of the United Nations Security Council was disappointed. Several of the more important groups represented in the late Republican Government are now prepared to come to a working arrangement with the Right on condition that no monarchist restoration will be effected without previous consultation of the Spanish people. They are in effect prepared to co-operate in any type of government which has the sanction of the people freely expressed in a national referendum. This is a big step forward. The fact that all the groups were not prepared to go so far was the main factor which brought about the collapse of the Llopis Government.

Señor Prieto would apparently base this new appeal to the United Nations on the urgent need to take action to remove General Franco and his Fascist Government. He would say in effect: " here we

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have a "respectable" Opposition Government which you can safely support without risk of dividing Spain into two armed camps. More than this we Spaniards cannot do." He hopes that the United Nations would then be prepared to recommend economic sanctions against the Franco Government and he predicts that the Spanish problem could be quickly and completely solved if Great Britain and the United States were to break off commercial relations with Spain. Incidentally, in an interview given recently to the French left-wing Newspaper, *Libération*, Señor Prieto made the false allegation that the action of the French Government in closing their frontier with Spain had been taken as a result of a previous agreement with Great Britain and the United States who had then failed to fulfil their part of the bargain and were now profiting by the absence of French trade with Spain! He said that in his opinion France would be justified in re-opening the frontier, since without British and American support the French effort to impose economic sanctions was fruitless. France could not be expected to continue to make such a sacrifice alone.

ITALY

Further analysis of what happened in the Constituent Assembly on the final day of the debate on ratification of the Peace Treaty suggests that the final voting figures, 262 for the Government motion, 68 against, with 80 abstentions, give a misleading impression. Actually, the Government had its way by a much smaller majority. The battle really took place on a previous motion presented by Signor Corbino for postponement *sine die* of the decision, and this motion secured 204 votes as against 252 in support of the Government. There were no abstentions. 100 members of the Assembly were absent throughout the debate.

In the final vote the 68 were made up of Nenni Socialists, Uomo Qualunque party and the Liberals. The Communists elected to abstain, for tactical reasons presumably, with the idea of renewing their collaboration with the present Government, should the occasion arise before the elections, which are due to take place next spring. It is worth noting that Signor Nenni, on his side, has given public support to the Communists. In a leading article in *Avanti* on the 10th August he rejects recent suggestions from the left-wing of the Saragat Socialists and also from Signor Ignezio Silone for a reunited Socialist party and announced his faith in an election alliance with the Communists.

The press is talking again of a possible Cabinet reshuffle, since the ratification debate once more revealed the chancy nature of the Government's support. Thus the Qualunquists were on the Government side when this fourth De Gasperi Government came into office, but in spite of a special appeal from the Prime Minister, they voted in the recent debate against the Government—which depended for its success, as we have seen, on support from some of the Saragat Socialists and Republicans. The Government can count only on its 207 Christian Democrat votes *plus* 20 Liberals. It is possible that, at their next National Council in the middle of September, the Saragat Socialists will approve the idea of participation in the Government.

The Cabinet is now on holiday until after the 20th August, while the Constituent Assembly will not be meeting again until late in September. Politics are at a discount at the moment, as Rome is having an exceptionally hot summer, with temperatures such as have not been known for 42 years.

Now that the Constituent Assembly has authorized the Italian Government to ratify the peace treaty, the way is clear for the visit to London of Count Sforza, the Foreign Minister (see *Summary* No. 398). No date has yet been fixed. Owing to pressure of business August would, in any case, probably be a bad month for both Mr. Bevin and Count Sforza.

SOUTH-EASTERN EUROPE

Hungary

The prospects of a free and fair Hungarian election were debated in the House of Lords on the 5th August on a motion of Lord Vansittart, who claimed that the occasion would be used to transfer formal power to the Communist minority—already the actual masters in Hungary. Lord Vansittart further questioned the wisdom of ratifying the far from satisfactory South East European Peace Treaties which had been consistently violated in anticipation. Lord Pakenham, replying for the Government, admitted the Communist drive to weaken the peasant-supported parties which, he said, held a slight numerical superiority in the three countries concerned, but defended the Peace Treaties as being the best obtainable, and hoped that the Hungarian Election would be reasonably free. His Majesty's Government would observe events and act accordingly.

Seven Opposition Parties have been authorized to contest the Election. These are:—

(1) The Radical Party—leader M. Zsolt.
(2) The Bourgeois Democratic Party—leader M. Supka.
(3) The Hungarian Independence Party—leader M. Pfeiffer.
(4) The Democratic People's Party—leader M. Barankovics.
(5) The Independent Hungarian Democratic Party—leader Fr. Balogh.
(6) The Christian Women's League—leader Sister Schlachta.
(7) The Catholic People's Party—leader M. Varga.

The so-called Poor People's Party was refused recognition for failing to comply with certain formalities.

The Radical Party has been unexpectedly strengthened by the recent inclusion of MM. Peyer, Valentiny and other former right-wing Social Democrats. M. Peyer, in particular, will be likely to attract votes which the Radicals, who obtained no mandate in the last Election, could otherwise hardly have hoped to gain. The names of M. Parragi and General Miklós de Dalnok, the first Hungarian Premier after the liberation, head Fr. Balogh's list of candidates. So far Fr. Balogh's is the only Opposition Party to press forward energetically with the electoral campaign. Its slogan—singularly reminiscent of the Social Democrats' "bread, freedom, work"—is "work, bread, security." At the Party's inaugural meeting Fr. Balogh stressed the importance of resuming diplomatic relations with the Vatican, and said that as regards foreign policy he would proceed along the lines laid down by the Provisional Government at Debreczen. He also pronounced the inevitable words of gratitude to the Red Army which had freed Hungary from German oppression. The Opposition, indeed, finds itself in the singularly difficult situation of having to placate Russia and at the same time to appeal for support from the anti-Russian elements. The Communists, it is alleged, are for their part, wooing the Church by unusual demonstrations of piety, and an unconfirmed report states that M. Rákosi has even declared himself against the proposal to make religion an optional subject in the schools.

The United Kingdom and the United States have asked the Hungarian Government to include them in the tax exemption granted to the four joint Russo-Hungarian Companies. They claim that the present position is inconsistent with Article 33 (*c*) of the Peace Treaty, which guarantees most favoured nation treatment to U.N. nationals in all matters pertaining to commerce, industry, shipping and other forms of business activity within Hungary.

The U.S. State Department has protested vigorously against the arrest for political reasons of a U.S. citizen, Mr. Thuransky, and has drawn attention to the fact that Hungary does not yet possess full sovereignty. The Hungarian reply strove to justify the step on the ground that Mr. Thuransky had publicly abused M. Tildy and various members of the Government. Mr. Thuransky has since left for Vienna. (See also under "United States.")

Communist reluctance to bestow a blessing on the Anglo-Hungarian Trade Agreement did not prevent its successful conclusion in London on the 9th August. Social Democrats regard this achievement as something of a triumph for their Party to which M. Korányi, the leader of the Commercial Delegation, belongs.

M. Mihalyfi has denied that there is any truth in the reported death of M. Béla Kovács.

Yugoslavia

Fourteen Yugoslavs have been put on their trial at Ljubljana for spying for a foreign Power. They are supposed to have organised a "spy net" to carry on espionage in Austria and Switzerland. They are mainly teachers, students and professors in Ljubljana University, the chief of whom is Professor Boris Finlan, Dean of the Faculty of Law. He is a well-known scholar of liberal outlook and sympathy with British institutions, and supported the Partisans during the later part of the war. They are said to have collected military, political and economic information, and organised escapes into neighbouring countries, to have written articles for foreign newspapers in which they give their own version of the course of events in Yugoslavia, and to have been acting under the direction of the representative of a foreign Power, whom observers on the spot identify with a former British Consul. It appears that some of them have talked somewhat freely on subjects which in Yugoslavia count as State secrets but which would be considered quite harmless anywhere else. This revealing of "State secrets" has been discovered by one of the maids in the British Consulate—in the employ of the secret police.

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Tito has also received a delegation of Protestant ministers from America. In his conversation with them he showed a desire to be fair to all the religious bodies in the country. There was a suggestion that he was not entirely happy about Vatican policy. The visitors declared that the only criticism they had to make was that there were too many churches (presumably meaning church buildings) in the country.

Two agreements between Yugoslavia and Great Britain have been signed in this country. One is concerned with the settlement of advances made to the Royal Yugoslav Government during the war, and the other releases the Ministry of Transport from liability in respect of Yugoslav merchant shipping.

There has been in some quarters apprehension as to whether volunteers who have been recruited in this country for work on the "Yugoslav Youth Railway" are not being persuaded to join a military international brigade. In fact, there is no evidence of such an attempt being made.

Credit, trading and payments agreements have been concluded between Yugoslavia and Russia. The trading and payments agreements are for two years and renewable. The Russian contribution is the supply of equipment for a number of industries which are essential to the Yugoslav five year plan. Besides equipment Russia will supply technical help for planning the various enterprises and getting them going. Yugoslavia will supply Russia with lead, and with lead, zinc and pyrites concentrates, and copper, and also the products of her farming activities, such as tobacco, hemp, plywood.

Greece

The Greek Government, dismayed by the rebels' stiffening resistance to the Army —due largely to the assistance they receive from the neighbouring countries and the sanctuary they can claim there when necessary—and by the renewed Slav hostility shown both in the Security Council and by the Yugoslav-Bulgarian pact, have made a fresh appeal for more effective Anglo-United States assistance. The Athens press, with the usual exception of the Communist papers, have warmly welcomed this step and have contrasted the limited assistance given to the Army by the Allies with the apparently limitless assistance given to the rebels by the Slavs. It is stressed that, in the absence of any real hope of sealing Greece's frontiers, the Greek Army must be considerably strengthened if they are to defeat the rebels. The *Vima* even urges the active co-operation of Allied military forces.

In view of their difficulties, the Greek Government have learned with regret of the British Government's decision to withdraw their troops from Greece in accordance with previously announced policy, although they appreciate the financial considerations which made the decision necessary. They feel that, although the British troops take no part in the fighting against the rebels, their presence has done much to hearten the Government's supporters. But the reaction of the press and public was much milder than might have been expected.

Meanwhile fresh raids by the rebels have been reported from many areas. A feature of recent raids is that, besides levying contributions in kind, the rebels are now demanding contributions from the villagers in gold. In the second raid on Arakhova, for instance, the rebels took sixty hostages and are said to be demanding 300 sovereigns a head as ransom. In Epirus heavy fighting is reported from the Zagoria area, and there are unconfirmed rumours of a concentration of 3,000 rebels in Central Macedonia.

Queen Frederika has opened a fund for the relief of the victims of the rebels, to which (on the proposal of the General Federation of Labour) all workers contributed the pay they earned for one day's work—on the 10th August. It was estimated that five billion drachmæ would thus be added to the 20 billion previously contributed.

There have been persistent rumours of changes in the Cabinet, but definite decisions are not expected until M. Tsaldaris returns from New York.

The Œcumenical Patriarch has left Athens by destroyer for Alexandroupolis on his return to Istanbul.

Bulgaria

The Petkov trial began on Tuesday the 5th August, and by the end of last week the hearing of the witnesses for the prosecution had been completed. While M. Petkov himself strenuously denied the charges brought against him (repeated as they were in a pamphlet circulated just beforehand by the Minister of Information), almost inevitably the four other defendants—quite obscure individuals—at once hastened to plead guilty. Before the trial the Sofia wireless had made a great deal

of the Government's intention to hold the proceedings publicly, announcing that "in order to enable the greatest possible number of citizens to attend," the case would be examined in the largest available court. This was in line with a personal assurance which the British Political Representative had received a month earlier from M. Dimitrov: the full publicity of the trial was guaranteed. Yet in spite of this, admission to the court was refused throughout last week to all members of the British and American Political and Military Missions, while the application for an entry permit to enable Mr. Ungoed-Thomas, K.C., M.P., to attend the trial as an official observer for H.M.G. was refused outright by the Soviet Assistant Chairman of the Allied Control Commission. The trial, he wrote, bore "an entirely internal character." When the fact that according to the prosecution M. Petkov, in planning his alleged *coup d'état*, was counting on intervention by "foreign Powers" was pointed out to him, he agreed to refer the matter to the Soviet High Command. This is the old technique over again: by the time they answer, the trial will be over. The position last Monday was that the Bulgarian Government had obligingly agreed to let a member of the British Political Mission attend the rest of the trial, but that the Soviet High Command were still refusing to allow Mr. Ungoed-Thomas to enter Bulgaria.

M. Petkov's party, the Opposition Agrarians, are naturally very despondent: they seem to expect that, once the trial is over, their organization will be declared illegal under Article 4 of the peace treaty and that then they will share the fate of M. Maniu's party in Roumania. The (Communist-run) National Committee of the Fatherland Front published a fresh statement on the 2nd August to the effect that the Agrarians' compromise declaration of the 18th July did not go far enough to satisfy them. It is safe to say that nothing short of their complete capitulation will do so.

The Bulgarian Government delegation, headed by the Prime Minister, returned to Sofia from Yugoslavia on the 3rd August after spending a week there. Two days later the Cabinet unanimously approved the Bled Agreement.

Sofia Radio announced on the 7th that a Spanish Republican Minister, Señor Miranda, had presented his credentials to President Kolarov on the previous day.

THE MIDDLE EAST

Egypt

The reaction of the non-Wafd press to Nokrashy Pasha's statement before the Security Council on the 5th August (see last week's *Summary* under "United Nations"), quoted at length, has been generally favourable, while Sir Alexander Cadogan's speech (which, in contrast, was not reported in any detail) has been universally criticised. *Al Ahram* of the 7th August, for example, maintains that the British reply is full of misconceptions, but warns the Egyptians against over-optimism before they know the Security Council's decision. The Wafdist *Balagh* criticises Nokrashy's presentation of the Egyptian case on the grounds that he has left the door open for negotiations, which may lead the British to bargain. The article maintains that Nokrashy should have declared that the Egyptians objected to the whole of the Bevin–Sidky draft treaty and opposed the conclusion of a military alliance with Great Britain. Another *Balagh* article reiterates the contention that Egypt was compelled to agree to the 1936 Treaty under pressure, and considers that Sir Alexander Cadogan has no justification in arguing that the presence of British troops in the Canal Zone does not affect Egypt's sovereignty and independence. The defence of the Canal, the article maintains, is Egypt's own concern. Both the *Ikhwan al Muslimin* and *Kotla* (Wafdist bloc) criticise Nokrashy for expressing willingness to enter into an agreement under Articles 43 and 106 of the Charter. Article 43, according to *Kotla*, would provide the British with a golden opportunity to impose a treaty which they had tried to force upon Egypt as the price of evacuation.

The press reports that telegrams to the Security Council have been sent by Hassan al-Banna (head of the Ikhwan al Muslimin), the ex-Mufti, and Habib Bourguira, leader of the Tunisian Dustour Party. Hassan al-Banna's telegram appears to follow the usual line in expressing hope of a decision confirming Egypt's "incontestable right to evacuation and unity of the Nile Valley"—both of which issues, the Mufti claims, in his telegram (sent on behalf of the Palestine Arab Higher Committee) have the full support of the Arabs of Palestine. Bourguira's telegram makes a similar

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pledge of support on behalf of the Tunisian people. Other personalities and organisations reported to have sent, or to be about to send, telegrams to the United Nations expressing support for Egypt's claims include the Grand Rabbi of Egypt, on behalf of the Egyptian Jewish community, Hafez Ramadan Pasha on behalf of the Watanists and Ibrahim Dessouki Abaza Pasha on behalf of the Constitutional Liberals, the Egyptian Chamber of Commerce and the Egyptian Federation of Industries. The Grand Ulema are also reported to have sent a telegram to the Secretary-General of the United Nations urging that the Security Council should restore Egypt's rights. This action followed a reported meeting of the Mufti of Egypt and the Grand Ulema on the 1st August, at which an appeal is believed to have been issued to all Egyptians to unite and back the Government delegation.

This sudden spate of telegrams though doubtless organised by the Government, has in some measure dissipated the growing uneasiness in Cairo over the prospects of success before the United Nations as have also the confident statements of the Egyptian delegates in New York. Nevertheless, Khashaba Pasha, the acting Prime Minister, was cautious in replying to questions at a press conference on the evening of the 5th August, and hinted at the possibility of a treaty of military alliance with His Majesty's Government, to be based on the exchange of benefits on a footing of equality and on the absence of any harmful influence which might result from the presence of foreign troops in the country. The Bevin–Sidky draft, he maintained could not be taken as an example of such an alliance. In a later *communiqué* to the press, refuting the contentions of Nokrashy's critics (see above), Khashaba Pasha stated that Nokrashy's claim of Egyptian readiness to sign a Pact in accordance with Articles 43 and 106 of the United Nations Charter did not signify that Egypt desired to conclude a pact with Great Britain, but that she was ready to reach an agreement with the Security Council and the Great Powers to decide upon the necessary joint action for the preservation of peace in accordance with the principles of the United Nations Charter.

Twelve Egyptians and an escaped German prisoner-of-war have now been charged, in connection with the bomb incidents in Cairo of the 6th May (see *Summary* No. 392). The press reports that their case will come before the Assize Court in October. The culprits in the Metro Cinema attack (see *Summary* No. 392) have yet to be found.

Abdel Karim has recently been attempting to enlist American support for the Moroccan cause. *Le Monde* of the 20th July reproduced part of an interview granted by him to United Press, in which he said that the situation in Morocco was becoming more tense, and that the French people should take steps to stop their Government from bringing about a war between France and Morocco, but that if such a war did break out, it was the duty of the United States to help the Arabs. He then stated that an appeal to the United Nations would be made if the French did not grant Morocco her independence, and the Arab countries would be asked to impose an economic and political boycott on France. He also referred to a visit to the United States and Great Britain on behalf of the Moroccan cause which he intended to make when his health improved, and denounced Communism as "the enemy of all religions." In a recent statement to *Al Balagh* Abdel Karim, emphasising once more his opposition to French imperialism, "whether in North Africa or elsewhere," is reported to have said that, since the small nations (presumably the North African Arab States) were not benefiting from the United Nations, it would be better for them to unite, "and thus become a Power able to defend itself."

The Sudan

The following official announcement was issued to the press on the 4th August by the Governor-General :—

"In April, 1946, at the Fifth Session of the Advisory Committee for the Northern Sudan, Sir Hubert Huddleston announced the appointment of a conference to consider the ways of associating the Sudanese more closely with the administration of the Sudan. The latest step in the development of these proposals was taken at a meeting of the Governor-General's Council in the Palace at Khartoum on the 29th July, 1947, when the Civil Secretary submitted the first report of the Sudanese Administrative Conference and his recommendations thereon. His Excellency the Governor-General in Council accepted in principle the main proposals of the report for the development of the Advisory Council into a Legislative Assembly, and the evolution of the existing Governor-General's Council into an Executive Council.

"The Council accepted the proposal that the Legislative Assembly should be representative of the whole Sudan, and that its scope should not be limited to Northern Sudan. It also endorsed the recommendation that safeguards should be introduced into the legislation setting up a new constitution to ensure the healthy and steady development of the Southern peoples.

"The Council agreed to the proposal to appoint members of the Legislative Assembly as under-Secretaries in principal Departments, and recommended that the implications of this step should be studied forthwith. The Council endorsed the proposal to set up an Executive Council of twelve members, composed of three Secretaries, six Sudanese Under-Secretaries and two members to be nominated by the Governor-General.

"Finally, the Council decided that the proposals should be submitted without delay to the British and Egyptians for their consideration in principle. Meanwhile, work on legislation embodying these principles will be started."

This important step has been taken as a result of local demands for the rapid establishment of a Legislative Council, and the above announcement reflects the Sudan Government's intention of pursuing its policy of developing self-governing institutions.

Earlier this week it was thought possible that the Umma and Ashigga parties might have reached an agreement over the future status of the Sudan, but negotiations between them have now broken down owing to the refusal of the Ashigga to modify its policy of unity with Egypt. The prospect of a United Front remains as far away as ever.

The Sudanese Independence Front (aiming at complete Sudanese independence) have sent a delegation of four, including a son of Sayed Abdel Rahman el Mahdi, to New York to be present at the Security Council's discussions. There is, however, little likelihood of their being heard by the Council. Their departure has now resulted in the Ashigga also sending a delegation.

Palestine

The steps taken by the Palestine Government as a result of the murder of the two two British sergeants (see last week's *Summary*) include the detention of some leading Revisionists, the suppression of the Revisionist Youth Movement, Betar, and the detention of three prominent Mayors. Regulations have also been made providing for the confiscation of the property of unlawful associations and for the destruction of buildings shown to be connected with terrorist activities. One such house, in which arms and explosives were found, was demolished at Givat Shaul. These measures have, on the whole, been accepted with equanimity, since the public was expecting something much more severe, but the detention of the Mayors has aroused considerable hostility. On the 7th August a representative rally of the Yishuv was held at which a strong protest was made against this action, and a general strike of three hours' duration proclaimed. However, it appears that the Vaad Leumi do not at present intend to interrupt their measures against terrorism as a result of the detention of the Mayors.

The Port de Bouc incident has undoubtedly made a very deep impression upon the whole Jewish community and hardened feeling against the Mandatory Power. The intransigent attitude of the passengers has been loudly applauded, and the Hebrew press has seized every opportunity to use this incident as a stick with which to beat the Palestine Administration and His Majesty's Government.

The most serious of the Jewish terrorist activities during the past week was an attack, on the 8th August, by five Jews in khaki drill on the Hasharon Co-operative Bank in Ramat Gan. The staff were held up and £P.1,187 in cash and £P.4,861 in cheques stolen.

On the night of the 10th/11th August three Jews, a Jewess and one Arab were killed, and eight people wounded in an attack on a Jewish café near Tel Aviv carried out by armed Arab terrorists in khaki shirts and shorts. This incident may well be the prelude to further Arab aggression.

A telegram on behalf of the Arab Higher Committee has been sent to the Security Council (see under "Egypt"), and strong support for Egypt has been voiced in the local Arab press.

Syria

On the 14th June a delegation of the Food and Agricultural Organisation of the United Nations Organisation visited Syria, headed by Hafnawi Pasha. Views were

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exchanged between the delegation and the Syrian Government on food, agricultural and health problems. The F.A.O. will recommend the extent of technical and agricultural help to be rendered to Syria by the United Nations.

The Syrian Petroleum Company are now engaged in boring for oil at two sites in Syria: one near Tripoli and a second north of Aleppo (at Bafloun). A third rig is expected to be put in hand shortly. Operations are not yet sufficiently advanced to judge whether hopes of finding oil are justified.

The Arab League

The Syrian President and Prime Minister have confirmed that the instructions sent to Faris Khoury (see *Summary* No. 401 under "Syria") were from the Arab League as well as from the Syrian Government.

Some weeks ago Azzam Pasha, Secretary-General of the Arab League, made a press statement at the Arab Office, Washington (19th June), in which he outlined the attitude of the League towards the rest of the world. He began by emphasising that "the rising East in Asia and North Africa will no longer tolerate a dominating and dictating West." The ideology of the Arab World, part of this great East, he maintained, differed from Communism, Imperialism and Capitalism. "The Arab League," he said, "stands for national freedom of all peoples against any discrimination in race, religion, or colour, a conception which may bring us sometimes in conflict with either the right or the left, but these clashes will only strengthen our faith in that middle course which our people have always been inclined to follow."

He then dealt with Arab League relations with the Great Powers. If the Arabs contested British domination in Egypt and the Sudan, or French and Spanish imperialism in North Africa, it was not out of any desire to weaken these Powers, but merely to find a more reasonable and human basis for co-operation. Their stability and prosperity were a guarantee for peace in the Mediterranean area, an essential condition for the Arabs themselves. The League, however, did not agree with the theory, supported by Mr. Sumner Welles, that the handing back of Libya to Italy would contribute to this stability.

Referring to Palestine, he said that the League was opposed to aggressive Zionism, but that it did not intend "to clash with Jewish people anywhere." He realised that the United States regarded this problem from a different angle, namely, that of "pure sentiment and humane feeling towards a persecuted and displaced people." He was convinced that they were also well-intentioned towards the Arab World and would not support the maintenance of European imperialism, being moved "by broader and more human Principles." Azzam concluded by urging that the Arab World should maintain its faith in Western democracy.

Iraq

The Extraordinary Session of the Iraqi Parliament, which opened on the 17th March, ended on the 19th July. Parliament will now remain in recess until the 1st December unless summoned by the Regent before that date to consider specific matters. Among its achievements, the Government of Saleh Jabr, the first Shi'a Prime Minister of Iraq, can claim the passing of a budget (the first since 1945), the main provisions of which are the raising of the salaries of officials—an important prerequisite of any serious effort to control corruption—and the appointment of a considerable number of British technical experts. Legislation was also passed for the setting up of a National Bank and, in the social field, for compelling large industrial undertakings to provide housing for their employees. The Treaties with Turkey and Transjordan were ratified in the face of criticism both inside and outside Parliament.

To sum up the session, a slow and shaky start has been made on the programme of economic development, although there has been no serious attempt to reform the administration of the Courts without which any effective economic development will be gravely hampered. Nor has anything been done in the educational field. Preparatory work has, however, started on the important Wadi Tharthar flood control scheme on the Tigris north of Baghdad and efforts are being made to enlarge and improve the medical college.

Persia

The Prime Minister's Iran Democrat Party now appears to be threatened with disintegration owing to the revolt of some thirty to forty deputies, most of them nominal party members, who are prepared, if need be, to follow the Shah against the Prime Minister. Meanwhile, scrutiny of the new deputies' credentials by six subcommittees continues.

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THE FAR EAST

Indonesia

On 6th August the United States Consul-General in Batavia, Dr. Foote, handed to Dr. Gani his Government's formal offer of good offices in connexion with the Netherlands/Indonesian dispute. However, Dr. Gani, who together with Dr. Thamzil, the Indonesian Vice-Minister for Foreign Affairs, had been vainly endeavouring to persuade Dr. van Mook to assist them to return to Jogjakarta, informed Dr. Foote that he had no means of transmitting the offer to the Republican Prime Minister. Later in the day it was arranged that Dr. Foote should himself broadcast the message over the Batavia radio service.

The following evening Dr. Foote received M. Sjarifoeddin's reply. After expressing the Republican Government's gratitude to the United States Government, M. Sjarifoeddin went on to say that his Government were willing to submit to the decisions arrived at by the United Nations, in which arbitration was recommended as the primary means of settling the present dispute; and, in accepting the offer of good offices made by the United States Government, request that they will endeavour to persuade both the Security Council and the Netherlands Government to accept the Indonesian proposal that an international arbitration commission be despatched to Indonesia as soon as possible. The Governments of the United States, Britain and the Netherlands would surely agree that "in arbitration by a United Nations Commission lies the only and final hope of settling this dispute by peaceful means." The reply concluded with a request to the United States Government to send immediately a representative to Jogjakarta "in order that the Republican Government may more fully acquaint the United States Government with their official point of view."

Earlier, when speaking before the Indonesian Provisional Parliament in Jogjakarta, M. Sjarifoeddin had declared that, despite the "cease-fire" order, which had been issued to meet the Security Council's appeal, the Republic was still in a state of war with the Netherlands and, therefore, could negotiate only through the intermediary of an international commission appointed by the United Nations to act as arbitrator—not mediator. Declaring that the Netherlands Government had violated the Linggadjati Agreement, M. Sjarifoeddin added that the Republic "is now released from her bonds to become a constituent part of a future Federal State and now enjoys complete freedom." The Republic therefore declares itself a sovereign state with the power to appoint its own representatives abroad.

In this last declaration lies the whole crux of the Indonesian aim—immediate international recognition of complete independence as a sovereign state. They are not interested in mediation as such by, or through the good offices of, a third party. Republican officials in Batavia, according to H.M. Consul-General, consider that the Linggadjati Agreement is now cancelled and, therefore, that the main questions on which arbitration is sought are (1) how the complete withdrawal of Dutch forces from Java and Sumatra can be arranged, and (2) the restoration of full independence to the Republic, as contained in the whole of the territory under Jogjakarta's control at the time of the Truce Agreement of October, 1946, and without regard to any subsequent separatist movements sponsored or planned by the Dutch. His Majesty's Consul-General also reports that, although the Republicans claim to be capable of maintaining law and order throughout the whole of the territory if the Dutch forces were withdrawn, the consensus of opinion in Batavia is that general disorders, including looting, massacre and, in fact, any other form of savage reprisal against all inhabitants who had co-operated with the Dutch, might confidently be expected from returning Republican troops.

The Dutch, in any case, are showing no signs of willingness to surrender control over any territory now under their domination. They have already declared their intention to retain their hold over those parts of East and West Java of which their forces have taken possession; and they are now reported to be giving sympathetic consideration to a petition submitted by representatives of the people of Sumatra Timoer, in Eastern Sumatra, to set up a new autonomous state within the framework of the Federation. Indeed, the long letter of complaint against the Indonesian Republic's case being allowed to come before the Security Council, from the

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President and Prime Minister of East Indonesia to the President of the United Nations Security Council, would appear obviously Dutch-inspired. Local Dutch officials in Batavia are inclined to overlook the fact that Article 1 of the Agreement recognises the *de facto* authority of the Republic over the whole of Java, Sumatra and Madura.

According to press reports the United States Consul-General, Dr. Foote, has arrived in Jogjakarta for discussions with M. Sjarifoeddin concerning the acceptance of the United States offer of mediation, Much must depend on the outcome of these discussions. If the Republican Government definitely decline to accept the offer of mediation and adhere to their original request for arbitration by an international commission, complicated problems will be raised and doubtless the whole question will have to be re-examined by the United Nations Security Council.

In the meantime local Dutch–Indonesian tension shows signs of becoming dangerous. Both sides are accusing each other of violating the "cease-fire" order and skirmishes are taking place with growing frequency. From Dutch sources come reports of a number of clashes in what they term "clearing actions to protect troops and civilians" in the Sourabaya area and in Central Java, north-West of Ambarawa; while other reports are that the Republicans are employing guerrilla tactics in Northern Sumatra.

(See also under "Low Countries" and "United Nations.")

Korea

Despite the elaborate arrangements contrived for the method of consultation with Korean democratic parties and social organisations (see *Summary* No. 397), discussions on the subject in the Joint Commission meetings were unable to find common ground. Thus another deadlock has resulted as complete as that which brought to an end the discussions of a year ago. At the Joint Commission meeting on the 29th July the Soviet Delegation rejected the proposal of the United States Delegation to prepare a list of parties and organisations which both or either of the Delegations wished to exclude from consultation, and to set out the specific objections entertained in each case. The United States mission issued a lengthy statement, recording their view that "no one faction shall dominate the creation of this Government because no one group enjoys a majority of support of the masses of the Korean people"; and stating that because of this circumstance it is highly undesirable that either the extreme Right or the extreme Left should have a dominating position in the consultation of the Joint Commission.

Competent observers feel that the time has come when, even at the risk of wrecking the Joint Commission, the United States Delegation must take immediate steps to declare and implement a definite policy in regard to South Korea if a confused and frustrated people are to be prevented from resorting to desperate measures. Perhaps the first step in this direction has been taken by Mr. Marshall, who has suggested in a letter to M. Molotov that the Joint Commission should now report progress to the U.S. and Soviet Governments as soon as possible. When M. Molotov agreed to the reconvening of the Joint Commission in the course of his correspondence with Mr. Marshall in April–May of this year, he proposed that the Commission should report progress in July–August and he may agree, therefore, to Mr. Marshall's latest suggestion. Although such a report can hardly fail to be negative, the way will then be clear for whatever further positive action the United States Government may envisage.

In the meantime there is trouble at hand and on the horizon. Foreign occupation of the country, which is achieving neither political, nor economic rehabilitation, is bitterly resented. Rhee Syng-man and Kim Koo have carried out their original threat, and anti-trusteeship demonstrations have been worked up in Seoul and a number of other towns; while political vendettas have led to assassinations.

When General Hodge ordered American tanks to disperse the anti-trusteeship demonstrations in Seoul on 23rd June, the agitators threatened their opponents with annihilation. These threats were repeated with such frequency and meaning that it was felt that sooner or later they would become a *fait accompli* if only as a means of drawing the world's attention to the cause and determination of right-wing adherents. On 19th July, the leader of the Labouring People's Party, Lyuh Woon Hyung, who was regarded as "one of Korea's most attractive personalities," was murdered while driving in his car. His assassin escaped, and it will be some time—if sufficient interest is sustained—before it is known whether he was working for the the Right or Left political faction. Described as a moderate of the Left, Lyuh is known to have occupied a place of honour on the list drawn up by the Right of those to be liquidated—his main crime being the uncompromising manner in which he had advocated the exclusion of right-wing independent parties from consultation with the Joint Commission. On the other hand, so many Communists had infiltrated into his own party that he had felt compelled to arrange for a meeting to be held in the next few days to decide whether the Communists should be expelled or he, himself, should leave the party. It is thought possible, therefore, that in order to strengthen their hold on the party, the Communists may have forestalled events by arranging his death. Be this as it may, the atmosphere surrounding the crime has given the United States Authorities on the spot cause for considerable anxiety, the more especially as threats of further assassinations and reports of even more serious trouble in the planning for 15th August—"Liberation Day"—are reaching their ears. It is now reported in the press that the U.S. authorities have arrested 2000 Left-wing leaders in the Southern Zone to forestall any possible Liberation Day violence.

In Seoul, however, open clashes have already taken place between left and right-wing groups, which, but for a violent rainstorm, might well have led to serious developments. The opportunity for these brawls was provided on 27th July in the holding of a public rally of the Communist-controlled Democratic People's Front at which General Brown spoke. Particularly large numbers of people had been attracted to the rally by rumours—entirely false and purposely released to swell the crowd—that the American and Russian Delegates were about to announce that they had resolved their differences and found common ground; another rumour that fell on receptive ears was to the effect that the introduction of a new and sweeping programme for land reform was to be announced. Reports also claim that certain factory-hands within the area were threatened with the forfeit of a month's pay if they failed to attend. In his speech General Brown declared that to deny a large section of the population the right to take part in the most important event of their time—the creation of their own Government—would constitute an injustice to which the United States Delegation could never agree. As it is exactly this denial that is demanded by the Democratic People's Front, it is scarcely surprising that the meeting ended in a "free-for-all" between the rival political factions.

With the approaching visit to Korea of General Wedermeyer, President Truman's special fact-finding representative, Rhee Syng-nam, is reported to be contemplating a somewhat different line of action by abandoning his crusade of anti-trusteeship and advocating, instead, an immediate election. He is said to claim General Wedermeyer as a close and sympathetic friend, and it is generally thought, therefore, that he is unlikely to embark on any definite campaign until after the General's visit.

THE UNITED STATES OF AMERICA

Mr. Attlee's House of Commons speech of the 6th August and subsequent Ministerial and opposition pronouncements on the British economic crisis have been studied with great interest in the United States. Commentators welcome the Prime Minister's assertion that His Majesty's Government could not and would not base their plans to meet the situation on any assumption of further American aid. This is taken to mean that the country will first make every effort to help itself—as the Marshall offer is understood to imply that it must. Outright criticism comes mainly from the far Right and from the Left. Right-wing observers contend that the condition of Great Britain has been aggravated by an overdose of Socialist planning; while those at the other extreme are apt to believe that the country has dissipated its manpower and dollars on imperialist schemes abroad. Opposition views on the alleged inadequacy of present remedies have been prominently reported in correspondents' despatches from London. While conceding that "this is no time for prejudgments," the *New York Times*, among other newspapers, seizes upon the continuation of the five-day week in the mining industry, albeit in modified form, as cause to wonder "how austere the new austerity plan is really going to be." There has, however, been less doubt on this score since the imposition of the 75 per cent. import tax on American films and the ensuing embargo ordered by the American Motion Picture Association on all film shipments to this country.

In the belief that the United States Government will be powerless, during the

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present recess of Congress, to offer any immediate and effective measure of relief to this country internationalists are now once more mooting the idea of a special session this autumn. The *New York Herald-Tribune*, for example, urges that it would "help immeasurably" if the authorities in Washington were at this juncture to issue a "formal announcement that, as soon as Europe has anything to offer, it will find the United States ready —by extra session, by committee or administrative action—to act upon it." Though perhaps not intentionally, Congressional leaders themselves tend to add weight to appeals of this kind by firmly insisting, as the Republican Chairman of the House Banking and Currency Committee, Mr. Jesse P. Wolcott, is doing, that they must be fully consulted before any modifications in the loan agreement are made. It is suggested that pressure will in any event be put upon the President to reverse the recent decision against a special autumn session of Congress as a result of the Paris talks which Mr. William Clayton, the Under-Secretary of State for Economic Affairs, has been having with the United States diplomatic representatives from Great Britain, France and the Allied Control Council in Germany. Mr. Clayton is reported by the press to have reached the conclusion that the position in Great Britain and France is such that neither country can wait until Congress acts upon the Marshall offer next January. He is also said to favour taking over the British dollar burden in Germany. If this is true it is a complete change from the position recently maintained by other State Department officials in Washington. Only this week the latter let it be known that they could not, even temporarily, bear more than their share of the German dollar costs in view of the fact that Congress might not countenance any such infringement of the existing bi-zonal agreement.

Concern is felt in some quarters lest what is described as "the slowness of American succour for a desperate Britain and Europe" may leave the Western Powers too weak in the face of further aggression from Moscow. The Balkan satellites, it is widely believed, are already being prepared to act as catspaws in a new drive against Greece, and evidence of the increasing truculence of the countries within the Soviet orbit is seen in the recent arrest and detention by the Hungarian political police of Mr. Stephen T. Thuransky, a naturalised American acting as a business representative in Hungary. For its part the State Department has taken a "most serious view" of the Thuransky incident and has expressed, both to the Acting Hungarian Foreign Minister and to the Soviet Chairman of the Allied Control Commission in Budapest, its dissatisfaction with the explanation so far provided by the local authorities. The State Department has also made it known that it is "still seriously concerned" about the continuing suppression of civil liberties by Hungary's neighbour, Roumania, and that it rejects the contention of the Bucarest Government that such concern reflects a desire to intervene to an unwarranted degree in Roumanian internal affairs. The prevailing feeling, however, is that, apart from taking spasmodic economic action like the concellation of the cotton credit to Hungary, the United States can do exasperatingly little to influence the course of events behind the Iron Curtain.

Confidence in the ability of the United Nations Security Council to deal with any impending trouble in Greece is now at a low ebb, and the alacrity with which the Council acted in the case of Indonesia has not been sufficiently impressive to offset the effect of M. Gromyko's veto of the proposed Greek frontier commission. A considerable body of opinion is therefore likely to support Mr. Herschel Johnson's contention that the continued failure of the Security Council to take effective action in the case of Greece because of the Soviet veto could not "preclude individual or collective action by States willing to act, so long as they act in accordance with the general purposes and principles of the United Nations" (see also under "United Nations"). At the State Department the stock of the Security Council seems to have fallen appreciably as a result of the shortcoming to which Mr. Johnson refers. Thus, in communicating his views on the current Egyptian complaint against this country, Mr. Lovett, the Under-Secretary of State, suggests that His Majesty's Government ought to avail themselves of Article 33 of the United Nations Charter to have the case removed from the Council's jurisdiction. He makes this suggestion notwithstanding the fact that he believes the British position to be legally unassailable.

In the domestic field the main news of the week has been provided by the inquiry by a sub-committee of the Senate War Investigating Committee into the award by the Roosevelt Administration of 40 million dollars' worth of war contracts to Mr. Howard Hughes, the millionaire aircraft manufacturer and film producer.

Mr. Hughes, it is alleged, managed through the good offices of Mr. Elliott Roosevelt, a son of the late President, to secure orders for 100 photo-reconnaissance planes of a type previously rejected by the Washington authorities. He himself is trying to turn the tables on his inquisitors by accusing Senator Owen Brewster, a prominent Republican member of the War Investigating Committee, of having been moved to instigate the inquiry by his connexion with competing aviation interests. Mr. Roosevelt has publicly attacked the proceedings as an attempt to "smear" the political reputation of his father.

LATIN AMERICA

Inter-American Affairs

A statement by Dr. Belt, the Cuban Ambassador to Washington, that a clause in the United States Sugar Act implied an economic threat to Cuba, was brought to the attention of Mr. Lovett, U.S. Under-Secretary of State, at his press conference on the 30th July. Mr. Lovett denied that there was any question of an economic threat to any country and said that assurances on this head had been given to the Cuban Ambassador some time ago. Dr. Belt does not seem to have been quite convinced by Mr. Lovett's assurances, as, according to broadcast reports, he has suggested the inclusion of a clause in the projected Continental Defence Treaty which would prohibit any American nation exerting economic pressure on another, while there is talk of Cuba absenting herself from the Rio de Janeiro Conference as a protest against the clause in the Sugar Bill. State Department circles are inclined to attribute this virtual accusation of United States economic pressure to internal Cuban politics. [NOTE.—The clause in question (202E) provides that the Secretary of Agriculture can withdraw or withold any increase in the Sugar quota from any country which denies fair and equitable treatment to United States citizens or enterprises. The authority thus granted to the Secretary of Agriculture is permissive, not mandatory, and applies to all foreign countries in general, and not to any one in particular.]

The pother about Nicaragua's admission to the Rio de Janeiro Conference has been accentuated by the elections for the Constituent Assembly which took place on the 3rd August (see *Summary* No. 399). As only Liberals (*i.e.*, the followers of Somoza) voted, the results are not difficult to forsee. The Assembly will meet on the 15th August, instead of the 29th (see *Summary* No. 397) in the hope that Nicaragua will be admitted to the Conference, and it is understood that Dr. Guillermo Sacasa, Ambassador of the Argüello Government at Washington, is going to Rio as an observer on behalf of the *de facto* Government in the hope of securing Nicaragua's official admission.

Radio messages from Rio state that the delegations of the United States, Chile, Mexico, Panamá, Uruguay and Venezuela will be headed by their respective Foreign Ministers, and that Señora de Perón will be a member of the Argentine delegation. President Truman is expected at Rio de Janeiro for a three-day visit, at the invitation of the Brazilian Government, probably during the first week of September. It is hoped that he will address the Conference, though no official statement to this effect has been made.

Argentina

Official figures of the Census held on the 10th May (see *Summary* No. 397) give the population of Argentina as 16,107,870, against 7,885,237 in 1914. Some of the most notable increases are those of Buenos Aires District, from 2,066,165 to 4,408,373; Buenos Aires City, from 1,576,597 to 3,000,371; Santa Fé District, from 899,640 to 1,700,020 and Cordoba District, from 735,472 to 1,455,222. The Falkland Islands, whose population is put at 2,947 (see *Summary* No. 398) does not appear in the 1914 Census. The present Census was carried out on a grandiose scale. Not content with statistics of population and livestock, innumerable officials were engaged on ferreting out such details as the dimensions of each room of each farmhouse and the amount and kind of furniture it contained.

Ecuador

Hardly any disorder attended the elections of Senators and Deputies which were held on the 1st June for the Congress which is to meet in August 1948. Though final figures are not available, it seems fairly certain that the Conservative Party has lost the dominating position which it held in the last Congress and that the Liberals will

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have a clear majority in the new one. The holding of elections for a Congress which is not to meet for more than a year has been approved as legally correct by the Supreme Electoral Tribunal, but it is generally accepted that the real point, in the event of an extraordinary Congress being called in the meantime, is to ensure that the last Conservative-dominated Assembly shall not be allowed to reassemble.

The Presidential Election is due to be held next year, though no candidates have been so far nominated. The most likely appear to be Señor Galo Plaza, ex-Ambassador to Washington, a man of great popularity with all classes, and *persona grata* with the United States, and Dr. José Trujillo, at present Minister for Foreign Affairs, who was Democratic-Liberal candidate for presidential office in 1936.

Dominican Republic

Nothing more has been heard regarding the movements of the fleet which was reported to be on the way from Cuba to invade the Dominican Republic (see *Summary* No. 403). Broadcast messages again quote the Dominican Ambassador in Washington, as announcing that his country's army had been called upon to repel an invasion by Dominican revolutionaries, who, according to an Embassy spokesman, had started on the night of the 31st July from Antilla. Broadcast reports from Port-au-Prince state that many people were entering Haiti from the Dominican Republic, where a virtual state of war existed; Cuban official circles denied any knowledge of a revolutionary force in Cuba, and Dominican *émigrés* in Mexico City attribute Santo Domingo reports to a manœuvre by President Trujillo to distract attention from the approaching Congressional elections. The President himself has told His Majesty's Representative that he has evidence that Cuban sugar interests are behind the plot. Whatever the facts, it may be noted that the Dominican Government have enquired of the British Minister in Ciudad Trujillo whether, in view of the threatened invasion, they can purchase arms for their corvettes.

Paraguay

Events in the Paraguayan Civil War have moved swiftly during the last two weeks. The Government claim to have captured Concepción seems to have been true, but, so far from the rebels having fled towards the Brazilian frontier, as was also claimed, it appears that they moved the bulk of their forces aboard their river craft, and left the Government troops to enter a deserted city, while they made tracks post-haste in the direction of Asunción. Latest reports are that they are now moving in to the capital, which the Government has evacuated for Pilar, some 190 miles to the south. Argentine warships are available for the removal to Argentine territory of such diplomatic families as desire to leave Concepción.

THE UNITED NATIONS

Security Council

Membership

The Membership Committee held its last two meetings on the 6th and 8th August and has now submitted its report to the Security Council. No applicant escaped open opposition except the Yemen. Russia opposed Transjordan, Eire and Portugal, and defended the Governments of Bulgaria, the most recent applicant for membership, Roumania and Hungary, though she was not in favour of their admission before the peace treaties had entered into force. Poland tried to make Portugal's admission depend upon her Government's acceptance of present and future Assembly policy towards General Franco's Spain. Her suggestion was defeated by 10 votes to 1, even M. Gromyko voting against her, though on the ground that the Portuguese Government could not be reformed by a simple enquiry. A remark by the Soviet representative on the Membership Committee to the effect that the views expressed by him on behalf of his Government were final would appear to make the prospects of Eire, Portugal and Transjordan somewhat dim. Their chances cannot, however, be definitely assessed until the report of the Membership Committee has been considered by the Security Council. But it is clear already that M. Gromyko's will be the decisive vote. The U.K. delegate made it clear that Bulgaria, Roumania and Hungary would have to give solid proof of their intention to carry out the Human Rights clauses of the Treaties, before H.M.G. could support their applications, and Bulgaria would in addition have to give up her intervention in Greece. His Government would support Italy if the treaty were ratified in time. If a vote were taken on Austria, he would have to abstain; though he joined Australia in regretting the inordinate delay in making the Austrian treaty, he could not regard Austria as qualified for membership until a treaty was in force and the occupation at an end. France pledged unconditional support for Italy, distinguishing her from the other ex-satellites by her record as a co-belligerent.

Syria's delegate proposed a kind of blanket acceptance, that last year's five applicants and Austria be recommended forthwith, and that Hungary, Italy, Roumania and Bulgaria should be recommended without further discussion as soon as the treaties had been ratified: M. Gromyko objected that applications were not a "wholesale affair," and neither the U.S. nor the U.K. representatives were ready to discuss the proposal at such short notice, It was accordingly left over, Syria being free to raise it in the Security Council.

Australia's representative, who on every single previous occasion had abstained on the ground that the initiative as regards New Members should rest with the Assembly rather than with the Security Council declared that his Government now thought that the Council should discuss applications from the ex-satellites, and Austria, and, in appropriate cases, make a recommendation to the Assembly which should be conditional on the entry into force of the peace. He supported Portugal, Eire, Transjordan and the Yemen.

The Balkans Commission

Discussion was resumed in the Security Council on the 5th August. On the 6th, the Polish compromise resolution was rejected (see last week's *Summary* under "United Nations"). A Colombian motion to set up a sub-committee of members who had proposed resolutions or amendments was carried by 10 votes, the Soviet abstaining. The task of the sub-committee was to "ascertain the possibility of formulating a new draft resolution which the sub-committee could recommend for the approval of the Council." A U.K. amendment required the sub-committee to report by the 11th August. The Australian and Colombian delegates each tabled resolutions for the sub-committee to consider, the Australian mentioning chapter 7 of the Charter and demanding the establishment of a corps of observers in Greece, the Colombian, less definite, asking for a body of conciliators. Subsequently the U.S. representative offered an alternative version of the Australian draft; but the sub-committee was soon faced with deadlock: U.K., U.S., Australia, France, Colombia would accept no plan which did not include a U.N. organ of investigation and conciliation in the countries concerned: the Soviet and Polish representatives would accept no plan that did. An interesting and idealistic French suggestion was for three impartial persons chosen on their merits, who should be a commission of conciliation, assisted either by the subsidiary group or by a company of frontier observers appointed by the Secretary General.

On the 12th August, the Colombian delegate told the Security Council that the deadlock in the sub-committee was complete. On the face of it, Russia's veto had made the will of Russia and Poland prevail over the will of the 9 other members of the Security Council. It had made action in defence of Greece impossible. Mr. Herschel Johnson, however, was not prepared to acquiesce in what he called Russia's "use of the veto in defence of aggression by Yugoslavia, Bulgaria and Albania," and he promised that his Government would "exhaust every means within the charter to obtain action" to save Greece. It would co-operate with any like-minded member states to give Greece the protection she was entitled to under the Charter, and he contended that industrial or collective action to aid Greece was possible in accordance with the General purpose and principles of the United Nations. He hoped that a majority of the Council would join the U.S. in seeking action under the Charter provisions, and he enumerated the doctrine, implicit in the action taken over the Syrian-Lebanon case, that a clear decision by a Council majority, even though frustrated by a veto, provided a firm foundation for effective future action within the framework of the Charter. He declared that the Greek problem must be taken to the Assembly (see under "United States").

Egypt

When the Security Council returned to the Egyptian case on the 11th August, the Syrian chairman unexpectedly allowed Nokrashy to make a second long speech before Sir Alexander Cadogan had replied to his first. In the second speech Nokrashy was at pains to divert the Council from the legal aspect of the question; for, he said, the Mission of the Council was to preserve peace and not to act as an organ of international law. The presence of British

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troops threatened security, because it might well provoke an outbreak of Egyptian patriotic fervour which the Government could not control. H.M.G., on the other hand, regard the matter as a simple legal issue of incalculable importance to the sanctity of all agreements between nations:—the validity of the 1936 Treaty. If it is valid, the Egyptian case fails, and should be dismissed from the Agenda. Once the Security Council is held to be able to pronounce on the validity of freely-negotiated treaties at the request of one party to them when that party finds them inconvenient, international treaties cease to have meaning. Sir Alexander Cadogan's 9,000-word speech on the 11th August was concerned with refuting (for the record though he pointed out that it was irrelevant to the question now before the Council) Nokrashy's version of history. He recalled, in particular, how Egypt herself had during the 19th century imposed a political unity between Egypt and the Sudan for the first time in history. He also demolished the assertion that the British fleet had bombarded the city of Alexandria. It had destroyed the forts, to protect British and foreign lives. Subsequent military measures were requested by the Khedive himself. To Nokrashy's argument that the unity of the Nile valley demanded the unity of Egypt and the Sudan, he replied that Ethiopia supplied [during the flood period] 80% of the total Nile discharge, and asked whether she must also come under the Egyptian crown.

Indonesia

Indonesian affairs came before the Council on the 7th August. A request by the Philippine Government to be represented as an interested party under Article 31 of the Charter was rejected. India's representative thought the Indonesian proposal for an International Arbitration Commission preferable to mediation by the United States of America. He urged the withdrawal of all forces to the lines they held before the outbreak and he gave a detailed history of Indonesia since the Japanese occupation in 1942. This history the Netherlands delegate pronounced accurate in many respects, but he repudiated the assertion that hostilities had arisen over the Gendarmerie question. Their cause was the continuance of violence, disorder and starvation in the Republic. The 1946 agreement had, he said, been violated more than 1,000 times. In certain areas of the Republic 30 per cent. of a population of 2 million had died of starvation, and 27 per cent. were dying of hunger-oedema. The Dutch Government had tried to help all three of the proposed federated States. The Indonesians alone had been "unable to resist aggressive tendencies."

In replying to the Australian delegate's charge, made on the 4th August, that the Dutch authorities at Batavia had deliberately delayed sending on the Security Council's demand for a suspension of hostilities, Mr. Van Kleffens described the extraordinary difficulties the Dutch authorities had had to overcome before they could make actual contact with the Republican leaders. The charge of deliberate delaying occurred also in the Indonesian letter acknowledging the Security Council's instructions. At an evening session on the 12th August the Security Council voted by eight to three in favour of admitting the Indonesian Republic to its discussion on the dispute. The United Kingdom, Belgium and France were the three delegations who voted against admission. Dr. Van Kleffens, the Netherlands delegate, accepted the decision but reserved the right of representatives of East Indonesia and Borneo to be heard simultaneously.

(For the Republic's acceptance of the proffered U.S. good offices, and their ingenious request to the U.S. to employ these good offices to set up an international arbitration commission, see under "Far East.")

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EUROPE

GERMANY

In Washington the Anglo-U.S. talks on Ruhr coal have continued since the 12th August. The Americans seem to have accepted the British view that the main trouble does not lie in the technical conditions and methods of production, but arises from the weak state of large sectors of the whole German economy. In particular, transport is inadequate to move even the coal now being lifted—production has again risen slightly and on the 15th August reached 239,572 tons. On that day the British delegation made the point that an average daily figure of 300,000 tons would demand much increased transport, and surprised the Americans by quoting the Bi-Zonal demand to the European Economic Co-operation Conference in Paris for 893 locomotives and 34,000 wagons during the current year. At this point it became clear that the Washington and Paris Conferences could not be entirely unrelated, for while the Americans in Washington seemed eager to discuss even this tall order it was clearly unwise to create the impression that Germany was being given precedence over all other nations in respect of such long-term support. German politicians are themselves well aware of the transport crisis, and the North Rhine/Westphalia Minister of the Interior has foretold "the worst transport crisis in German history" for next December unless Germany can be lent wagons by her neighbours. Whatever the fate of the transport question in Washington, progress has been made in discussing important short-term supply questions. Preliminary proposals for the import of a special allocation of steel for railway, mining supplies and miners' housing have been worked out, amounting roughly to 120,000 tons of rolled products and 10,000 tons of galvanised sheets, to a value of some $15,000,000.

American criticism of technical mining development in the Ruhr has been damped by expert British explanation of the difference between the Ruhr and American mines. On the question of ownership,

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however, Mr. Thorp (the United States Assistant Secretary of State) has stated that while the U.S. Government's mind was not made up it would prefer "control of the actual owners by a group of Governments" to last while the problem was being further considered: he doubted whether public ownership would contribute more to security than would private ownership, and he also doubted the propriety of an occupying authority stating policy on ownership without consulting the Germans. Sir W. Strang recalled that the British had in fact kept in touch with available German authorities all along. The U.S. authorities themselves are not immaculate in this respect, for they have recently decided that individual plants of the vast I.G. Farben concern should be sold to individual buyers: this appears to override both the demand of the Hesse Government that the concern should be socialised and also the demand of the U.S. Zone States Council that the concern should be sold to the three U.S. Zone *Laender*.

Meanwhile General Clay in Germany has not been behaving in a manner calculated to ease negotiation in Washington. At a press conference in Frankfurt, according to *Tagesspiegel* of the 15th August, published in the U.S. sector, he warned German politicians (and by implication not only German) that this was no time for socialising important industries before the whole nation had been consulted and while economic needs were so pressing. General Clay also said that while the United States was paying such a large sum of money she must reserve a right of decision in economic questions. According to other information, General Clay's Labour Adviser, Mr. Jo Keenan, has been "clandestinely" visiting the British Zone to canvas support among Germans for a five-year trusteeship instead of socialisation of the Ruhr mines: he has even suggested that otherwise food imports may be withheld. Mr. Keenan was rebuffed by at least one Trade Union leader. A delegate meeting of the Industrieverband Bergbau at Herne on the 8th August also passed a sharp resolution demanding the transfer of the Ruhr mines to the *Land* North Rhine/Westphalia "as trustees for the coming United Germany: . . . . all projects for again subordinating the Ruhr mining industry to the power of German or international monopoly capitalists will meet the decisive resistance of the whole of the Ruhr mine-workers and the mining clerical workers."

At the Washington coal discussions Mr. Thorp handed the British delegation a paper, not yet official, proposing the establishment of a U.S./U.K. Control Group which shall replace the North German Coal Control. This Group would act as the agent of the Anglo-U.S. Bi-Partite Board in the two Zones, and would control the German coal organisation. The Group would have a single Chairman and eight members, four British and four American. The plan appears to confer greater powers of supervision than the previous attitude of the Americans in Berlin might have led one to expect. It is worth remembering, however, that General Clay in Berlin, backed by the War Department, is on many points far from agreement with the U.S. State Department, and that this divergence has not only embarrassed the British Administration in Germany, but has been allowed to cast a shadow even over the talks in Washington. A further and more important piece of background is that the American negotiators in Washington seem preoccupied not so much with the question whether the U.S. must find the money as with the question how they are to find the money and how Congress approval can be secured.

The United States has agreed with the British proposal that the Tripartite Talks on the German level-of-industry should be held in London. Meanwhile, the French have also agreed to London, but the date is not yet fixed. No increase in the permitted level-of-industry could affect production for some time, but certain figures released by General Robertson in Berlin on the 14th August are bound to create the impression that a change is necessary. General Robertson said that there had not been encouraging progress towards making the combined zones self-supporting. In the first seven months of 1947 the combined area's exports were valued at $89,000,000, of which over $55,000,000 came from the export of coal and $15,500,000 from the export of timber.

The non-Communist parties in the Soviet Zone continue to ferment (see *Summary* No. 402 of 30th July). Brave words unfortunately are confined almost entirely to the relative safety of Berlin. The Christian Democrat (CDU) paper has said that the communist-dominated Socialist Unity Party (SED) is falsely claiming CDU support for "a radical alteration of the social-economic structure of the eastern zone." The paper also attacks the way in which the "*Bloc* committees," *i.e.*, pre-Diet meetings of the parties held apparently *in*

camera, at which the SED browbeats its opponents, are superseding the constitutionally elected Diets and Assemblies. Comically enough, the CDU has been rebuked by the SED in Thuringia for the "tasteless" crime of venturing to mention in the Diet the shortcomings and encroachments of the SED; such comments, says the SED, should be reserved for the decent obscurity of the pre-Diet committees. The powerlessness even of the Zonal party leaders is illustrated by the "unanimous" decision of the parties in Brandenburg to admit the communist-dominated Free German Trade Union (FDGB) to the "*bloc* committees"; only three days earlier Kuelz, the Zonal leader of the Liberal Democrats, had said that his party could not agree to this. It seems indeed that the suppression of the non-Communist parties in Eastern and South-Eastern Europe is running only one step ahead of developments in the Soviet Zone of Germany, and the best that can be said of the *bourgeois* parties in Eastern Germany is that they are not allowing themselves to be steam-rollered entirely without a crunch.

The Socialisation Bill passed by the Schleswig-Holstein Diet (see last week's *Summary*) exceeded the authority deputed to *Land* Governments under Ordinance 57. The Social Democrat Government of the *Land* were, moreover, warned of this as long ago as May. The Bill has no more effect than a resolution at present. Its fate will not be known until it is presented to the Regional Commissioner.

AUSTRIA

The week has furnished no further evidence of the possible improvement in the Soviet attitude mentioned in last week's *Summary*. A new low level was reached in the Austrian Treaty Commission on the 13th August. The Soviet representative insisted that the official record of the meeting on the 6th (when Sir George Rendel and Mr. Dodge protested against the Soviet occupation of the Lobau oil refinery) should include a statement which in fact M. Novikov had never made—to the effect that any protest should be made "through the appropriate diplomatic channel." The object of this was to prevent discussion in the Allied Council. Finally it was agreed that the official record should contain no mention of either the Anglo-U.S. protest or of the Soviet reply. At the same meeting on the 13th August the Soviet representative refused to comment further on the Lobau seizure or on the principle involved in the Soviet claim to certain other assets. In the Allied Council meeting on the 14th the British representative said that he would report the position to the British Government. In practice, of course, it is the timing of the Lobau seizure, with its implication of disregard for current negotiation, which is more alarming than the action itself. Other and more important assets had already been "seized" by the Russians.

Gen. Kurasov in the Allied Council on the 14th August maintained his view that the Austro-American relief agreement threatened Austrian independence. He said that he would not be bound by objectionable clauses since they infringed his rights in his own zone besides infringing various agreements. This is a warning that the U.S.S.R. will continue to refuse the Austrian Government the powers within the Soviet Zone, which are due to it on the basis of the Control Agreement of June 1946. By its refusal the Soviet element is able to exploit the industries of the zone, for its own purposes, without the Austrian Government having knowledge of industrial output—let alone control over disposal of the products.

General Kurasov in the same meeting refused to agree to the British proposal for re-distributing throughout Austria the "Volksdeutsche" expelled from Yugoslavia. The U.S.S.R. meanwhile has been supporting Yugoslav complaints that these refugees are held in the British Zone, close to the Yugoslav frontier. The Soviet refusal even to study methods of solving the problem thus clearly arises from reluctance to lose any chance of making trouble.

CZECHOSLOVAKIA

Considerable attention is now being devoted to the harvest situation in Slovakia. It is estimated that in that province the harvest which in 1946 yielded between 30,000 and 40,000 waggon-loads will this year be reduced to some 11,000. Though shortages are therefore to be expected the position is by no means critical. In the Czech Lands the harvest is expected to be satisfactory, and M. Majer, the Social Democrat Minister for Food, has announced that he has no fears concerning the general situation. The Slovak authorities are already taking steps to improve distribution, hoarders and black-marketeers are being prosecuted, whilst the recent agreements for the pur-

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chase of grain from Canada, America, and the Argentine, together with the assistance promised under the terms of the Trade Agreement with Soviet Russia (Russia undertook to furnish 200,000 tons of grain, but the first consignments already on the way from Hungarian Danube ports actually form part of the Hungarian reparations to the Soviet Union) should, according to the Food Minister, prove sufficient to tide over the difficulty. Under the circumstances Slovakia will claim from the Czechs more than her proportional share of such assistance.

Whether or not these reports are purposely exaggerated by the Communist-inspired Ministry of Information—in view of the elections next year, there is good ammunition here for political recrimination. The Communists will no doubt point to the inefficiencies of the Democrat-controlled Commissariats for Food and Agriculture, the failure of the bulk-purchasing system, and black-market activities. In self-defence, M. Fillo and Dr. Kvetko, Trustees for Food and Agriculture respectively, ascribe the situation not merely to climatic vagaries, but also to the deportation of the Magyars—which most Democrats oppose as a Communist stratagem—and the poor quality of the incoming repatriates from Hungary whom the Communists, it is thought, expect ultimately to rally to their cause. Both Trustees admit, however, that distribution methods are inadequate: unlike the position obtaining in the Czech Lands, Slovakia is only now beginning to establish central depots and co-operatives—and for these to succeed the province lacks perhaps both the necessary finances and organisation. Nor are conflicting ideological interests in the composition of the several Commissariats a sound foundation for efficiency.

The World Youth Festival now being staged in Prague appears to be nothing more than a gigantic parade of Communist propaganda (though Mr. Cannon, the self-appointed leader of the British contingent, has publicly refuted this suggestion in the press) with the Soviet and satellite delegates in the forefront of every meeting. It is nevertheless significant that those youth organisations connected with the Czech Popular and National Socialist Parties have more or less dissociated themselves from the Festival. The principal theme has been support for the fighting youth of Greece, Indonesia, Viet-Nam, Republican Spain, interlarded with expressions of sympathy for oppressed colonial peoples. Concurrently with the Youth Festival an International Students' Congress has been held in Prague. Here the *leitmotif* has been similar in so far as resolutions were passed (*a*) protesting against the persecution of Jewry in Palestine and (*b*) expressing the students' solidarity with Indonesia.

In the hope that Trieste can attract a large volume of Czechoslovak trade, an agreement has been signed between AMG, Venezia Giulia, and the Czechoslovak Government. Czechoslovakia has been granted a revolving credit of 200 million Lire to cover transport fees for traffic through the port. The agreement is particularly advantageous to Czechoslovakia in view of the recent Trade Agreement with Greece: Greek leather, fruit and tobacco will be imported against Czech textiles, timber and chemical products.

The press and radio campaign (see *Summary* No. 402) against the activities of Wenzel Jaksch among the Sudeten Germans in the American Zone has been greatly intensified during the past few weeks. Originally Communist in inspiration the polemics have now spread to other sections of the press, and the impression is being conveyed that Jaksch has been supported by both the American and British authorities.

POLAND

The trial of 17 prominent Poles, referred to in the last *Summary*, opened in Cracow on the 11th August. The accused are charged with having been leaders of a "spy ring" working under the name of the "Control Chamber." They include, on the one hand, three former senior officials of the Pilsudski régime and, on the other hand, Stanislaw Mierzwa, assistant general secretary of M. Mikolajczyk's Peasant Party, and two of its chief leaders in the Cracow region. The prosecution alleges that espionage reports, including secret information concerning the Polish Army, were conveyed by the "Control Chamber" to the "General Staff of the so-called Polish Armed Forces in London," to the Peasant Party Executive, to certain foreign representatives in Poland, and to General Anders in Italy. It is alleged that substantial sums were received from abroad for these services, that collaboration took place with prohibited underground movements in Poland; and that M. Mikolajczyk himself received the reports issued.

At the same time the Socialist and Communist Parties, which held a joint meeting in Warsaw on the 27th July, have

agreed to give assistance to one another in the elimination of "reactionary" elements from both parties. Although the Communists are suggesting that their own party has been penetrated, and needs to purge itself, this new development will primarily affect the Socialists. In fact the provincial newspapers are already publishing names of persons expelled from the Socialist Party, and a number of district party officials have resigned, probably to forestall expulsion.

The Government are indeed continuing to consolidate the position which they won, though fraudulently, as the result of the January elections, one of the most important changes since that date being the process of eliminating M. Mikolajczyk's Peasant Party as a factor in the political scene. Members of this party have almost without exception been removed from the Ministries, and it is asserted that there is now no longer one Starost (administrator of a rural district) who belongs to the party. The party is still the largest numerical block in Poland, but its press is muzzled, its organisation is subject to daily persecution ranging from petty administrative annoyance to the extremes of imprisonment and occasional assassination.

The man in the street continues to regard the political situation with apathy. But, nevertheless, there are signs that he is, though with reluctance, beginning to accept the new régime as inevitable. This does not mean that there is not a mass of latent opposition to the Government. On the contrary, this opposition probably still comprises about 80 per cent. of the population. But it is unlikely to have the chance of becoming vocal so long as the present régime lasts.

SOVIET UNION

As tension between the U.S.S.R. and the West increases, a fresh Soviet propaganda drive on the issue of colonial imperialism is gathering force. The Indonesian debate in the Security Council and the presentation of the Egyptian case have afforded *Pravda* and *Izvestiya* a convenient peg on which to hang warnings of the extension of the Truman doctrine and Marshall "dollar diplomacy" to the colonial world. All the articles on the subject, while naming Great Britain as the "old watchdog of the colonial system" have insisted that her day was done. America was represented as stepping vigorously into her shoes and as taking the lead in suppressing the popular democratic movements which had sprung up throughout the colonial world after the war. The British, however, in spite of their having fought for freedom, were co-operating in this as far as they could and together with the Americans were resorting to manœuvres designed to maintain western capitalist domination in a more flexible and disguised form. A *Pravda* article published on the day after the arrival in Moscow of Mrs. Vijayalakshmi Pandit as the first Ambassador of her country to the U.S.S.R., quoted the Indian position as the classical example of this technique. The colonial policy of the Labour Government was said to differ in no essentials from that of the Conservatives, and it was therefore not surprising that Mr. Churchill was able wholeheartedly to applaud his rival's solution of the Indian problem, which ensured the perpetuation of British rule by splitting the country. No special publicity was given Indian Independence Day.

Linetsky devoted a long commentary to discussing American infiltration into the African sphere. The new American bases on the North African coast, though they "smelt strongly of oil" were said to be not merely designed to secure the grip of the U.S.A. on the oilfields of the Middle East, but were advance strongholds of American imperialism on the African continent. This reference to American interest in Middle Eastern oil has special point in view of the new move in connexion with the Soviet-Iranian oil agreement of April 1946 (see under "Middle East"). M. Nokrashy Pasha's presence in America was said to be due not only to the need for putting the Egyptian case before the Security Council, but also to be related to proposed negotiations on such questions as the appointment of American military experts in Egypt and the equipment of the Egyptian army with American arms. The Americans were also said to be attempting to push the French out of Africa by supporting Abd-el-Krim, and to be busy ousting the firms of other countries and buying up the strategic raw materials of Africa, in particular uranium from the Belgian Congo. All the articles naturally concluded by lauding Soviet policy, opposed to all forms of colonial exploitation, in contrast to the selfish designs of the Anglo-Saxons.

The Palestine question has not been given much space as such, but *Pravda* published an indignant repudiation of the suggestion put forward in the House of Commons by Major Beamish that some of the

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Jewish terrorists operating in Palestine had been trained in the U.S.S.R. This "provocative fabrication" was said to have been put out in order to ward off an enquiry into the recent "Jewish pogroms" in Great Britain. These alleged outrages were the subject of further comment from Moscow in a broadcast complaining of the liberty allowed to Mosley and his followers under the "classical traditionally democratic laws of old England." The British people had fought for their liberty and independence, for the liberation of the oppressed and for the destruction of racialist theories; now they were seeing such theories running riot in their own country. Mr. Churchill was cited—along with Houston Stewart-Chamberlain, Joseph Chamberlain and Cecil Rhodes—as an advocate of a *Herrenvolk* view of the British race which implied that they were a nation apart, the only fully-fledged people who, as such, had a mission to civilise the world.

The Soviet citizen may not be a racialist, but nevertheless his superiority to the rest of the world is being kept well before his eyes. Several articles have recently been devoted to this theme, and it has also been elaborated in a lecture given in Moscow under the auspices of the Society for the Dissemination of Political and Scientific Knowledge. The lecturer denounced old-fashioned Russian obsequiousness to the foreigner and worship of the West and insisted that every Soviet man or woman should realise how immeasurably far his social system towered above that of any other country in the world.

National pride is also being fostered by fresh articles and films on the war extolling the Soviet war effort and decrying that of the Allies. The second anniversary of the entry of the U.S.S.R. into the war against Japan provided the occasion for a homily, the gist of which was that not only was the Soviet defeat of Germany the main foundation of the Allied victory in the East, but that it was actually the Soviet armed forces that delivered the decisive blow against the Japanese aggressor. The part played by the atomic bomb was dismissed as comparatively insignificant; it was claimed that the bomb could in any case only play a limited and not a decisive part in modern warfare. Not a single battle in the Far Eastern theatre could be in any way compared with the strategic soundness and daring of the Soviet advance in Manchuria.

Soviet sensitiveness on the subject of the relative contribution of the Allies to the war effort has been clearly illustrated by M. Vyshinsky's indignation at the protest submitted to him by His Majesty's Minister over the passages in the scenario of the Soviet film "Stalingrad" now being shot, which stated that Great Britain had broken a specific promise made in 1942 on a date for opening the Second Front. Not only did the scenario contain this deliberate falsification, but its whole tone was highly offensive to the Western Allies, especially Great Britain, and gave the impression that the Red Army had won the war practically unaided. None the less M. Vyshinsky rejected the protest outright, though he agreed to submit it to his Government. Two points that came to light in his talk with Mr. Roberts are of special interest. His harping on Mr. Churchill's Fulton speech and insistence that it should not be forgotten bears out the accumulated evidence that that speech marked the beginning of a new and unpropitious stage in the development of Anglo-Soviet relations. In the second place, M. Vyshinsky's thoroughly disingenuous stressing of the claims of freedom of the press and of the rights of authors dovetails in with the current Soviet press campaign on that theme in connection with the discussion now proceeding in the Economic and Social Council of U.N.O.

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The first sentences under the new laws for the protection of public and private property are heavy; for example, one man has been sentenced to fifteen years for stealing fish from a fish curing factory and another to eight for snatching money from a woman. It is thought that sentences may become lighter in future if the present drive proves successful in reducing crime.

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system the Social Democrats favoured the Foreign Minister could hardly fail to be aware of the fact that the dividing-line lay between States upholding the principles of justice and the freedom of the individual, on the one hand, and those where despotism and oppression ruled on the other.

The criticisms of *Svenska Dagbladet* seem to be very much to the point and they have, therefore, been reported at some length, but this does not mean that M. Undén's speech did not receive a considerable amount of praise in other quarters. His realism was generally approved, and many credited him both with great ability and clear vision. His speech and the press comment do, however, make it evident that Sweden has in no way abandoned her traditional policy of neutrality and that she is more likely to allow herself to be influenced by threats and cajolery than by considerations of moral right to which she cannot be blind.

Norway

While M. Undén was expounding his doctrines across the border, the Norwegian people were gathering to pay homage to King Haakon on his 75th birthday. The immense popularity which surrounds the person of King Haakon was once more illustrated in a most striking manner, and it is not without significance that the Norwegian Communist press should vie with the most conservative papers in singing his praise.

The day itself was marked by various State functions, and after attending a service in the Church of our Saviour the Royal party drove to the palace through the crowded streets of Oslo. Later the King was presented with a yacht as a gift from the Norwegian people, the money having been raised by public subscription. In a speech from the balcony of the Town Hall, during which he was repeatedly interrupted by cheering, King Haakon said *inter alia* that he believed he had gained the trust of the people because he had himself before the coronation insisted upon a referendum. "When I made that decision, it was because I wished to become a rallying-point and not a cause of conflict. Forty-two years later I believe I can now say that I have attained the objective I set out to achieve."

Curtailed as the royal power must of necessity be within a limited monarchy there can be little doubt that in Norway today King Haakon is by far the most important single factor. His prestige and popularity have certainly never been equalled in modern times, and in the affection and loyalty with which he is regarded by his people he can stand comparison, probably with the later years of the reign of Queen Victoria.

THE LOW COUNTRIES

Belgium

After intermittent debates beginning on the 31st July, the Belgian Senate ratified the Belgo-Netherlands-Luxembourg Customs Union (*Benelux*) on the 13th August by 93 votes to 14, with 21 abstentions. The most important contribution to the series of debates came from M. Paul van Zeeland, the Catholic ex-Prime Minister, who had been responsible for drawing up the Senate Foreign Affairs Committee's report on *Benelux*. In the course of a long speech, delivered on the 7th August, M. van Zeeland said that the consequences of the removal of customs barriers for "certain Belgian producers" ought not to be exaggerated. The overriding consideration was that the level of the Belgian and Dutch economies should be maintained and strengthened. M. van Zeeland added that he did not fear Dutch industrial competition, though he admitted the possibility of "difficulties" for (Belgian) agriculture. The measures now before them he went on, were, after all, transitory; and those who would be affected by them had to be given time to adapt themselves to the new economic conditions so created. Each member of *Benelux* was free to take whatever steps were necessary when prices did eventually fall and when its market was invaded. He pleaded strongly for ratification as the only road to safety. The alternative was a return to "nationalistic methods and protective tariffs": surely no one to-day believed that the foundations of economic recovery rested upon nationalism and tariffs? The new road along which they had to travel ought first to lead to reconciliation among European States, and ultimately to reconciliation among the States of the whole world. The association of Belgium and the Netherlands was the first step towards the formation of a Western European *bloc*. The prosperity which Belgium at present enjoyed was precarious, said Mr. van Zeeland in conclusion: if a world crisis developed, the country would suffer heavily. Even if economic conditions remained as they were, Belgium could not maintain her state of prosperity unless she developed her economy. He did not minimize the difficulties which would have to be faced in applying

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the principles of *Benelux*. Let there be no illusions: the eyes of the world were turned towards *Benelux* and Belgium. That had been said to him only a few days before by two business men—one from South America, the other from the East. Much could be expected if they succeeded.

The Netherlands

The Government are understood to have decided upon the second half of September for the meeting of a "Round Table Conference" with delegates from the Netherlands West Indies to discuss the future relations between these territories and the Netherlands, in accordance with the principles laid down by Queen Wilhelmina's broadcast of the 7th December, 1942. A joint Secretariat is in process of formation.

FRANCE

The thirty-ninth French Socialist Party Congress opened at Lyons on the 14th August under the Presidency of M. Cersot, Federal Secretary for the Rhône Department. Delegates representing Socialists in the U.K., Belgium, the Netherlands, Italy, Spain, Greece, Switzerland, Austria, Hungary, Czechoslovakia, Poland, Bulgaria and Palestine also attended and addressed the Congress. The first day's proceedings were mainly devoted to a consideration of reports submitted to the Congress, the most important of these—the *Rapport moral*—being adopted by 3,068 votes to 1,111, with 606 abstentions. The voting on this report was preceded by a speech from M. Guy Mollet, Secretary-General of the Party, who put in a strong plea for its adoption and warned delegates against the dangers of disunity in the party ranks. He did not deny that there were weaknesses in the party machine; and it was for this reason that he earnestly appealed to the Congress to accept the proposals (made earlier in the day) for party reorganisation, under which the machine would be adapted to meet present necessities.

On the 17th the Congress heard M. Ramadier, the Prime Minister, vigorously defend his Government's policy, which has been criticised as being out of harmony with Socialist principles. What other policy, he asked, could the Government possibly pursue while on the one hand they were confronted with the "Gaullist danger" and on the other the Communists? There had been a time when the party had "perhaps been too inclined to observe what the Communists were doing, before undertaking its own action." France now knew "how to see through the temporary tactics" which were "a part of the general strategy of the Communists." Referring to the strikes which had occurred earlier in the year, M. Ramadier asked: "Was not their 'spontaneity' surprising when one considers that all these strikes were directed against the State and nationalised industry?" The rest of his speech was taken up with current questions. He had no intention of yielding to any measures which might help to increase inflation; the French Union would be erected on the principle that all peoples who were capable of enjoying all its benefits were entitled to liberty; the Marshall offer was welcome, but he rejected the inevitability of a struggle between "the two Great Powers of the World;" lastly, he affirmed the Socialist Party's duty—united action, not opposition. Fresh from the triumph of seeing 20 of his supporters elected to the Directing Committee of the party, M. Mollet (who is known to be the Prime Minister's most determined critic) replied with a speech which depicted a Socialist Prime Minister dealing with economic and social problems in such a manner as to suggest that the rights and interests of the workers—the backbone of the party—were not being put first. Next day (18th August), M. Mollet scored another success when his motion, calling for support of the Government in return for certain fundamental changes of policy, was carried. ~~2,443 *bloc* votes were cast in~~ (i) greater State control in economic affairs; (ii) more liberal colonial administration and immediate peace in Indo-China; (iii) a reduction of military credits; (iv) party reorganisation; and (v) no collaboration with the Communists. *Those were five in number;-*

The whole meeting of the Congress has, indeed, been an unqualified success for M. Mollet and his doctrinaire supporters, who dealt their heaviest blow when a resolution of M. Mollet, which declared that the Parliamentary group of the Party had ceased to practise the true principles of Socialism and called upon them "now to follow that policy in the Government if possible, and in opposition if necessary," was carried. 2,443 *bloc* votes were cast in favour. On the other hand, the delegates showed little inclination to get rid of M. Ramadier altogether, a motion for his resignation receiving only 274 votes, while another, supporting his policy, received

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2,002. The Congress ended on the evening of the 18th August. M. Mollet later explained that the "essential difference" between his group and the supporters of M. Ramadier's policy was that "a certain number of our comrades" subordinated the "application of a programme to being in the Government." "They prefer to abandon the programme so as to keep their place," added M. Mollet; "we, on the contrary, say programme first."

On the 16th August M. C. F. Baron, Governor of French India, announced impending reforms for French India—Pondicherry, Chandernagore, Karikal, Mahé and Yanam—which are tantamount to complete autonomy subject to "a united federal bond." The title of Governor is to be changed to "Commissioner of the Republic." "When the great neighbour nation has a firm constitution," said M. Baron, "the population of French India will be able to decide its future in complete sovereignty." These territories, with a population of about 400,000 (of whom only about 300 are Europeans), are at present represented by one Deputy in the National Assembly and by two Councillors in the Council of the Republic. As a first gesture a number of tiny enclaves (*loges*) are being ceded forthwith to the Indian Union. It appears that the French are not a little perturbed regarding the future of their major Indian possessions. There is an unwillingness to part with them both for economic as well as sentimental reasons: there is also the question of the precedent which any surrender of them might create. Nationalism, however, has manifested itself here as strongly as elsewhere in India.

M. Bollaert, French High Commissioner for Indo-China, arrived somewhat unexpectedly from Saigon on the 15th August. To journalists who questioned him at the airport he gave no indication of the purpose of his visit beyond saying that he had come for consultations with the Government "on various questions affecting Indo-China," and that his stay in Paris would be "as brief as possible."

SWITZERLAND

The Swiss Conservative Party having submitted a comprehensive Note opposing the direct federal tax, there follows a similar Memorandum from the Union of Commerce and Industry, the Union of Arts and Crafts, and the Bankers' Association to the Federal Department of Finance and Customs, objecting to any increase of direct centralised taxation and taking the impost for national defence as a case in point. This Memorandum is a reply to the report of the experts upon the reform of federal taxation. It is pointed out that the idea of the direct federal tax is at variance with the constitution, that it tends towards centralisation, is expensive to collect, is unfair in its incidence, and creates a double levy. The principle of the confederacy as against that of centralised government is argued in the Memorandum, which justifies the reluctance of the Cantons (shown especially by the French-speaking ones), to allow any encroachment upon their rights. A similar insistence on cantonal rights, it may be recalled, marked the holding of a referendum on federal co-ordination of transport in the Spring. The Memorandum contains alternative proposals for fiscal reform.

The Federal Commission for Rhine transport has recently held several meetings under the presidency of M. Robert Grimm. Owing to the large amount of freight between the sea and Basle, it is recommended that both importers and shippers should give priority to goods of vital importance. Meanwhile the Commission is studying the question further in case it should prove necessary to take special measures to safeguard the food supplies of the country.

On the 31st July, M. Petitpierre, the head of the Political Department, expressed his views privately on the "Marshall Plan." He considered it to be vital for Europe that the "Plan" should succeed, but this would depend upon French agreement with the British and Americans about the Ruhr; when once this was achieved, all other problems would be resolved. Failure upon this point would mean failure of the "Plan" and a victory for Russian policy. Switzerland could help in certain small ways; nor did she rule out the possibility of larger demands being made upon her, in spite of the heavy calls already made upon her industries and the large credits (amounting to 250 million francs) which she had already given under the Washington Agreement. The chief items she could supply were machine-tools, vegetables and fruit. M. Petitpierre believed that there was a sense of relief in the satellite countries of Russia—with all of which she has active trade relations—because Switzerland was taking part in the conference on the "Marshall Plan." They regarded her as a country with no axe to grind and which might even serve their interests in connexion with the "Plan." The official Swiss welcome to the "Plan" was outlined in *Summary* No. 399.

SOUTH-EAST EUROPE

Hungary

M. Nagy, broadcasting from the U.S.A., has advised his compatriots to abstain from voting in the forthcoming Election. In Hungary itself there is widespread consternation at the abuses resulting from the Electoral Law which as at present applied disfranchises at least 20 per cent. of the electorate—a Communist source places the figure at 22 per cent. Representations made by a bourgeois-democratic delegation to M. Rajk were met by assurances that irregularities would be remedied, but since the period allowed for appeal by individuals terminates on 18th August and electoral lists are to be closed eight days later, time will not allow of a thorough investigation into the cases of the 1,000,000 persons said to be concerned. Many who at first took the news of their disqualification apathetically finally appealed against it in the belief that it might prove merely the first of a series of steps curtailing their civic rights—a fear which M. Rajk now declares to be groundless. Cardinal Mindszenty, speaking in the name of the Hungarian Bishops' Council, protested against the disfranchisement of many of his supporters, but all parties stand to lose votes from what on higher levels is ascribed to the excessive zeal of underlings. It is, indeed, difficult to understand what selective principle, if any, is involved. Budapest, where left-wing tendencies predominate, appears to have suffered more than other parts of the country. Whole streets failed to receive the electoral lists, names included on the original lists distributed by the Minister of the Interior were subsequently erased, and prospective voters who put a dash instead of a "no" in answer to the question whether they had belonged to a Fascist organization were in consequence disfranchised. Other pretexts advanced are entirely frivolous, such as that Jews interned in ghettoes during the German occupation "had escaped to the West," that persons of academic distinction suffered from mental incapacity, or that elderly women were "under police surveillance for reasons of morality." H.M. Representative and the Representative of the U.S.A. have been instructed to protest to M. Dinnyes and to point out Hungary's obligation under the Peace Treaty to assure her citizens the enjoyment of human rights and fundamental freedoms, including freedom of political opinion.

Inside the Coalition exchanges between Communists and Social Democrats are sharper than between Communists and Smallholders. MM. Szakasits, Ries and Böhm have firmly rejected the proposal urged by MM. Rakosi, and Gerö for a fusion of the Workers' parties, while the Communists have gone out of their way to attack the small traders' organizations of Koksz and Ipok which are under Social Democratic domination. The Communists by contrast praise the Smallholders for eliminating reaction from their ranks and suggest that words rather than ideals separate the two parties.

The Independent Hungarian Democratic Party continues to be the most active member of the Opposition, though there are indications of trouble ahead for its leader, Fr. Balogh, who has been accused of misappropriating 200,000 forints from the Minorities' Fund. It is also rumoured that "reasons of health" may compel him to retire from political life. According to *Magyar Nemzet* talks are taking place between his Party and that of M. Barankovics. M. István Szabó, the leader of the Smallholders' right-wing, and M. Imre Kovacs of the National Peasant Party are reported to be joining M. Pfeiffer. It is added that hostility on the part of the printers has prevented the publication of the weekly newspaper which was to be the organ of M. Pfeiffer's Party.

Apart from the protest referred to above Cardinal Mindszenty is playing no prominent rôle in the electoral preparations. While this may be largely due to Vatican instructions the Cardinal is also well aware that he enjoys the unreserved support only of Sister Schlachta's small following.

Hungarian Press reports state that M. Sulyok is likely to leave the country before the Election. The Deputy leader of the former Freedom Party, M. Vincze Nagy, has already escaped abroad owing to a mistaken belief that he was about to be arrested.

Russian claims on Hungary under the Potsdam Agreement have been reduced from 200,000,000 to 40,000,000 dollars, and it appears probable that they will be scaled down still further. Hungary has paid 6 million out of a 7½ million forint cash advancement agreement negotiated with the French Government against war damages. United Kingdom nationals, on

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the other hand, who have yet to be indemnified, regard the situation with increasing gloom in view of the 50 per cent. increase in wages accompanying the introduction of the Three Year Plan and the limited supply of money available.

The British refusal to support Hungary's request for admission to the United Nations is considered an unmerited rebuff, particularly after Lord Pakenham's statement concerning the elections. Communist newspaper, *Szabad Nép*, complains that the Anglo-Saxon attitude is "incomprehensible and unreasonable," while the Social Democratic *Népszava*, observes that Hungary is the scapegoat in Great Power quarrels.

Roumania

For some time past stabilisation of the currency has been in the air, and one result has been an enormous increase of price of all commodities combined with a sudden and surprising shortage, goods vanishing from the Bucharest shops like magic. On the 12th August a decision of the Committee on Stabilisation was published ordering the entire population to register within three days for the purpose of exchanging old currency for new. It is suspected that this fantastic order is intended to enable the Government to deal with the details of the exchange when it takes place in truly Roumanian fashion. The amounts within certain limits which are held by the various foreign diplomatic missions are to be deposited at the National Bank and exchanged on the first day on which the new rule operates. The British Mission has exchanged £500 at a rate of 605·25 lei to the £ sterling, less a bank charge of 181 lei.

The new coins and notes range from 50 bani (half a leu) to 1,000 lei. It is many years since "bani" has had any meaning except as a colloquialism for "small change." 20,000 old lei are to be exchanged for one new leu. The new rate of 605·25 lei to the £ sterling is approximately the same as obtained in the years just before the war, although virtually all business except foreign commercial exchange was done at a rate of about 1,000 lei to the £. There has always been a semi-official black market in currency in Roumania. The most hopeful part of the new regulations is a new scale of wages and prices. If this can be made effective, it may mean the beginning of better times.

When there was some question of Roumania purchasing grain from America, gold was deposited in Switzerland as security for payment. 15 tons of gold has now been sent back to Roumania, and it is surmised that the reason for this step is the necessity for providing backing for the new currency. A large amount of Roumanian gold remains blocked in Switzerland.

Closely connected with the ratification of the Peace Treaty (see *Summary* No. 402) is the Roumanian application for admission to the United Nations. On this subject the Minister for Foreign Affairs has admitted that the main result of Roumania's admission at the present moment would be to give the Russian *bloc* an additional vote. Dl Tătărescu went on to say that if he were Roumania's representative his vote would be nothing but a lie, and he added with a certain naiveté that he was not given to lying save in such exceptional cases. He intended to press for ratification by Roumania this week, and so clear the way for the Russian ratification—which the Soviet authorities had decided must be carried out only *after* ratification by the satellite countries. It does not follow that the Soviet ratification would be forthcoming even then, if Russia thought well to delay the matter further.

All that has been happening leads step by step to the next stage in the efforts to eliminate the last vestiges of Roumanian independence and to compromise the King. The King has been isolated and left without any political support against the Government. There is no doubt that the people remain loyal and devoted to him, but people in an official position find it necessary to be extremely cautious about the expression of their loyalty while Russian forces remain in the country. The King's immediate entourage expect that a crisis may be forced upon the country at any time, and agents of the secret police, *i.e.*, the Roumanian counterpart of the N.V.D., are keeping a close watch upon the private airfield at the King's country residence. The King represents the Roumanian people in a way that the Government certainly does not, and he will undoubtedly be the rallying-point if and when the moment arrives for a movement which will restore his country's independence.

There has been a lessening of party activity since the "discovery of the escape plot." But the Ankara radio reports that the eight Roumanians who took refuge in Turkey have told the Turkish press that the reason for their flight was fear of Communism, and the "cruelty under which Roumanians live." They took their tickets in the ordinary way, boarded the aircraft, and when in the air asked the pilot who was in Russian employ to change course and take them to Turkey. As he refused they "had to get rid of him," and one of the Roumanians, who was a pilot, flew the plane to Turkey.

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Yugoslavia

The Ljubljana spy trials ended last week with three death-sentences—on Prof. Furlan, Ljubo Sirc and Dr. Nagode—and long prison sentences on the other defendants. The charges, of a flimsy nature, included giving information on the political, economic and military situation in Yugoslavia to diplomatic representatives of foreign Powers (of whom the chief, by implication, was the former British Consul). In the cases of Furlan and Sirc, their friendship with recent British Consuls has undoubtedly been the main reason for their being condemned to death. They consistently carried on a normal friendly social relationship with them at a time when nearly all Slovenes kept well clear of the British Consulate. The whole episode is a grim commentary on the statements frequently made that in Yugoslavia access to representatives of foreign Powers is free and that social relationships with them are normal.

H.M. Ambassador, in a protest to the Yugoslav Government, stated that Furlan's relationship with the British Consul had been quite innocent. The evidence of the trial suggested, he said, that contacts between Yugoslav citizens and officials of foreign Powers were regarded as treasonable in themselves. This is the fifth political trial in recent weeks, and there is evidence that the Ministry of the Interior, alarmed at the internal situation, and in fear for the safety of leading Communists, has staged them—and given them immense publicity in the press—in order to warn everybody that connections with foreigners are most unhealthy.

Both Tito and Kardelj, it now appears, were at first enthusiastically in favour of accepting the invitation to the discussions in Paris on the Marshall Plan. Simić, the Foreign Minister, in order to strengthen his doubtful standing with the Communists, threw his weight against acceptance. The decision to accept the Russian directive not to participate, which overruled Tito and Kardelj, was eventually taken at the bidding of the extreme Communists, Ranković, Head of Ozna, and Djilas, who are responsible for ensuring that non-Communist Ministers toe the Party line.

A draft agreement has been drawn up by the British Government for submission to the Yugoslav Government about the disposal of Yugoslav Displaced Persons. It provides for the surrender to the Yugoslav Government of all Yugoslav nationals against whom a *prima facie* case of active collaboration with the Axis Powers exists; for facilities for Yugoslav Officials to question Displaced Persons; for the break-up of organisations in British-controlled territory directed against the present Yugoslav Government, it being understood that representations shall be made to the Italian Government by the British Government requesting the dissolution of all such bodies outside Displaced Persons camps on Italian soil; and for the segregation of Yugoslavs engaged in anti-repatriation propaganda, together with access for Yugoslav authorities to these camps for the purpose of carrying on repatriation propaganda. All Yugoslavs in camps against whom a case of collaboration does not exist and who are unwilling to be repatriated, will be moved into the Anglo-American Zone of Germany from Austria and Italy.

The four British soldiers kidnapped on the Austro-Yugoslav frontier on the 10th July were returned to Austria by the Yugoslav authorities on the 8th August.

Sehović, Yugoslav Chargé d'Affaires in Athens, returned to Belgrade last week, and it is believed in Greek Government circles that this departure is connected with a coming recognition of a 'Free Greek Government' by Russia and her satellites. Proclamation of an "Independent Greek Republic" was reported in all Belgrade newspapers on the 19th August.

The Yugoslav Trade Delegation arrived in the U.K. on the 14th August, to discuss with the British Government a new monetary agreement and trading prospects. It is also hoped to settle the question of compensation for British property in Yugoslavia, about which discussions have previously taken place. An Anglo-United States Trade Mission from the Western Zone of Germany has arrived in Belgrade to discuss possibilities of trade. A Dutch Trade Mission has also gone to Belgrade to discuss questions arising out of the Dutch-Yugoslav Trade Agreement. Finally a Civil Aviation Agreement has been signed between Roumania and Yugoslavia, and negotiations are taking place for a similar agreement with Bulgaria.

Bulgaria

After the familiar agitation—in the press, by poster, leaflet, film and "spontaneous" resolution, and on the air—for a death-sentence, and after the usual travesty of judicial impartiality, Nikola Petkov was on the 16th August condemned

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to death, for conspiracy, although, even by Bulgarian standards no case for such a penalty was made out. The other four accused were sentenced to rigorous imprisonment ranging from five to fifteen years. The object of this nefarious trial was plainly to destroy the core of the Agrarian Party which alone stands between the Communists and undisputed power. Even if the perpetration of a further judicial murder were stopped by a successful appeal for clemency or for cassation, there can be little doubt that one whose only offence it is to have been the leader of the Agrarians, would not be allowed to return to freedom except as a broken man.

The British and American representatives on the Allied Control Commission urgently requested their Soviet colleague on the 18th August to instruct the Bulgarian Government to suspend the sentence pending a review of the case by the Comission.

Turkey

The undeclared war in Greece remains a major preoccupation for the Turkish Government. Apprehension has been increased by the prospect of the withdrawal of the last British forces from Greece and by the Tito–Dimitrov pact, which is regarded as being aimed primarily against Greece but secondarily against Turkey. Among leading Turks there is a real fear lest the Greek régime should collapse through attrition and be replaced by Communist government, and lest, after creating such an irreparable situation, Russia should turn her attention next to Italy and finally to Turkey. This fear may account for the ventilation in the press of ideas so lacking—at first sight, at any rate—in realism as those of a Mediterranean Confederation and a Greek-Turkish Federation. It is unfortunate that at this very time stories should be appearing in the Turkish press about the persecution of Turks in Western Thrace. The Turkish authorities allege that these people are not only raided by bandits, but also punished by the Greek regular forces for not stopping the bandits.

While the Grand National Assembly has been in recess the newspapers have filled much space with rumours of imminent internal political charges, but in fact no such changes seem to be in prospect. The Grand National Assembly is to meet again on the 25th August for ten days and then adjourn again until the 29th October. In November there is to be a congress of the Republican People's Party which, it may be presumed, will discuss further steps in the direction of true democracy.

The Occumenial Patriarch, who returned from Athens to Istanbul on the 3rd August, was reported by the press to have dismissed all idea of his resignation, saying that he was in perfect health.

THE MIDDLE EAST

Egypt

Despite the surfeit of over-confident statements from the Egyptian delegates at Lake Success, it now appears that most sections of the politically-minded public, apart from the more extreme nationalists, are less hopeful of success before the Security Council, while there is increased talk in Cairo of the resumption of direct negotiations. The more enlightened elements of the population realise that, whatever the outcome at Lake Success, the problem of future Anglo-Egyptian-Sudanese relations will remain.

This general uneasiness is reflected in the somewhat less optimistic tone of the press. Most papers are of the opinion that the Egyptian case is not a legal one suitable for reference to the International Court of Justice. They also hold that, if the Security Council fails to give Egypt satisfaction, it will have proved to the world its incompetence to settle international disputes. Both Opposition and pro-Government papers suggest that the delegates of the Sudanese Independence Front who recently left for New York (see last week's *Summary*) are, in reality, British emissaries, and that it is the Ashigga representatives who speak for the majority of the Sudanese people. The speeches at the Security Council on the 11th August were dealt with in much the same way as the earlier ones (see last week's *Summary*). *Al Ahram* and *Ikhwan al Muslimin* both approve Nokrashy's statement of the 13th August, and maintain that Sir A. Cadogan's is full of misconceptions. *Misri* expresses satisfaction at the Polish member's support for the evacuation of British forces from the Nile Valley, and hopes that representatives of other Powers will follow his lead. *Assas*, endeavouring to bolster up public confidence, asserts that British readiness to resume negotiations indicates a desire to find a way out of their critical situation. *Moqattam*, adopting an air of injured innocence, asserts that it was Egypt who supported Britain to save the British Empire in Asia and Africa, and denies that the British forces saved Egypt from Axis invasion.

The last few weeks have produced several memoranda on the Egyptian case. Four have been produced by Sanhoury Pasha, present Minister of Education, now in the United States with the Egyptian delegation, and another, in four parts, by Adli Andraos Bey, a Judge who was Legal Adviser to the Egyptian delegation at San Francisco and is now Head of the European Section of the King's Cabinet. Other contributors include Baghat Badawi, one of the Legal Advisers to the present delegation, Abbas Annar Bey, a professor at Fuad I University, and Kamil Abar Rahman Bey, the Under-Secretary of State for Foreign Affairs.

These memoranda offer no further enlightenment on the basis of the Egyptian claims. Various arguments, founded, in the main, on unproven premises, are presented to show that the 1936 Treaty has become null and void, while the 1899 Condominium Agreement is repudiated on the plea that Egypt was not entitled at that time to sign a document. The memoranda contain the usual outpourings of calumny against the British, such as the charge that Great Britain, with imperialist designs on the Sudan, has consistently prevented the Egyptians from filling their rightful place in its administration, and allegations of British encouragement to Sudanese separatism.

Sidky Pasha, in an interview with the weekly magazine *Musawwar*, is reported to have said that he still held to his previously-expressed view that it would have been more advantageous for Egypt to have solved her problems with Britain by direct negotiation. He then maintained that British talk of independence for the Sudan and the holding of a plebiscite there had an imperialistic ring—an explanation for the way in which Great Britain had hastened to send the "separatist" delega- to the Security Council to back her there. He concluded by calling for a United Front as the only way to compel Britain to recognise Egypt's rights, but declined to indicate who should lead this front.

The Egyptian Government has decided to grant official recognition to India and Pakistan.

(See also under "United Nations.")

Palestine

The past week has been notable for an outbreak of clashes between Arabs and Jews. The worst two days were the 14th and 15th August, which witnessed a number of shooting, assault, stoning and hand-grenade incidents, as well as eight cases of arson, four committed by Jews and four by Arabs. The most serious incident of the week was an attack on the night of the 14th/15th August by some 30–35 Jews on an Arab-owned building in an orange-grove near Petah Tiqvah. Haganah have admitted responsibility for this incident, which, it claims, was in retribution for the Arab attack on the Jewish café at Tel Aviv (see last week's *Summary*). Four Arabs were shot dead and seven buried in the explosion which subsequently destroyed the building. Altogether, during the past week some eighteen Arabs and eight Jews have been killed, and many more seriously injured. The Jewish Agency have appealed to the Government to restore order.

The Irgun maintain that this new outbreak of Arab terrorist activity is part of a premeditated British plan to incite Arabs against Jews. A recent Irgun broadcast concluded by asserting that the Irgun would continue its fight against the British, not the Arabs. On the 16th August a Jewish youth in Tel Aviv was observed posting pamphlets which contained the following message :—

> "To our neighbours, the Arabs. Do not touch us, but join us in the fight against the British!"

A plea to all parties and sections of the Yishuv to unite in the face of the recent Arab attacks was made on the night of the 11th August by the Central Committee of the General Zionist Assembly at an emergency meeting in Tel Aviv. The Committee are reported to have decided to take all steps to avert the danger of a civil war among the Jews in Palestine—an indication of how strained relations are growing between the extremists and the more moderate elements. A similar call to unity and an appeal to combat terrorism with all available means was made by Mr. Ben Gurion, Chairman of the Jewish Agency Executive, at a Conference of the Palestine Jewish Labour Party (Mapai), which opened on the 10th August.

The Jews claim that the Arab attack on the café near Tel Aviv (see last week's *Summary*) was led by Mahmoud Labib, the leader of the new Arab Youth Organisation

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which has absorbed the former Najjada and Futuwa. If this be so, the rumours that the fusion of these two groups is a prelude to more intensive and more widespread Arab activity would appear to be well-founded. At present, however, there is no reason to believe that these Arab outbreaks have been carefully organised. Responsible Arab leaders, supported by the influential Arab press, have called upon the Arabs to desist from these activities and to remain calm at this critical period. Nevertheless, the temporary permit allowing Mahmoud Labib to remain in Palestine is not to be extended, and he will be required to leave the country as soon as he has recovered from an alleged illness.

The U.N.S.C.O.P. sub-committee which has been visiting the Jewish Displaced Persons camps in Germany and Austria returned to Geneva on the 14th August. It appears that they have formed a clear view of the prevailing unrest in the camps and of the desire of the majority of the Jews to emigrate to Palestine. General Clay is reported to have stated that, of the 153,000 at present in camps in the American Zone, only about 18–20,000 in his opinion, wish to integrate themselves into the German economy rather than leave Germany. Major-General Sir Bryan Robertson, in charge of D.P. affairs in the British Zone, is reported to have confirmed that nearly all the 11,000 Jewish Displaced Persons in his zone wish to go to Palestine.

On the 13th August the European Zionist Conference opened at Karlsbad. One of the most reasonable speeches was made by Dr. Nahum Goldmann, who admitted that gratitude was due to Great Britain for having provided the legal possibility of Jewish reconstruction in Palestine, but at the same time called upon Great Britain to surrender the Mandate, and urged that the Jewish State must be established at whatever cost. Mr. Shertok strongly condemned the activities of the Irgun, and stressed the necessity for an immediate solution of the Palestine problem. Dr. Moshe Sneh, however, maintained that the demand for the establishment of a Jewish State should not be pressed at this stage. He then expressed his anxiety lest U.N.S.C.O.P. should advocate the creation of a very small Jewish State unable to maintain itself, or some form of partition which would deny the Jews sovereignty. This Conference is to be followed by a European Conference of General Zionists, which is to sit in Paris on the 20th and 21st August.

Iraq

The Treasury announced on the 13th August that a financial agreement, regulating the use of the Iraqi sterling balances (see *Summary* No. 401) over a period of five years as from the 15th July, 1947, had been signed by the Chancellor of the Exchequer and the Iraqi Ambassador on behalf of their respective Governments, Iraq is to remain in the sterling area.

The Regent and Nuri Said arrived in London on the 15th August. One of the objects of the Regent's visit is to make arrangements for King Faisal's schooling in England. The young King is to go to Bryanston after a short time at a preparatory school.

Persia

The most important development has been the return of the Soviet Ambassador, Sadchikov (who has been in Moscow for the past three months) on the 10th August and his immediate renewal of demands for the submission to the Majlis of the oil agreement drawn up in April 1946 (see *Summary* No. 339 of the 10th April, 1946). He is reported to have stated that his Government had given their approval to the text, and expected the agreement to be passed without modification. They would judge from Persia's response to this request, he said, whether or not she wished to have friendly relations with the Soviet Union. The Prime Minister maintained that, in view of the changed political situation, there was no hope of the Majlis passing the agreement, but added that he would submit the text as given him. It appears that the Soviet Ambassador warned Qawam that if the Majlis were to reject the agreement, the Soviet Government would ask for a concession similar to that of the Anglo-Iranian Oil Company. M. Sadchikov has now suggested that, since the agreement was unlikely to pass the Majlis as it stood, it should be submitted to a joint Perso-Soviet Committee for revision.

Until the Majlis is legally constituted it is impossible for the agreement to be formally submitted or for the suggested committee to be formed. The minority opposed to Qawam, known to be controlled by the Shah, are adopting delaying tactics by breaking the Parliamentary quorum (which under the Persian Constitution is abnormally high). The Soviet Ambassador, confronted with this situation, has accused the Prime Minister of "unfriendly procrastination."

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THE FAR EAST

China

In Nanking political affairs are reported to continue in a state of "suspended animation," pending some pointer from General Wedemeyer as to the real purpose of his mission. He recently returned to Nanking from a flying tour of the Peiping, Tientsin and Manchurian areas, during which he visited the Fushun Coal Mines and also made a point of getting into personal touch with most of the prominent Chinese residents. Somewhat irritatingly, however, he appears to be exercising particular care to give no clue to his general impressions and conclusions.

A United Press report from Shanghai quotes "a high United States official in Nanking, who is in a position to exert influence on General Wedemeyer's final recommendations to President Truman," as expressing the view that there are three courses open to the General to recommend: a complete hands-off China policy; a middle-of-the-road "watching and waiting" programme; or all-out assistance to General Chiang Kai-shek and his Government. According to this report if, as the "high official" confidently expects, the third course is adopted, the following steps would be required of General Chiang Kai-shek by the United States Government:—

> A complete and real reorganisation of the Government, leaving the door open for eventual participation by the Communists;
>
> Reduction of the size of the National Army, which is now consuming between 70 and 80 *per cent.* of the national revenue;
>
> The Army to be converted into a more mobile, efficient and purely defensive arm through training and equipment by U.S. officers;
>
> Communists to be confined to certain defined areas—roughly those they now occupy—and in which they will be free from interference from Government forces;
>
> The Chinese Government to accept American advisers, who would be responsible directly and solely to the United States Government and would supervise the administration of substantial U.S. economic and financial assistance to Government-controlled China—particularly for the restoration of rail communication.

Doubt is expressed, however, if even General Chiang Kai-shek could weather the storm that would inevitably be brought about his ears were he to acquiesce in any such "violations of national sovereignty."

Other press reports indicate a state of nervous tension concerning the outcome of General Wedemeyer's visit to south China, including troubled Formosa. The Government are said to entertain fears that General Wedemeyer may well carry word back to President Truman of a possible—even probable—South China rebellion. Nor have these fears been allayed by a pronouncement attributed to a "high American quarter" that "under foreseeable conditions various sections of Nationalist China might withdraw from General Chiang Kai-shek's sphere of influence and become virtual warlord domains." In support of this theory it is pointed out that for some time intense dissatisfaction has been expressed by certain local magnates in south China over the economic policy now followed by the "reactionary Government" at Nanking and that these officials and party leaders are believed to be working more or less openly for autonomy. Press reports add, however, that to neutral observers General Chiang Kai-shek is still capable of exercising control over all but the Communist-held areas.

As a result of the Generalissimo's assumption of personal command over field operations in Shantung, the Communists have been driven northwards in what the Government claim to be a heavy rout, this is declared to afford proof of their ability to quell the "Communist rebellion" if left to deal with the situation in their own way.

On 13th August Dr. Hollington Tong made a long statement on China's outstanding foreign loan indebtedness. He announced China's intention to honour her pledges as soon as her financial position improves sufficiently to make this possible. The reaction abroad to this "encouraging assurance" is that bond-holders would be better convinced by some more tangible token of good faith.

It was simultaneously announced in both Houses of Parliament at Westminster on 5th August that—

> "it has been widely felt that, as nearly two years have elapsed since the war was concluded, it will be appropriate for a Parliamentary Delegation from the

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United Kingdom to pay a visit to China, our war-time Ally. The Chinese Government share these feelings and have intimated that they would warmly welcome such a Delegation to visit China in October."

The following have accepted the proposal to be members of the Delegation :—

The Lord Ammon.
The Lord Amulree.
Mr. F. McLeavy, M.P.
Mr. J. Harrison, M.P.
Mr. Wilfred Roberts, M.P.
Mr. Martin Lindsay, D.S.O., M.P.

Lord Nathan, Minister of Civil Aviation, is making a tour of the Far East on civil aviation matters. He has accepted an invitation extended to him by the Chinese Ambassador in London to visit Nanking and hopes to spend from 17th to 21st September there.

Japan

On 16th August the Australian Prime Minister, Mr. Chifley, in outlining Australia's policy towards a peace settlement for Japan, expressed the view that this should be concluded early in 1948, and appealed to all those nations which had played a substantial part in the Pacific war to strive for this end. Mr. Chifley strongly supported the two-thirds majority voting procedure, as suggested by the United States, and advocated that any attempt to apply the "veto" be resisted. In this connexion it is reported that the United States Government have countered the Soviet contention that the peace treaty with Japan should first be examined by the Council of Foreign Ministers. The State Department's reply was handed to the Soviet Chargé d'Affaires in Washington on 13th August, and argues that neither the Yalta Agreement, nor the Potsdam Declaration provides the Council of Foreign Ministers with any authority to act in connexion with the peace settlement for Japan; and it points out that in December, 1945, four of the Governments represented on the Council agreed to the constitution of the Far Eastern Commission. The United States Government consider, therefore, that this action constituted recognition of the primary interests of these eleven Powers in the post-surrender policy for Japan, which includes the peace settlement. The reply continues that the United States Government's Note, which was exploratory, has elicited from the other nine Powers approval of the suggestion for an 11-Powers conference. Nevertheless, the Soviet Government's views are being communicated to them, and the United States Government hope that, should the other Powers decide in favour of the original plan, the Soviet Government will also indicate their willingness to fall in with it.

In the meantime the resignation has been announced somewhat abruptly of Mr. W. MacMahon Ball, British Commonwealth member of the Allied Council for Japan and concurrently Australian Minister in Tokyo.

Detailed arrangements covering the procedure in connexion with foreign representatives of private trading concerns permitted to enter Japan between August 15th–29th were issued by the Supreme Commander in Tokyo on the morning of 14th August. In addition to "Government Trade Representatives" who have been conducting international trade on a Government-to-Government basis for some time, commercial entrants are divided into three categories :—

1. Private trade representatives, the total number of which for all countries has been limited for the present to 400.
2. Representatives of shipping, insurance, banking and other services necessary to facilitate private trading, the quota for this category will be limited to a much smaller number.
3. "Investment Representatives;" those who fall within this category will not be admitted to the country until a later and as yet undefined date.

In general the procedure has been so devised as to permit and encourage the Japanese Government, through the official Board of Trade (Boeki Cho), to play a practical rôle, in preparation for the responsibilities which it will have to shoulder in the post-treaty period. In consultation with, and subject to the approval of, the Supreme Commander, private trade representatives will negotiate with Japanese suppliers and the Boeki Cho, which latter organ will be the Japanese signatory to contracts and will also issue export licences. Prices will be quoted in U.S. dollars and will be determined on the basis of current world market prices. All Japanese products must be paid for in "acceptable foreign currency," defined as either United States dollars, or the currency of nations with which their exist relevant convertibility agreements. The Supreme Commander also announced on

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14th August that in consequence of the Far Eastern Commission's decision, he planned to use a 137,000,000 dollars' stock pile of Japanese precious metals now in his custody as a "credit base against which private or Government financing institutions of Allied or neutral countries will be asked to advance funds or commodities to activate their foreign trade with Japan." The Supreme Commander will decide disputes between foreign and Japanese businessmen, but will not accept responsibility for, or guarantee, any Japanese merchandise. Businessmen, who must confine their activities strictly to the commercial functions for which they were licensed to enter the country, will have the same legal status as nationals of the same country who are not connected with the occupation and will be subject to Japanese criminal law and administration under occupation procedures. Accommodation for businessmen will be provided by Boeki Cho at a flat rate.

On 1st July, the Inter-Allied Trade Board for Japan discussed the allocation of quotas of representatives among the countries concerned. The following allocations were agreed to :—

United States	102
United Kingdom (including Burma)	64
Australia	23
New Zealand	6
Canada	8
India	39
China	64
Netherlands (N.E.I.)	27
France	16
Philippines	6
Others	45

On 17th August, Mr. George Atcheson, United States Ambassador and Chairman of the Allied Council for Japan, lost his life in an air accident while travelling from Japan to the U.S.A.

THE UNITED STATES OF AMERICA

So far there has been no diminution of American interest in the British economic crisis, although comment continues for the most part to follow the pattern outlined in this *Summary* last week. Critics of the Labour Government's policy are still many and vocal, and they have tended to seize upon the introduction of the 'Transitional Powers' Bill as proof of the dictatorial proclivities of some members of His Majesty's Government. (In this they have derived encouragement from Mr. Churchill's observations, although there was anyway a spontaneous feeling, even in friendly circles, that the Bill in question might be a step in the totalitarian direction.) Exception has been taken to the method, rather than to the object, of the much-discussed tax on American films. The decision to reduce dollar expenditure on films is conceded to be a commendable feature of the austerity programme, but the "resort to confiscatory taxation in the guise of customs duties to exclude imports" (as the *Washington Post* describes it) is believed to constitute a form of discrimination in international trade which might well nullify the work of the Geneva Conference. Nevertheless, thoughtful commentators are at pains to emphasize that American interests are so inextricably bound up with those of Great Britain that it would be too costly for the United States to permit its anti-Socialist prejudices to prevent it from rendering all possible assistance to this country. In any case, a striking contrast to the above misgivings about the current performance of His Majesty's Government at home has been provided by the encomiums lavished upon Labour "statesmanship" in connexion with the formal elevation of India and Pakistan to Dominion status.

Considerable emphasis is given by more friendly observers to the fact that the difficulties inherent in the British situation are not peculiar to these islands and that the crisis really encompasses the whole of Western Europe. The same observers are consequently inclined to stress what they believe to be the essential connexion between the Washington discussions on the British loan and on the Ruhr (separate as these may be in actual scope and venue) and the forthcoming London meeting on the German level of industry. Despite the suggestion of Mr. Lovett, at his press conference on the 13th August, that they could not in themselves arrive at "basic decisions," although they might "result in recommendations which would go to a governmental level," the general view is that these talks will have an important bearing upon the future of Mr. Marshall's

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Harvard proposals. There is thus strong approval for the Anglo-American decision to invite the French to the London meeting. As the *Washington News* observes, "the Marshall plan for saving Europe is threatened by Britain's economic crisis and France's fear of a Ruhr revival" and, while it is possible to restore Western Europe without the help or approval of Generalissimo Stalin, "it isn't possible if Britain is too weak to co-operate effectively or France is too shortsighted." It is also felt that, limited as their present agenda may be, the Ruhr talks offer a test case of British and American ability to sink ideological differences for the sake of providing a practical solution to Europe's problems, and that, unless this ability is proved, all further consideration of the Marshall offer is likely to remain academic.

There is concern in some quarters that the American public is not more alive to the critical importance of Mr. Marshall's proposals, and liberal-internationalists like the Alsop brothers feel that the Secretary of State himself might have had more to say on the question to stimulate interest. (Senator Vandenberg is also said to have been pressing the United States Government to provide more popular enlightenment on the Marshall offer.) According to the Alsops, who are usually well-informed, the "betting is better than even" in Washington that there will be a special session of Congress in December to consider any European programme that may be agreed upon by the Economic Co-operation Conference in Paris. The *New York Herald-Tribune* is urging the constitution of a "bi-partisan committee" of both the Senate and House of Representatives to pave the way for such a special session as soon as the House Committee of Nineteen (see *Summary* No. 403) returns from its investigations in Western Europe. Meanwhile President Truman is clearly reluctant to commit himself one way or the other on the idea of calling Congress back from its present recess. When questioned on the subject at his press conference on the 14th August he merely replied that there was "nothing on the horizon" at the present time to warrant any such action.

The fact that the State Department is likely to have its hands full in coming weeks with other important matters like the Inter-American Security Conference at Rio de Janeiro and the September session of the United Nations General Assembly is expected by some commentators to militate against the early presentation of the Marshall proposals to Congress. The significance which the Department attaches to the Rio meeting is believed to be attested by the size and standing of the U.S. delegation which left Washington on the 13th August. In bidding an official farewell to the delegation the President himself pointed out that it included the same bi-partisan team, led by Senators Vandenberg and Connally, which had in the past accompanied Messrs. Byrnes and Marshall to the Foreign Ministers' conferences in Europe. Mr. Henry Wallace, who apparently views the Conference with the same mistrust as he did the formulation of "Truman Doctrine" for Greece and Turkey last spring, suggests that the representatives of the states in conference at Rio would do well to eschew military matters and confine themselves to mutual economic problems. Most editorial writers, however, are optimistic about the meeting. The Conservatives in particular hope that it will be a demonstration of inter-American solidarity against what the *Los Angeles Times* calls "the most feared of potential aggressors"—the Soviet Union.

In the general field of Soviet-American relations the State Department can count upon strong popular support in refusing to be baulked by Moscow in convening as soon as possible a conference of all the eleven nations interested in drafting a peace treaty with Japan. It is also being warmly applauded by the American press and public for continuing to display firmness towards countries within the Soviet orbit—as instanced by its spirited reply of the 13th August to Marshall Tito's charges of economic discrimination against Yugoslavia and its protest against the use of "third degree" methods in Roumania. At the same time the State Department decision to waive an estimated 1,000 million dollars worth of claims against Italy has generally been welcomed as a boon to that country in its struggle against Communism and as an instructive contrast to Soviet insistence upon the full pound of flesh of reparations.

On the domestic front the sub-committee of the Senate War Investigating Committee has now sheepishly postponed until the 17th November its inquiry into the aircraft contracts awarded by the Roosevelt Administration to Mr. Howard Hughes (see last week's *Summary*). Nevertheless, with a Presidential election approaching and with leaders of both parties searching avidly for political ammunition for the campaign, the appetite for Congressional investigations is not likely to diminish. Congressman John Taber is already leading his House Appropriations Committee in an inquiry into the activities of thirteen Federal agencies. For its part the Administration has also launched an investigation that may shed light upon the recent misdemeanours of some Republican politicians. This is inquiry by the Department of Justice into the existence of a "conspiracy" on the part of business interests to drive up prices in the food, clothing and housing industries.

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LATIN AMERICA

Inter-American Affairs

According to press reports the United States delegation to the Rio de Janeiro Conference, which opened on the 15th August, is making every effort to prevent discussion at the present conference of American States of the demand for an Economic Commission for Latin America—which is not on the agenda. Chile, who is supported by most of the Latin American States, is the moving spirit of this proposal. An *ad hoc* Committee consisting of Chile, China, Cuba, Lebanon, Peru, United States, Venezuela, France and the United Kingdom, has already been appointed by the Economic and Social Council of the United Nations to examine the factors affecting the establishment of such a commission, and they have undertaken to ascertain the views of the ninth International Conference of American States, which is to meet in Bogotá on the 17th January, 1948.

The United States is perfectly correct in its wish to have the question of an Economic Commission considered at Bogotá rather than at Rio de Janeiro. Resolution VIII of the Conference held at Mexico City in 1945, it may be remembered—known as the Act of Chapúltepec—called for specific measures to ensure the peace of America, including the use of armed force. It was agreed at the time that the Act would be operative only during the War, and that in order to give it permanent effect its provisions would be incorporated in a treaty. At the San Francisco Conference the United States Secretary of State, and later the President, announced that such a treaty would be drawn up and that a conference would be held for this purpose at Rio de Janeiro. This is the Conference which has just opened at Rio de Janeiro to give consideration exclusively to the Act of Chapúltepec on Continental Peace and Security.

Argentina's proposal that common defence action should be taken by unanimous vote of the signatories, which is tantamount to instituting a veto, has been countered by a United States suggestion that all would be obliged to sever relations with an aggressor, should collective action be agreed upon by a two-thirds majority. Though it is not known whether a decision has been taken on this matter, this American step towards a reconciliation of the views of the twenty delegations has been favourably received. According to a private source there is likely to be a conflict of opinion among the Argentine delegates. Dr. Bramuglia, the Argentine Foreign Minister for Foreign Affairs, is all out for collaboration with the United States on Hemisphere Defence, while the Army, though willing if pressed to agree to arms standardisation, refuses to consider any measures which might prejudice the Argentine armament industry or restrict Argentine sovereignty and army initiative. The same source also states that Dr. Bramuglia wishes to replace General Accame, Argentine Ambassador at Rio de Janeiro, by one less likely to share army views.

A preliminary agenda for the International Conference of American States (at Bogotá) has been issued by the Pan American Union containing seven 'norms' designed to give permanent character to the Inter-American system. The main purpose of this Conference, which will be the ninth of a series that began in 1889–90 in Washington, is to give effect to Resolution IX of the Mexico City Conference, dealing with the reorganisation, consolidation and strengthening of the Inter-American system. The Colombian Government is making great preparations for the Bogotá Conference. The whole of the Parliament buildings are being re-conditioned, private houses are being taken over, new hotels are being reconstructed, and the city in general is being made a thing of beauty.

A broadcast message states that the Guatemalan Government has issued a statement through its Lima Legation, which will be read at the Bogotá Conference. In this statement it is pointed out that American emancipation cannot be regarded as having been attained, so long as there are areas on the Continent under colonial status, and that the political dependence of these possessions is a danger to the peace and security of the American Republics.

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Colombia

Early in 1946 the Colombian Foreign Minister initiated talks with a Venezuelan Delegation regarding the setting up of a joint Mercantile Fleet. Ecuador was later invited to participate, and a formal agreement was signed at Bogotá in June 1946, by which the Greater Colombian Merchant Marine was formed, with an initial capital of 20 million U.S. Dollars. Dr. Alvaro Diaz, Colombian Minister of Public Works, was appointed Director General. Dr. Diaz sent technical missions to the United States, Canada and the United Kingdom, and, as a result of their reports, it was decided to buy eight vessels in the United States, with a displacement of 5,100 tons each. On the 14th May the *Republica de Colombia*, the first vessel of the Gran Colombia Merchant Fleet to be put into service, arrived in Cartagena with a cargo of foodstuffs, and an Ecuadorean master and crew went to New Orleans during the same month to receive the *Rio Guayas*, which is expected to enter service very shortly.

Costa Rica

Messages from San José state that life is returning to normal in Costa Rica following an agreement between President Picado and the Opposition, guaranteeing freedom of expression and action in the coming Presidential election. This agreement ends the two weeks' strike which had paralysed the country's activities and caused a death-roll of nine persons with many injured. By the agreement compensation is to be provided for the families of the dead and injured; Government employees have been given guarantees that they can join any party, and the Electoral Tribunal will have power to arbitrate in any dispute (see *Summary* No. 403).

Dominican Republic

The State Department is reported to be seriously concerned about the situation in the Caribbean and maintains that there are two plots afoot: (1) For the overthrow of the Venezuelan Government. President Trujillo of Santo Domingo is accused of having financed this plot, in which Señor Lopez Contreras, ex-President of Venezuela, is thought to be involved. Four American citizens, shortly to be tried in the United States are also said to be implicated, in particular, a former adviser to the U.S. Embassy in Caracas, one Carl Eisenhardt, on whose farm arms were discovered in April, (2) The invasion of the Dominican Republic (see *Summaries* Nos. 403 and 404). President Trujillo seems to be well aware of the danger and he has informed the United States and Cuban Governments that he is ready to give the invaders a warm "welcome." Zero hour was put at the 17th August, and if nothing happens the story will probably be described by anti-Trujillo elements as the President's invention for strengthening his own position. On the other side Communist machinations are imputed, through Moscow headquarters in Cuba and Guatemala. Sugar and rum interests are probably not altogether remote from the happenings.

The State Department's concern regarding these plots is sharpened by the realisation that President Trujillo might make matters difficult at Rio de Janeiro over the part played by United States citizens, in supplying the intending invaders with ships, planes and munitions of war. Whether these war materials have been acquired directly or through the United States gifts to Latin America, the fact remains that they have been assembled in considerable quantities for the overthrow of existing Governments, both dictatorial (Trujillo) and Liberal (Betancourt), and the use to which awareness of these facts might be put is full of awkward possibilities.

Nicaragua

As a result of the elections held on the 3rd August in which the voting was limited to Liberals and National Conservatives, the Government claim that the Constituent Assembly was elected by popular vote. After its installation on the 15th August the Assembly passed a decree providing for the exercise of executive power by a President or Vice-President (a new office) of the Republic. Drs. Roman y Reyes and Arguello Vargas, both former Foreign Ministers, were elected as President and Vice-President respectively. It is extremely doubtful if the action of the Assembly in passing this decree is constitutional. The Vice-President and three other delegates left on the 15th August for Rio de Janeiro, where they will join Señor Sevilla Sacasa in an attempt to secure the admittance of Nicaragua to the conference. Ex-President Somoza is reported to be going later to Washington to try to secure recognition of the new régime by the United States Government and to have declared that, if recognition is accorded, he will be prepared to accept voluntary exile from Nicaragua.

The attitude of the United States Government towards Nicaragua will be guided by the wishes of a majority of Latin American Governments, when it comes to deciding whether to recognize the latest Nicaraguan régime. Mexico is reported to be waging a fierce campaign against recognition, with Washington weighting the scales on that side.

Erratum

Under *Dominican Republic* Summary No. 404, p. 24, Col. 2, for sentence "and Dominican *émigrés* . . . . Congressional elections," read "and Dominican *émigrés* in Mexico City attribute Santo Domingo reports to manœuvres on the part of President Trujillo."

THE UNITED NATIONS

Security Council

Indonesia

The Security Council continued its discussion of Indonesia on the 14th and 15th August without reaching any major decision, without even settling whether the Charter justified the Council's intervention. Indeed, the question of the limits of the Council's jurisdiction dominates the proceedings. Having admitted a representative of the Indonesian Republic on grounds of equity, despite the legal objections voiced by the delegates of the United Kingdom, Belgium, France and the United States, the Council declined to accept a Dutch plea, that it should also hear representatives of Borneo and East Indonesia. Belgium, France, United States and United Kingdom voted for the proposal: the other members abstained. So strongly did the French Government feel about the whole issue of the Council's right to intervene, that it instructed its representative to carry his opposition to the point of veto; and the anxiety of the constitutionalists seemed warranted when the President made the astonishing statement that the Council was "competent" because the subject was on the agenda, and that its competence continued until a vote of the Council repudiated it. Belgium's representative was quick to point out the danger of entrusting the power to decide competence to any one permanent member who chose to vote against such a repudiation.

The Australian resolution, presented on the 12th August, is non-controversial except for one paragraph resolving "to establish a commission consisting of representatives of . . . . who will report direct to the Security Council on the situation in the Republic of Indonesia following the resolution of the Council of 1st August, 1947." If this paragraph can be taken to refer only to the "cease-fire" position, the whole resolution becomes non-controversial; but a Polish amendment seeks to establish a "Commission of the Security Council consisting of . . . . who on behalf of the Security Council will act in the capacity of mediator and arbitrator between the Governments of the Netherlands and of the Republic of Indonesia." It emphasises the rôle of the Council as mediator and the independent status of the Republic. It would, if carried, do away with the United States offer of her "good offices" which the Dutch accepted and which the Indonesians seem bent on using as a stepping-stone to some kind of international arbitration, a course which the State Department have let the Indonesians know is tantamount to rejection. According to the Indonesian representative, who spoke to the Council on the 14th August, his Government wish the Council to appoint a Commission to supervise the execution of the 1st August decision. The Commission might ultimately report on the state of law and order in those parts of Indonesia evacuated by the Dutch; for the Indonesians require the Dutch to withdraw, first to the 14th October, 1946, positions, later from all "Republican territories." They would like arbitration by the Council's nominees, but would accept any impartial arbitration.

Mr. van Kleffens, on the other hand, made it clear that his Government denied the Council's right to intervene, which, he said, the Australian resolution took for granted, and he hoped that the Council would send no such commission as the resolution proposed. His Government did not oppose investigation. It opposed any investigation by the Council, for the Council's intervention in this case might "well prove a step on its road to ruin." He made no mention of arbitration, except to say that it would be a mockery with a government which exercised no control. His aim was a resumption of negotiations, and then, he wanted Borneo and East Indonesia to join in, if the question of the Indonesian Federation was raised. He put forward a plan of his own to bring the parties together. Each side should choose one State. These two States should agree

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to nominate one impartial State. Citizens from this one State should enquire into the situation, supervise the cease fire, and encourage an immediate resumption of negotiations. They should report on the situation as it developed. To obtain a true picture of conditions in Indonesia, Mr. van Kleffens suggested that all foreign Consuls in Batavia should jointly draw up reoprts on Java, Sumatra and Madura.

Egypt

On the 11th August, Nokrashy had accused the British of interfering in the internal affairs of Egypt. Sir Alexander Cadogan in his speech on the 13th August admitted interference on two occasions only, in 1940 and 1942; but then highly placed Egyptians were obstructing the Allied war-effort in the interest of the Axis Powers, whose forces were advancing on Egypt. He had the documents necessary to prove his statement; but, to avoid embarrassing Nokrashy, he would only produce them if Nokrashy so wished. Nokrashy then made a reply which had been prepared beforehand, and which he did not alter to cover anything that Sir A. Cadogan had said (including the reference to documentary evidence). Sir Alexander dealt so faithfully with Nokrashy's historical essay on Anglo-Egyptian relations that Nokrashy deprecated spending any more time over historical matters. Turning to the fundamental issue involved in the Egyptian appeal, Sir Alexander said that if the Security Council maintained that it could override treaty rights, any State could escape its obligations on the plea that it would endanger peace rather than fulfil them, and he contended that the Egyptian claims should be rejected, though, of course, all genuine disputes over the interpretation of the 1936 treaty should be settled according to the procedure laid down in the Charter. Nokrashy repeated old arguments. "Egypt wanted to live her own life free from the hand of the powerful invader"; and he begged the Council to let no obsolete treaty stand in the way of your fulfilling your high mission under the Charter . . . . between the 1936 Treaty and the Charter, we have chosen the Charter." His most startling demand was that the Council should order the British to withdraw their forces by the 1st September. Poland's representative, while contending that the question of the Sudan required further consideration, supported Nohrashy's demand for the evacuation of British troops, considered the 1936 Treaty contrary to the Charter and the Assembly Resolution on Armed Forces of December 1946, and argued that the Security Council, although not limited to legal considerations, had the legal power to order the removal of British troops.

It was decided, with the agreement of the United Kingdom representative, to adjourn the discussion until the 20th August, when the Brazilian and the Russian representatives are due to speak. Meanwhile the United States Government, while agreeing with the justice of the United Kingdom case, is working for a resolution advocating the resumption of negotiations. Opinion in the Council appears to favour such a solution though anxious to save Egypt's face as far as possible.

The Balkans Commission

Mr. Gromyko took up all the Council's time on the 14th August. He went over old arguments, attacked the first United States resolution and displayed the excellencies of his own resolution. As for the new United States resolution, it was as unacceptable to him as was the Australian resolution, which was but the same thing in different words. To the United States criticisms of his use of the veto he replied that the Soviet delegation was not bound to agree to proposals which were not based on facts. Meanwhile, on the 17th August, "General" Markos proclaimed a "Free" Greek Government.

On the 19th August Mr. Gromyko used the veto twice more, to kill the Australian and the United States resolutions. In each case 9 States voted in favour, and only the Russians and Poles against. The Yugoslav, Albanian and Polish delegates talked as usual about Greek fascists and British imperialism. After he had outvoted the 9 member States, Mr. Gromyko demanded that life in the Commission of Investigation and of the Subsidiary Group should be pronounced extinct; but the Syrian President ruled that life continued "pending a new decision."

The Secretary-General has told Sir Alexander Cadogan that Article 99 of the Charter provides a method of freeing the Council from the state of petrifaction into which the gorgon-like powers of Mr. Gromyko has transformed it. As Secretary-General, he is ready to claim the right to send observers so that he may know what is happening in Northern Greece. Mr. Lie made such a claim in September 1946 when Russia seemed about to veto the United States proposal to establish a Commission of Inquiry into the Greek situation.

Membership

Russia's veto was used three times on the 18th August. Nine members of the Security Council voted for Eire, for Portugal and for Transjordan. Poland opposed Portugal and abstained in the other two cases. Russia voted against all three, who are thus for the second time prevented from joining an organisation the overwhelming majority of whose members wish them to join. Albania and Outer Mongolia failed to obtain sufficient votes for recommendation. Russia, Poland and Syria voted for Albania; Australia, Belgium, the United Kingdom, and the United States voted against. Outer Mongolia was supported by Russia, Poland and Syria, and opposed by China, the U.K. and the U.S. In both cases the remaining members abstained. The Syrian President waived his proposal for a kind of blanket recommendation of all parties when he heard that China meant to oppose Mongolia, come what may. Two candidates only received the Council's recommendation, and it was unanimous, the Yemen and Pakistan.

Economic and Social Council

The fifth session of the Economic and Social Council, which began on 19th July, ended on 17th August. The long agenda included some items of immediate importance and some involving questions of principle which may come up again in other connexions later on. Reports were received from those specialized agencies and dependent organisms which are already in operation—*e.g.*, the Economic and Employment Commission, the Economic Commission for Europe, the Economic Commission for Asia and the Far East, the Fiscal Commission, the Commission on Human Rights etc. The Preparatory Commission for the International Trade Organisation reported on its second session at Geneva, where the terms of an International Trade Charter and a complex set of agreements on tariffs have been brought in sight of completion.

The report of ECE led the French delegate to say, among other things, that, while his country could not agree to the revival of pre-war German strength, questions about Germany could properly be discussed in the ECE, and that the temporary organisation for European recovery now being set up at Paris was in no way prejudicial to ECE. The delegate of Byelorussia was indignant at either of these topics being introduced. The Russian delegate, who had a long speech ready, did not get the chance to deliver it all, but did make an emphatic protest against the idea that ECE might interfere with national sovereignty, or with the occupying Powers in Germany, or with the great waterways of Europe. After these suspicions had been repudiated by the British Delegate and after a long procedural wrangle of familiar type over a Soviet proposal to omit one item from it, the report was adopted.

The report of the first session of ECAFE and of its Committee of the Whole was adopted. The status of associate membership, to be given to non-self-governing territories in the area which apply for it through the metropolitan Power responsible for their international relations, was agreed to. This will give Burma and Ceylon the opportunity for immediate attendance at the Commission's meetings and application will be made for associate membership for all British colonial territories in the area. A Soviet proposal that all States members of the United Nations in Asia and the Far East should be members of ECAFE was rejected.

It was decided that the World Conference on Trade and Employment should open at Havana on 21st November. The delegate of U.S.S.R. made it plain that his country would not be present. States not now members of the United Nations will be invited to attend but without the right to vote, as the United Kingdom would have preferred.

Among the questions which may have wider implications than are apparent on the surface was the proposal by the Chilean delegation that an Economic Commission for Latin America be established (see also under "Latin America"). There are various reasons for the proposal, notably the Latin American desire to get a U.N. body whose secretariat staff will be drawn from their countries, a belief that dollars will be more readily available for economic development schemes sponsored by a U.N. Commission, and a desire to have regional machinery similar to ECE and ECAFE set up, for the sake of prestige, in Latin America. The fact that both ECE and ECAFE have been set up to deal with countries damaged by the war, as no Latin American country has been, seems to have been overlooked. If the proposal were to be accepted, it would inevitably lead to the setting up of an Economic Commission in the Middle East. The proposal has been referred to a nine-Power committee which will report to the next session of the Council.

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The relation of Specialised Agencies to the Economic and Social Council (which has a co-ordinating but not a directing function) has led to much confusion of thought. It has, in the end, proved both natural and judicious to allow considerable latitude in the variety of agreements to be negotiated, depending on the specialised agency itself, its organisation and work, rather than on a set pattern. One of the oldest of international bodies, the Universal Postal Union, has been a case in point; its charter (now beginning to be a venerable historical document) is quite unlike the sort of agreement made in recent cases. Yet the new organs of international life also show peculiarities of their own. The World Bank and the International Monetary Fund, both a little older than the United Nations, strongly dislike any sign of interference by the U.N. in their own affairs. After much debate the Economic and Social Council has adopted by 13 votes to 3 agreements which, whilst providing for a certain degree of mutual co-operation, recognise their budgetary autonomy and full independence in the conduct of their business.

A question of principle that may recur is latent in the proposal raised at the instance of the International Co-operative Alliance that the world's oil resources and their disposal, beginning with the Middle East, should be administered by an organ of the United Nations. This appears to have both commercial and idealistic motives and to have been framed—and pertinaciously forwarded—in an innocent ignorance both of the world's oil industry and of the very great difficulty of working international control of any prized raw material (as the Atomic Energy Commission can bear witness). Vigorous criticism by the U.K. delegate persuaded the Council to rule that " action is unnecessary at this time " and the proposal was defeated. The I.C.A., disappointed of getting the majority vote they expected, hope to raise the matter with the I.T.O. at some other future time, when it is fully established.

A Conference on Freedom of Information and of the Press will be held at Geneva in March 1948.

The Economic and Social Council itself proposes to hold two regular sessions in 1948, the first in February at Lake Success and the second at Geneva in July; but the latter is not to imply any move to change the Council's headquarters.

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C267664

CANADIAN WOMEN'S VOLUNTARY SERVICES.

(Ontario Division)

MEMBERS OF EXECUTIVE.

HONORARY PRESIDENT. Mrs. Albert Matthews, 169 Warren Rd., Toronto.

Mrs. Jas. R. Roberts, 1051 Main St. E., Hamilton, Ont.
(Chairman)

Mrs. Murdoch MacKenzie, 14 Prince Arthur Ave., Toronto.
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(Extension Executive - Vice-Chairman)

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Mrs. Robert Conner, 118 Kingston Rd., Toronto.
(Chairman Toronto Unit)

Mrs. A. B. Colerick, 140 Rosewell Ave., Toronto.

Miss Margaret Hyndman, K.C., 67 Yonge St., Toronto.
(Honorary Counsel)

Mrs. Thos. Dann, Aurora, Ont.
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Mrs. Egmont Frankel, 236 Douglas Drive, Toronto.
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Miss Frances Steinhoff, 122 Balmoral Ave., Toronto.
(Publicity Executive).

Miss Kay Pointon, 21 Warren Rd., Toronto.
(Publicity Executive).

Miss Olive Zeigler, 609 Avenue Rd., Toronto.

Mrs. M. Kensit, 74 St. George St., Toronto.

Mrs. J. P. Hynes, 43 Castle Frank Crescent, Toronto.

Mrs. T. J. MacKay, 54 Rumsay Rd., Toronto.
(Alternate for Mrs. (Col.) Peacock).

Mrs. J. L. Savage, 93 Garfield St., Toronto.
(Alternate for Mrs. Colerick).

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ADVISORY COUNCIL

C267665

CANADIAN WOMEN'S VOLUNTARY SERVICES
(Ontario Division)

Organization	Representative
British Empire Ex-Service Women's Association	Mrs. T. Turner, 234 Lake Shore Road, Toronto.
Canadian Auxiliary Territorial Services Ad. 7813	Miss Ivy Madson, 134 King Street, East, Toronto.
Canadian Business and Professional Women's Club El. 0919	Miss Ethel Butler, 141 Rochborough Street, W. Toronto.
Canadian Federation of University Women Mi. 1653	Mrs. C. D. H. MacAlpine, 20 Warren Road, Toronto.
Canadian Mothercraft Society Ha.1591	Miss Isobel Wilson, 50 Hillhurst Blvd., Toronto.
Canadian Women's Service Force Ad. 6491	Mrs. Richards, 73 Adelaide Street, West, Toronto.
Children's Aid Society Ra. 4151	Mrs. J. S. Driscoll, 73 St. Clair Avenue, E., Toronto.
Church of Christ Disciples Ra. 8506	Mrs. Gordon Graham, 45 Binscarth Road, Toronto.
Community Welfare Council of Ontario Inc. Ki. 8641	Miss Follett, 24 Bloor Street, West, Toronto.
Coronation Unit of Ex-Service Women Gl. 0619	Mrs. Ed. McKechnie, 166 Booth Avenue, Toronto.
Eastern Canada Region, International Association of Soroptimist Clubs Wa. 2644	Mrs. B. Mackness, 12 Wellington Street, E. Toronto.
East York Women's Service Corps	Mrs. Marjorie MacKenzie, 264 Springdale Blvd. Toronto.
English Speaking Union Mi. 6114	Mrs. Geo. Watt, 216 Poplar Plains Road, Toronto.
Federated Women's Institutes of Ontario	Miss Mary A. Clarke, Superintendent of Women's Institutes, Parliament Bldgs., Toronto.
Federation of Women Teachers Association of Ontario Mi. 8427	Miss H. E. Carr, 30 Bloor Street, West, Toronto.
Grand Camp, Daughters of Scotland in Canada Mo. 2228	Mrs. Alexander, 2571 Yonge Street, Toronto.

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Grand Lodge, Daughters of England Benevolent Society	Mrs. F. Small, 23 Murray Street, Brantford.
Hadassah Organization Hy. 7276	Mrs. Chas. Rotenberg, 168 Forest Hill Road, Toronto.
Ladies' Auxiliaries to the Order of Scottish Clans Ge. 2235	Mrs. Madge Wright, 144 Danforth Avenue, Toronto.
Ladies' Orange Benevolent Association Ha. 6451	Mrs. L. Roe, 62 Westwood Avenue, Toronto.
Ontario Dental Nurses and Assistants El. 9011	Mrs. Tonye Turner, c/o Dr. H. W. Reid, 195 Yonge Street, Toronto.
Ontario Provincial Command Ladies' Auxiliary, Canadian Legion Ra. 6334	Mrs. A. C. Norley, 45 Spruce Court, Toronto.
Ontario Provincial Council, Canadian Daughters League Ho. 1728	Mrs. Aileen Fines, 147 Elmer Avenue, Toronto.
Order of the Eastern Star	Mrs. Robert Geddes, 72 Alpine Avenue, Hamilton, Ontario.
Protestant Women's Federation of Canada Ke. 4843	Mrs. A. F. McMichael, 89 ~~80~~ Ellsworth Avenue, Toronto.
Provincial Branch, Canadian Ladies' Golf Union Ra. 1453	Mrs. Alex. McBain, 35 Cluny Drive, Toronto.
Provincial Chapter of Ontario, Imperial Order Daughters of the Empire Oakville 354	Mrs. Ryland New, Oakville, Ontario.
Queen's University Alumnae Ki. 1413	Mrs. Arthur L. Scace, 34 Poplar Plains Crescent, Toronto.
Registered Nurses' Association of Ontario Ra. 4939	Miss Jean Masten, Hospital for Sick Children Miss Beatrice Ellis, Toronto Western Hospital.
St. John Ambulance Society Mo. 2470	Mrs. Harold Ritchie, 6 Burton Road, Toronto.
Silver Cross Women of the British Empire Mi. 5548	Mrs. W. J. Dyas, 74 Kendal Avenue, Toronto.
The Baptist Women's War Services Auxiliary Ke. 2618	Mrs. W. A. Batty, 96 Hilton Avenue, Toronto.
The Canadian Girl Guides Association Mi. 6423	Mrs. D. E. S. Wishart, 10 Dale Avenue, Toronto.
The Canadian Jewish Congress Hu. 4735	Mrs. Herbert Allen, 238 Dunvegan Road, Toronto.

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The Catholic Women's League of Canada	Mrs. A. B. Collins, 187 George Street, Belleville, Ontario.
The Council of Jewish Women Hy. 1437	Mrs. Harry Samuel, 68 Hillholme Road, Toronto.
The Girls' Friendly Society Mo. 8972	Mrs. R. Ruddle 34 Wilfred Avenue, Toronto.
The Inner Wheel Hu. 5372	Mrs. Ernest Steiner, 375 Spadina Road, Toronto.
The Lyceum Club and Women's Art Association of Canada Mi. 3324 **69 Oriole Rd.**	Mrs. Jas. McCallum, ~~800 Bloor Street West~~ Toronto.
The Maccabees	Mrs. Mabel T. Blake, 137 Ouellette Avenue, Windsor, Ontario.
The Ontario Federation of Home and School Associations Ho. 4559	Mrs. D. H. Walkinshaw, 25 Columbine Avenue, Toronto.
The Ontario Women's Liberal Association Ju. 5028	Mrs. J. G. Culnan, 209 Indian Road Crescent, Toronto.
The Rebekah Assembly of Ontario Lo. 6773	Miss Violet Pearce, 139 Essex Street, Toronto.
The Salvation Army Hu. 6658	Mrs. Lt.-Col. Spooner, 37 Dundas Street, East, Toronto.
The Women's Missionary Society of the Church of England Mi. 7868	Mrs. Wm. C. White, 68 Spadina Road, Toronto. Mrs. K. E. Wodehouse, 19 Buena Vista Road, Ottawa, Ontario.
The Women's Missionary Society of the Presbyterian Church in Canada Ju. 9084	Mrs. E. F. Perry, 159 Mavety Street, Toronto.
The Women's Missionary Society of the United Church of Canada Ll. 6724	Mrs. Geo. Robinson, 13 Rosemount Avenue, Toronto.
Toronto Dietetic Association Ra. 3613	Mrs. Alan Stevenson, 77 Wellesley Street, Toronto.
Women's Central Conservative Association of Toronto Ho. 2893	Mrs. Robert Conner, 118 Kingston Road, Toronto. Mrs. Geo. Cockshutt, 172 Morrell Street, Brantford, Ontario.
Women's Christian Temperance Union La. 7061	Mrs. C. W. Hillock, 1570 King Street, West, Toronto.
Women's Committee of the Navy League Hu. 6594	Mrs. J. Bruce MacKinnon, 202 Heath Street, West, Toronto.
Overseas Nursing Sisters' Assocn. for Ontario.	**Miss Mary Sunley, 55 Madison Ave., Toronto.**

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Women's Land Brigade Auxiliary	Mrs. K. V. Svanefelt 22 Castlefield Avenue, Toronto.
Women's Law Association of Ontario	Miss Elva Dunn, 253 Bay Street, Toronto.
Zonta Clubs of Canada El. 4321	Miss Helen Cleveland, Wood, Gundy & Co. Limited, 36 King Street, West, Toronto.
Provincial Council of Women	Mrs. Fred G. Miller, 24 Stinson Street, Hamilton, Ontario.

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C267669

P.M.O

(3)

FOR THE PRIME MINISTER

FOR COUNCIL: December 27th, 1940.

SUBJECT: Organization of wartime service for women.

REMARKS: Mrs. McClung's letter and copy of Prime Minister's reply attached.

CONSIDERED BY COUNCIL:

ACTION TAKEN: Copies of correspondence sent to the following Ministers:
Labour,
National War Services,
National Defence,
Munitions and Supply.

DISPOSED OF:

(A. D. P. Heeney)
J.C.

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OFFICE OF THE CLERK OF THE PRIVY COUNCIL

MEMORANDUM

C267670

Mr. Turnbull:

Re: National Committee for Voluntary Registration of Canadian Women.

Attached are Miss Hyndman's wire and a draft reply which have been discussed with Dr. Coleman.

I suggest that you have Mr. Gardiner approve the reply before putting the draft before the Prime Minister.

Copies for Mr. Gardiner attached.

A. D. P. H.

July 9th, 1940.

Mr Gardiner approves of answer proposed & follow up with word to Miss Hyndman say A.M. has previously spoken to Lindsay.
Mr King says to send letter pointing out ~~that~~ was sent ~~from~~ 1940

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Send the following message, subject to the terms on back hereof, which are hereby agreed to

DAY LETTER

Ottawa, July 9th, 1940.

Miss Margaret Hyndman, K.C.,
National Committee for Voluntary
Registration of Canadian Women,
1203 Montreal Trust Building,
Toronto, Ontario.

Regarding your telegram of today, may I assure you once more that the Government have no intention of ignoring the work of your National Committee for the Voluntary Registration of Canadian Women, and arrangements have been made to turn over to the new Department of National War Services the detailed information made available to the Voluntary Service Registration Bureau by your National Committee.

The Government anticipate that this information will be of great value in the organization and co-ordination of voluntary services. National registration conducted by the Government, will of necessity be of general character, and for obvious reasons will include all men and women throughout Canada over the age of sixteen years.

Would appreciate your explaining position to members of your National Committee. Copy of reply your telegram and this, are being handed to the Honourable J.G. Gardiner, who is to be Minister immediately concerned.

W. L. Mackenzie King.

Charge: Prime Minister's Office.

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MEMORANDUM

Office of the Prime Minister C267372

Ottawa,.....

Mr Dickson

Prime Minister asked about the
further ... I told the Bruce about
young man & two women who
had applied for permit. Said they
were expected ... Mayor in Cabinet. Mr
Prime ... only ... up in Huron ...

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C267373

Unrevised Hansard
May 12th, 1941, page 2845

Mr. Bruce :-

We heard yesterday over the BBC that women's contribution to the war effort in Britain is gaining in value daily, that they are now doing eighty per cent of the skilled work in some of the munitions plants. I was glad to hear the Minister of National Defence (Mr. Ralston) say over the radio yesterday that plans are being considered for the utilization of women in certain work in Canada's fighting services. There is no doubt that there are many positions which women can fill as well as men. A voluntary women's transport service was organized last summer in Montreal, and in September a detachment was formed in Toronto under the Canadian Red Cross. The Toronto detachment has 160 women members, thoroughly disciplined, who have been driving motor cars, ambulances and other army vehicles, and are able to do all the running repairs to their cars. They are also trained in first aid and air raid precautions work. For some time Great Britain has had women performing similar services, and they would welcome reinforcements from Canada. Although the members of the Toronto detachment are anxious to go to England to help their sisters there, and for this purpose will pay their own expenses, the Department of External Affairs has refused them passports.

I should like to read the cabled reply from the head of the British motor transport corps to a message sent from the Toronto women's transport service:

Grateful for wire. M.T.C. needs hundreds of drivers, some with pay. Work includes day and night driving, London and provinces. Likelihood foreign service later. Age limit 21 to 43.

I suggest that this voluntary organization be given official recognition by the Department of National Defence, to facilitate their getting overseas for service.

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C267674

N-305-14
1941

Recd for file June 1/41 d-300
1941

MEMORANDUM FOR MR. TURNBULL:

Mr. Robertson has asked me to send you a brief statement respecting the editorial in the Citizen this morning on "Canadian Women want to Serve".

I enclose copy of the Notes that were given to Senator Dandurand on the subject, which, I think, explain as clearly as can be done at present the action taken by the Government and the reasons for it. The Senator used the note marked for June 12th and I think he read, as typed, the statement prepared for June 13th. The Senate Handard, however, is not yet available to check this.

There are two points of importance in connection with the Citizen's editorial and Senator Meighen's criticims on which it is based.

First, the British Government is not pressing or even asking that permission be given to Canadian women to proceed overseas to engage in war work. In the one case in which a request was made by the Department of Health of Scotland for eight specially qualified women, namely "occupational therapists", permission was, of course, granted at once.

The other point is that of the many hundreds of women who have applied for permission to visit the United

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Kingdom to be with their husbands, fiancés, parents or for other reasons, the great majority state that they are anxious to do various kinds of war work and sometimes produce letters from individuals or private organizations intimating that their offers of service would be welcome. It is clear, however, that to grant exemption in such cases would defeat the whole purpose of the Order in Council, the reasons for which, as set forth in Senator Dandurand's statement, are the pressure on shipping in the Atlantic, on food and housing accommodation in the United Kingdom and the desire to avoid the problem which gave rise to so much difficulty at the end of the last war of having large numbers of women to repatriate at a time when the pressure on shipping was so great as to seriously delay the return of our soldiers to Canada.

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Draft used on June 12th.

C267676

SUGGESTED REPLY TO QUESTION RAISED BY RT. HON. ARTHUR MEIGHEN ON APRIL 3rd, RESPECTING PERMITS FOR WOMEN TO VISIT THE UNITED KINGDOM

Shortly before adjournment on April 3rd the Rt. Hon. Mr. Meighen raised the question of Canadian women not being permitted to go to the United Kingdom to take part in war work. I intimated that I should endeavour to give him some information on the subject.

The decision not to permit women to go Overseas, except in special cases, was taken on June 4th, 1940, and is incorporated in an Order in Council of that date - P.C. 2371. The Order provides that women, other than women engaged or employed in the Armed Forces or the Public Service of Canada, and children under the age of twelve years, are prohibited from travelling to countries in the European war zone. The Secretary of State for External Affairs is authorized, however, to grant exemption in special cases involving hardship.

The Order in Council, it may be noted, was based on the very similar Order in Council of February 20th, 1917, passed when the difficulties and dangers of travel across the

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C267677

Atlantic and the growing problem of food supplies in Great Britain made it advisable to put a stop to the movement of women and children to Britain.

The present Order in Council was passed at the instance of the Canadian military authorities and on representations from the Canadian High Commissioner in London. It was passed at a time when the occupation of the Low Countries and Northern France by the enemy greatly increased the strain on shipping, the danger of travel in the Atlantic, and the problem of food supplies and housing accommodation in Great Britain itself. There was also another consideration and that a very important one, namely, the desire to avoid the situation which arose at the close of the last war when the presence in the United Kingdom of considerable numbers of Canadian women who had gone to be with their husbands there seriously delayed the repatriation of Canadian troops. I may add that the situation as regards shipping, food supplies and housing accommodation is at least equally as serious now as when it was deemed necessary to pass the present Order-in-Council nearly a year ago.

Provision is made, as I have already indicated, for exemption in special cases where hardship is involved. Under this provision permits have been granted to two or three categories of women and children, such as those passing in transit through

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Canada from Australia or the Far East, women whose homes are in the United Kingdom and who have been in Canada on a brief visit or who are without financial resources in this country. A number of permits have also been granted, at the request of the United Kingdom Government, to women who are proceeding overseas to marry British subjects domiciled in the United Kingdom and who would not be returning to Canada. Permits have also been granted to eight occupational therapists whose services were requested by the British War Office and the Department of Health for Scotland and for whom definite arrangements for employment were made in advance.

I may add that there have been a great many requests which it has not been found practicable to grant under the Order in Council, from women of all ages who desire to go to the United Kingdom to take part in war activities of various kinds. Indeed, practically all the requests for special exemption from women who desire to join their husbands or fiances in England, state that they are competent and anxious to do various kinds of war work as canteen or munitions workers, motor drivers or to work in nursing or in social service. Many of them, indeed, have stated that they had offers of employment from various organizations in the United Kingdom. The letters which these women have received and which, of course, were in

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reply to their own enquiries, or offers to serve, usually intimate that their services would be welcomed but that they are invitations to present themselves for enrolment rather than definite assurances of employment.

Perhaps the largest group of women desiring to volunteer their services is that of motor drivers, of which there are, of course, many different categories. The United Kingdom authorities, who were approached on the matter, took the view, however, that it would be preferable for women to join the Women's Auxiliary Territorial Service of the British Army or the sister organizations which serve the Royal Navy, or the Royal Air Force. They indicated, however, it would be undesirable to allow women to proceed to the United Kingdom without being definitely accepted for service before departure because of the strict medical examination required and there have been no proposals from the United Kingdom Government to recruit women for these services in Canada.

The desire of large numbers of Canadian women to do war work in the United Kingdom is recognized and appreciated by the Government. The prospect of danger or privation have in no wise deterred them from offering their services but rather tended to stimulate them to offer to undertake

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any work for which there might be a need. It would surely be unwise, however, especially at this critical period in the war, to permit an added drain on shipping and housing and food resources to develop when there is no real assurance that the women would be accepted for service on arrival. Even in such cases it would not be an efficient employment of our war resources for Canadian women to be taken across the Ocean to do work for which there are already women available in the United Kingdom. I should add that, if the British Government wished to secure the services of competent Canadian women for war work to meet any shortage that might develop the Canadian Government would, of course, be quite prepared to give the matter immediate and most careful consideration.

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Draft prepared for June 13th

C267681

At the conclusion of my remarks yesterday on the Order in Council prohibiting women and children from travelling to the United Kingdom, except by special permission, I pointed out that, if His Majesty's Government in the United Kingdom should wish to secure the services of competent Canadian women for any particular branch of war work to meet any shortage that might develop, immediate attention would be given to the question of providing exit permits.

I am now informed that in the past week or two further information has been received respecting the need for a number of qualified women transport drivers. It has been decided, in principle, to relax the regulations somewhat to permit them to proceed overseas. Consideration is now being given to the detailed requirements it will be necessary to fulfill before women can be accepted for enrolment in United Kingdom motor transport organizations. An essential condition will be that they must be accepted for service by representatives of a United Kingdom organization or corps before leaving this country. The reason for this requirement, as the British authorities have pointed out, is

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that both the technical and medical qualifications are high and it would be a waste of effort for women to go to the United Kingdom only to find on arriving there that they were unable to measure up to the standards required. A further point is that applicants would have to give an undertaking, if accepted, to serve for the duration of the war or as long as their services were required since there is already a heavy pressure on shipping on the part of Canadian women in the United Kingdom who desire to return to Canada.

I should perhaps add that, if there should be any indication from the British authorities in the months to come that there is a strong need for the services of qualified women in other branches of war work, consideration would be given to granting special exemption for them also.

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Unrevised Senate Debates
June 12, 1941
Pages 277-78

WITHHOLDING OF EXEATS

DISCUSSION

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN: Honourable members, some months ago I called attention to the inability of young Canadian women, eager to serve in some capacity in the auxiliary women's service of England, to get exeats from the Government of Canada to enable them to proceed overseas to fill positions already granted them, subject only to medical examination in England. I have heard nothing on the subject since, beyond receipt of a letter from the Department of External Affairs telling me about an Order in Council passed on June 4, a year ago, under which women are not permitted to go to the British Isles or the war area unless they are part of the actual military, naval or air services, or unless England is their home and it is a case of the exercise of legal compassion.

A considerable number of these eager young women have already been accepted, subject only to medical examination, and one would think it would not have been difficult to arrange with the British war services to accept medical examinations made here by doctors approved by such a body as our Pension Board; but apparently nothing has been done. These women, many of them born in England, are extremely irked that they cannot do anything, although the auxiliary services overseas have been virtually begging them to come so that they may be accepted for work.

Now I find there has been established in the United States an air training scheme for British airmen—an event of some significance in view of our recent past. The purpose is to send back eight thousand men with the limited training they can secure in that country, such training, of course, being British. In connection with the establishment of this plan there have come to the United States a considerable number of members of the Women's Auxiliary Air Force of Britain. While they can cross the Atlantic this way for the purpose of rendering essential services to the Air Force of Britain in the United States, Canadian women are unable by any means to go to the help of their sisters in England. Can one imagine anything more preposterous?

Hon. Mr. DANDURAND: Do I understand that women from Great Britain will cross over?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: That is quite explainable if there are too many in Great Britain.

Right Hon. Mr. MEIGHEN: What the leader of the Government says is that they would not cross over unless there were too many. I would rather say they would not cross over unless they were needed.

Hon. Mr. DANDURAND: That is an inference. But surely the United States, with 130,000,000 people—

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Right Hon. Mr. MEIGHEN: But they cannot enlist in the force. The United States are not in the war.

Hon. Mr. DANDURAND: No, but the United States are receiving British airmen for training.

Right Hon. Mr. MEIGHEN: In compliance with international law they are being trained in civilian clothes, and the women's auxiliary services are needed to assist them. These members of the auxiliary services are not in the United States, but have to come from England. They come, not because they are eager to leave England, but because they are needed in the United States.

My authority for what I say is a Canadian Press dispatch dated Ottawa, May 31. It says:

> Fresh strength for the fighting forces has come to this continent—airmen, sailors and soldiers, and United States-bound girls of the Women's Auxiliary Air Force.
>
> Guarded by mighty units of the British fleet, they sailed the north Atlantic while the greatest naval battle of the war was fought in those waters—the action which saw the loss of H.M.S. Hood and the avenging destruction of Germany's battleship Bismarck.
>
> In the varied contingent of air, sea and land fighters came the first group of Royal Air Force fledglings who will be trained in the United States under the plan announced at Washington May 29 by the United States War Department.
>
> They will be followed at intervals by other flights until 8,000 have been trained in the next year. The instruction course begins June 7.
>
> Most of the blue-clad youths in the first group were destined for service in air crews. They did not know their destination in the United States.
>
> Practically all the airmen were in uniform, but all had been issued with mufti, and it was indicated they would doff their uniform before entering the U.S. to conform with the international amenities.

This does seem an odd state of affairs.

Hon. Mr. EULER: May I ask the right honourable gentleman a question? Is there any indication that there is a dearth of the kind of assistance these Canadian women could give?

Right Hon. Mr. MEIGHEN: Yes. Such indication is contained in the messages which I have already reported to the House, messages from these auxiliary services telling how desirous they are of having these girls. A girl in Weyburn, whose case I have in mind now, was actually accepted, but has not been able to get out of Canada. The department is simply adhering to the letter of this Order in Council of June 4. Its terms are apparently more important than any real service.

Hon. Mr. EULER: From the fact that women were being allowed to go from England to the United States, I thought there might be a sufficiency of that kind of help in England now.

Right Hon. Mr. MEIGHEN: There has to be, and, besides, England has to send women to the United States. Why is it that we cannot at least supply the help needed in the United States and in that way save the women two trips—across the ocean and back? I presume, though, we have no means of training women here.

Hon. Mr. EULER: Is it the right honourable gentleman's suggestion that Canadian women might go to the United States?

Right Hon. Mr. MEIGHEN: Yes, if they could be trained here. I do not know whether we have any organization to train them. We might have been expected to have some such organization, but I doubt that we have. In any event, it would seem that we should allow Canadian women to go to England. So far as I know there is no suggestion that their expenses be paid. Those I have heard of are ready to pay their own expenses if they are permitted to go.

Hon. Mr. DANDURAND: Honourable senators, I may say that my right honourable friend's inquiry was not left unanswered by the department. An answer was sent to me and I should have presented it to the House, but at the same time I received a copy of a letter from the department addressed to my right honourable friend, which covered virtually the whole situation. If my right honourable friend so desires, I can place the answer on Hansard this afternoon.

The information given by my right honourable friend is new to me. As to our furnishing any number of women to play the role that is now being played by British women by the side of British airmen who are undergoing training in the United States, I cannot understand why this could not be done if the British Government notified our Government of what was going on. I will obtain from the Hansard reporters a copy of my right honourable friend's statement and bring it to the attention of my colleagues at the Council meeting which is to be held this morning. I am surprised that the British Government or authorities on the other side have not called upon these Canadian nurses and hospital attendants, as I take them to be, who have offered to serve in England. However, as I say, the matter is new to me. I will bring an answer to my right honourable friend this afternoon.

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C267695
Liberal Organization
WWII - Voluntary Service
Registration Bureau W-314-1
1944
N-450
1944

Memorandum for the Prime Minister:

Mrs. Tweed of the National Liberal Federation telephoned to say that she had received many telephone calls of protest from Ottawa women in regard to the action of General LaFleche in sending Miss Helen Doherty to England as a representative of the Women's Voluntary Services.

You may be familiar with the situation. Briefly put, it is that an invitation was extended from United Kingdom sources to Women's Voluntary Service organizations in Canada to send over four representatives. General LaFleche is said to have taken on himself the task of selecting these representatives and this without much, if any, consultation. Instead of taking all four from the ranks of the volunteers, he nominated Miss Helen Doherty from his own office and, in addition, apparently selected a Jewish woman from Toronto, who is completely unacceptable to any of the organizations, largely I believe on personal grounds.

The protests to Mrs. Tweed largely centered on the appointment of Miss Doherty, the feeling being that she is well paid for any work she does and does not need to force out some other woman from having a chance at this trip. It was added that if the Minister felt he should send someone from his own staff, then Mrs. West, who is actually employed on this work, should have been chosen. Mrs. Tweed is somewhat concerned because the effect on the Liberal women generally is to make them disinclined to assist in party matters.

WJT/CEB.

W.J.T.

January 5, 1944.

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(N.A. ROBERTSON TO WLMK) March 25th, 1945

C267686 **TOP SECRET**

(MARCH 25, 1945)

The Crimea Conference

The Crimea Conference, held at Yalta from February 4 to 11, 1945, was attended by Prime Minister Churchill, Marshal Stalin and President Roosevelt, together with their Foreign Secretaries, Chiefs of Staff and other diplomatic, military and economic advisers, the conference personnel totalling almost 600 persons.

In eight days, thanks in part to preliminary work done at Malta the preceding week by British and United States delegates, agreement was reached on a variety of questions grouped under ten heads:

1. The defeat of Germany
2. Occupation and control of Germany
3. Reparation by Germany
4. A United Nations conference on general international organization
5. A declaration on liberated Europe
6. Poland
7. Jugoslavia
8. Meetings of Foreign Secretaries
9. Unity for peace as for war
10. Agreement on freed prisoners

I. The defeat of Germany

The scope of the present memorandum does not include a report of detailed plans made during the Crimea Conference for coordinating future attacks on Germany, nor discussions of shipping problems held earlier at Malta, on which information is not available. The official communiqué, published on February 12, confined itself to reporting agreement on coordination of military plans and an arrangement whereby meetings of the three military staffs would be continued in the future whenever need arose. President Roosevelt in his address to Congress added three details: (a) that daily tactical bombing in support of the Red armies by heavy British and American bombers had been arranged; (b) that agreement had been reached on the most effective distribution of available material for use in the combined war effort; and (c) that henceforward there would be direct, daily interchange of information between the various fighting fronts, making it unnecessary for messages between the Soviet and other armies to be routed through Chiefs of Staff in London or Washington as heretofore.

II. Occupation and control of Germany

The Crimea Conference confirmed in effect plans already worked out by the European Advisory Commission for the occupation and control of Germany. The communiqué announced that the Allies had agreed on common policies and plans for enforcing unconditional surrender terms; that the forces of the three powers would occupy separate zones of Germany; that a central control commission, having its headquarters in Berlin, would consist of the Supreme Commanders of the three powers, and that France would be invited to occupy a fourth zone and participate as a fourth member of the control commission. Next were cited the methods by which the Nazi system was to be extirpated - viz., by break-up of armed forces and the German General Staff, removal or destruction of military equipment, elimination or control of war industries, punishment of war criminals, and wiping out of Nazi laws, institutions and organizations and all militarist influence in German culture and economic life. Only after these things had been done would there be hope for a decent life for Germans and a place for them in the comity of nations.

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It was agreed that the three Foreign Secretaries should study the question of punishment of major war criminals and report in due course after the close of the Conference.

The question of dismembering Germany was raised at Yalta by Marshal Stalin, who had listened with interest at Teheran to a discussion of the subject by Mr. Churchill and President Roosevelt and now supposed there would be general assent to the principle. Mr. Churchill mentioned the complications that would have to be faced if dismemberment were agreed on, but the conference adopted, apparently without further discussion, two recommendations subsequently brought in by the Foreign Secretaries:

(a) That a reference to dismemberment should be inserted in Article 12 of the Terms of Surrender immediately after the phrases foreshadowing complete disarmament and demilitarization of Germany as being among the steps requisite for future peace and security;
(b) That Mr. Eden and the United States and Soviet Ambassadors in London should be constituted a commission to study questions of procedure with regard to dismembering Germany. An ad hoc commission was named, rather than the European Advisory Commission, apparently because the three principal Powers were not ready yet to give France a share in the discussions.

There was some uncertainty as to what was meant by the word 'dismemberment', which might be applied to truncation, decentralization or a complete cutting up of Germany. At the first session of the commission it was assumed that the term meant the disappearance of Germany as a single entity, and on this hypothesis discussions are continuing.

III. Reparation

It was agreed during the Crimea Conference that Germany must pay in kind for losses it had caused Allied nations during the war. An Allied Reparation Commission - composed of one representative each from the U.S.S.R., the United Kingdom and the United States - would be set up in Moscow to work out a detailed plan based on the following principles agreed to during the conference:

1. Reparations would be received in the first instance by countries which had borne the main burden of the war, suffered the heaviest losses and organized victory over the enemy.

2. They would be exacted from Germany in three forms:

(a) Removals of equipment, machine tools, shops, rolling stock; transfers of German investments abroad and of shares in industrial, transport and other enterprises in Germany - the process to be completed within two years after surrender and to be aimed chiefly at destroying German war potential;

(b) Annual deliveries of goods from current German production for a period still to be fixed;

(c) The use of German labour.

The Soviet and United States delegations asked that the total value of reparation under (a) and (b) should be set at $20 billion, of which the U.S.S.R. should receive half. Mr. Churchill, however, in the light of experience after the last war, doubted the efficacy of any reparation scheme based on an arbitrary figure and asked that no total be mentioned pending study of the question by the Reparation Commission. Nevertheless the various governments concerned, including that of the United Kingdom, have already begun to estimate their own requirements in manpower and the claims they feel they have a

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right to make on German assets and production in order to meet military and civilian requirements after the European phase of the war is ended.

There was a difference of opinion at the conference as to the length of time during which annual deliveries in kind should be expected under heading 2(b). The Soviet delegation thought ten years a proper period, whereas the United Kingdom Government had been using a five-year period as a basis for its plans. Decision on this point was deferred.

The Soviet delegation wished to postpone any discussion of the use of German labour as a form of reparation, but the United Kingdom delegation was responsible for having item 2(c) inserted in the agreed outline of principles. There does not seem, however, to have been any discussion of legal, economic, administrative and political implications of the use of German labour, although the United Kingdom Government and presumably the others as well had given considerable study to the matter prior to the conference.

The War Cabinet in a despatch to Yalta reminded the British delegation that reparation policy must be related to decisions on the dismemberment of Germany. Large annual reparation payments would be impossible if Germany's manufacturing capacity were drastically depleted. The Allies must avoid creating conditions (a) in which it would be necessary for them to finance Germany to meet its obligations or (b) which would renew such international economic problems as the I.L.O. has been trying to solve. Finally, in fixing the amount of reparation, allowance should be made for requirements of the occupying forces, for pre-war claims of the United Nations on Germany and for Germany's own need of foreign currency to pay for essential imports.

The complete text of sections II and III of the Crimea Conference communiqué has not been disclosed to the German public by Nazi leaders. Plans for reparation, destruction of Nazi institutions and trial of war criminals have been withheld altogether, while little has been said about proposed limitations of German territory. There have been public denunciations, however, of plans for occupation of Germany by zones, the 'forced deportation of millions of German workers', the 'new super-militarism' to be centred in Berlin and the proposals for restriction of industry, described as 'pure Morgenthau'. Every effort has been made to represent the Yalta decisions as implying permanent enslavement of the German people, for which reason no mention has been made of the prospect of Germany's eventual restoration to the comity of nations.

IV. United Nations Conference on proposed world organization

The Yalta communiqué emphasized the need for earliest possible establishment of a general international organization, regarded as essential both to prevent aggression and to remove causes of war through close and continued collaboration of all peace-loving peoples. To prepare the charter of such an organization along lines proposed at Dumbarton Oaks a conference of United Nations would be called at San Francisco on April 25, 1945. The Government of China and the Provisional Government of France would be consulted and given an opportunity to sponsor invitations. Although at Dumbarton Oaks the important question of voting procedure in the Security Council had not been settled, the difficulty had now been resolved and the text of the agreed proposals would be published as soon as consultations with China and France were completed.

Conversations at Yalta which preceded this announcement were concerned chiefly with voting procedure in the Security Council, the principle of territorial trusteeship, the distribution of invitations to the San Francisco Conference, and membership of Soviet Republics in the general international organization.

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A. Voting procedure in the Security Council

At Dumbarton Oaks the four leading powers concurred in the view that the executive council of a general international organization should have primary responsibility for maintaining international peace. The composition of the Council was agreed on, as well as the general lines along which it should exercise its authority, and its right in certain instances to base decisions on a majority vote provided all the permanent members of the council concurred. There was disagreement, however, on the question of whether a permanent member should have the right to block action by a negative vote in a case where it might itself be party to a dispute. The Soviet delegates insisted that this right must be recognized; the British and American delegates did not concur, and a compromise proposal offered toward the close of the conference by Sir Alexander Cadogan was rejected by the Soviet delegates.

At the Crimea Conference, when President Roosevelt brought forward virtually the same compromise proposal again, Soviet opposition evaporated as soon as its implications were understood. The compromise formula was agreed to on February 8 and published when invitations to the San Francisco conference were issued on March 5. It provided in effect:

(a) That each member of the Security Council should have one vote;

(b) That in procedural matters decisions should be made by an affirmative vote of any seven members of the council;

(c) That in all other matters decisions should be made by an affirmative vote of seven members including the concurring votes of the permanent members. In certain cases within this category, however, a party to a dispute - whether a permanent member or not - would abstain from voting. Such cases would be those involving decisions (i) under Chapter VIII, Section A of the Dumbarton Oaks proposals, or (ii) under Chapter VIII, Section C, sentence 2 of paragraph 1.

This implied that in questions of procedure permanent members would have no special rights. In other questions the assent of all permanent members would be required except in decisions falling within the two categories mentioned in the last sentence of section (c) above. By virtue of these two exceptions a party to a dispute, whether a permanent member or not, would be unable to prevent the Security Council from investigating a dispute or a situation to ascertain whether its continuance would endanger the maintenance of international peace and security. Nor could a disputant prevent the Security Council from recommending appropriate procedures or methods of adjustment, thereby indicating how the world as a whole thought a Great Power party to a dispute should conduct itself. Similarly the Yalta formula would make it impossible for a party to a dispute to prevent the Security Council from (a) referring to the Permanent Court of International Justice for advice, or (b) deciding whether or not a dispute or situation arose out of matters which under international law were solely within the domestic jurisdiction of the State concerned, or (c) determining whether a dispute should be settled through suitable regional arrangements or agencies. The Yalta formula, however, would not enable the Security Council to decide to inflict sanctions on any of its permanent members.

Mr. Stettinius in an explanatory statement pointed out that the practical effect of these proposals was to differentiate, so far as voting was concerned, between the quasi-judicial function of the Security Council in promoting pacific settlement of disputes and its political function in taking action for the maintenance of

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peace and security. Where the Council was engaged in performing its quasi-judicial functions, no party to a dispute - whether powerful or weak - would participate in decisions. Where, however, the Council was engaged in performing its political functions of action for maintenance of peace and security, a difference would be made between permanent members and other nations - for the practical reason that the permanent members must of necessity bear principal responsibility for action. Here the concurrence of all permanent members would be required, their votes being counted even when they themselves were parties to the dispute under consideration.

B. Territorial trusteeship

The United States delegation asked at the Crimea Conference for acceptance of the principle of trusteeship in administering conquered territories. Since this raised issues of particular interest to France, however, it was agreed that the five nations which will have permanent seats on the Security Council should discuss the question prior to the San Francisco Conference, subject to the following reservations: (a) The principle of trusteeship should apply only to existing mandates of the League of Nations, territories detached from the enemy as a result of the present war and any other territory which might voluntarily be placed under trusteeship. (b) No discussion was contemplated at San Francisco or in the preliminary talks of the actual territories to be placed under trusteeship. This would be a matter for subsequent agreement.

C. Invitations to the conference

It was planned at Yalta that invitations to the San Francisco Conference should go to the United Nations as they existed on February 8, 1945 and to such of the Associated Nations as should have declared war on the common enemy by March 1. (The Associated Nations were at the time Chile, Ecuador, Paraguay, Peru, Uruguay, Venezuela, Egypt and Iceland; to these Turkey was added at Mr. Eden's request, and later Sa'udi Arabia). All qualified for representation at San Francisco except Iceland, which tried to secure an invitation without declaring war on the ground that it had no army and that it had pledged itself to perpetual neutrality under the Act of Union with Denmark. Failing to secure the desired invitation, the government fell back on an expression of hope that Iceland would not suffer discrimination or be prejudiced in the postwar world by reason of its failure to join the United Nations.

Syria and Lebanon on their own initiative made last-minute declarations of war, then proceeded to press for invitations to the conference despite advance warning from the United Kingdom Minister that the French Provisional Government would claim a voice in determining their eligibility either as members of the conference or as signatories of the United Nations Declaration. The status of these two countries is still under discussion.

D. Membership of Soviet Republics in the international organization

The Soviet delegation came to the Crimea Conference prepared to ask that all sixteen Soviet Republics should become members of the general international organization. On further reflection, however, M. Molotov asked only for the inclusion of White Russia, the Ukraine and Lithuania as founder members. It was agreed that at the San Francisco conference delegates of the United Kingdom and United States would support a proposal to admit two of these - the Ukraine and White Russia - to original membership. No special reservation seems to have been made along lines suggested by the War Cabinet to guard against a possible attempt by the U.S.S.R. to

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secure subsequent admission of the other fourteen Soviet republics as members of the international organization.

V. Declaration on liberated Europe

During the fourteen-month period which elapsed between the Teheran and Crimea Conferences there developed serious strains in the relations of the principal Powers as a result of political and economic trends in such European countries as Poland, Jugoslavia, Greece and Italy, where the process of liberation was accompanied by conflict between rival aspirants for power or by economic difficulties whose solution had not been found immediately. To reduce the risk of serious misunderstanding among the major Allies it had become apparent that more frequent conferences had become a necessity. Provision was accordingly made for regular consultation among the three Foreign Secretaries, who would meet in the three capitals by turn, probably at intervals of three or four months. The first meeting was to be held in London after the San Francisco Conference. This decision was supplemented by a declaration on liberated Europe which was greeted with special satisfaction in circles where fear had been growing of a serious rift among the three Powers. The declaration announced an agreement that the three Governments should concert during the temporary period of instability in liberated Europe their policies in assisting peoples freed from Nazi domination and peoples of the former Axis satellite States to solve their pressing political and economic problems by democratic means. Such assistance would be given jointly (a) to establish conditions of internal peace; (b) to carry out emergency measures for the relief of distressed peoples; (c) to form interim governmental authorities broadly representative of all democratic elements in the population and pledged to earliest possible establishment through free elections of governments responsive to the will of the people, and (d) to facilitate where necessary the holding of such elections. The three Governments would consult together immediately wherever in their opinion conditions made action necessary. Other governments would be consulted when matters of direct interest to them were under consideration. It was hoped that the Provisional Government of France might be associated with the three powers in the procedure suggested.

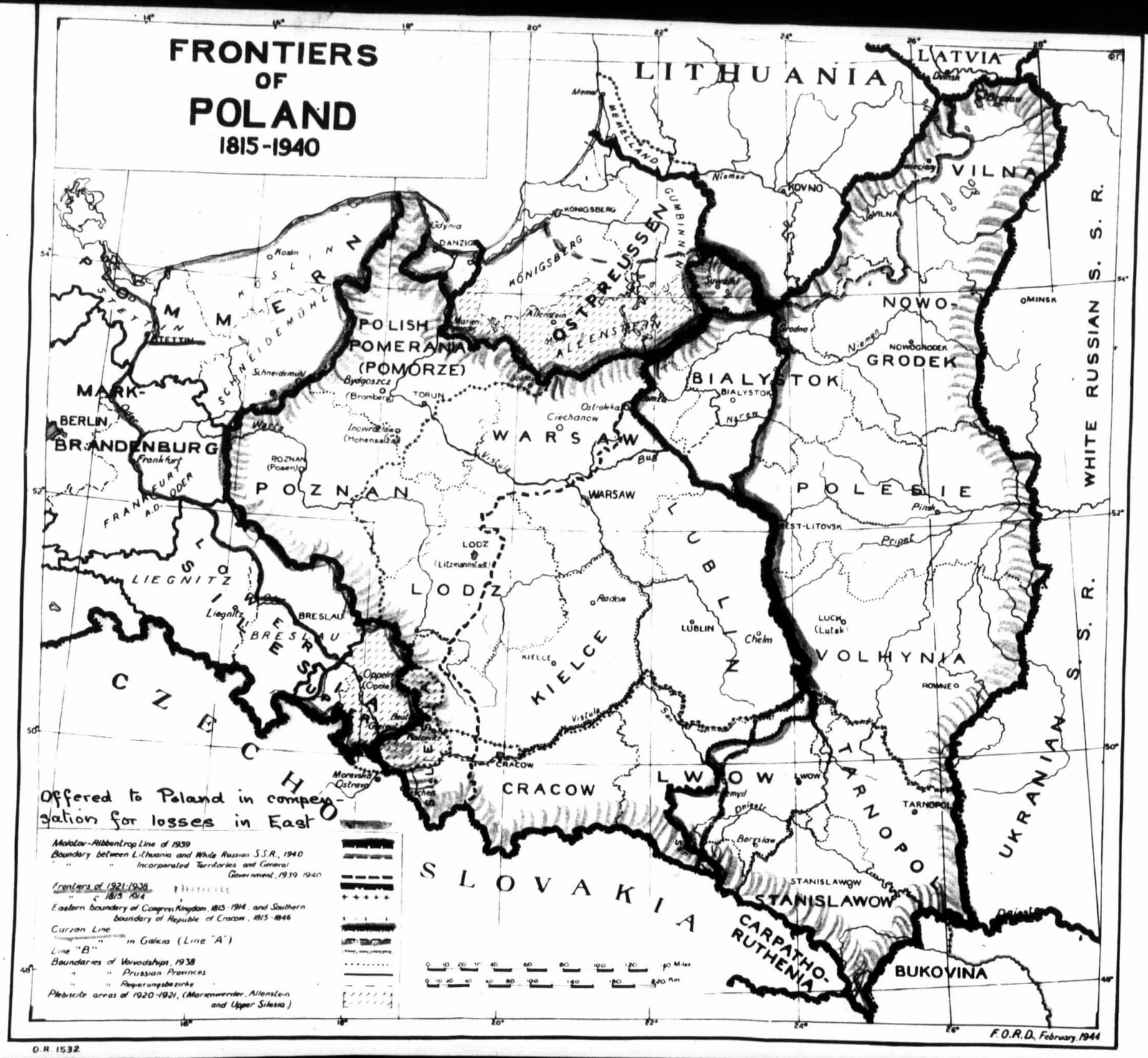
The declaration was described in the conference communiqué as a reaffirmation of faith in the principles of the Atlantic Charter, the pledge given in the United Nations Declaration and the determination of the three governments to build in cooperation with other peace-loving nations world order under law, dedicated to peace, security, freedom and the general wellbeing of mankind. Closely related to this declaration was the affirmation with which the communiqué closed, that to maintain and strengthen in the peace to come the unity of purpose and of action which had made victory possible was a sacred obligation owed by the three governments to their own peoples and to all the peoples of the world. Lasting peace would be dependent on continuing and growing cooperation and understanding among the three countries and among all the peace-loving nations.

VI. Poland

A number of particularly urgent European problems were taken up during the Crimea Conference itself. Of these possibly the most formidable had grown out of the existence of rival Polish governments in London and Warsaw, the former supported by two of the principal Allies and the latter by the U.S.S.R.

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When the conference opened three distinct proposals were in the air for restoring unity on a basis which would satisfy the requirements of the Allies and be acceptable to the Poles themselves:

(1) In the latter part of January 1945 the Polish Government in London had asked Mr. Churchill and President Roosevelt to press for creation of an inter-Allied military commission to be maintained in Poland while the millions of Poles now abroad returned home; they wished the commission to continue in control not only until free elections could be held, but also until a plebiscite should determine whether areas east of the Curzon Line should become part of the Ukrainian Soviet or remain within the Polish Republic. To such a commission the Polish Government in London would be prepared to cede part of its authority, provided the Warsaw group at the same time ceased to exercise administrative powers. This proposal of the London Poles, however, was not put forward at Yalta.

(2) President Roosevelt and Mr. Churchill asked Marshal Stalin instead to agree to (a) creation of a united representative Polish government based on political parties, and (b) a modification of the Curzon Line so as to give Lwow and the Galician oilfields - or at least the oilfields - to Poland.

(3) Marshal Stalin at the outset described his position in the following terms: Soviet policy recognized that a strong and free Poland, able to bar the way to German aggression, was essential to the U.S.S.R. The present Warsaw administration was fulfilling by no means badly its chief role of maintaining peace and order along Russian lines of communication behind the fighting front; agents of the London Poles, on the contrary, were killing Russian soldiers, raiding Russian arms dumps and violating regulations governing the use of radios. Under martial law such persons must be shot. A new government in Poland could be created only by the Poles themselves, and in existing circumstances there was little prospect that the London and Warsaw groups would come together. As for Poland's boundaries, Russian and Ukrainian opinion would not permit Marshal Stalin to make any concessions with regard to the Curzon Line.

After this first exchange of views, during which Mr.Churchill mentioned the very different information about conditions in Poland which he had received, the conferees drew up separate memoranda to serve as a basis for further discussion. The Soviet draft introduced a new formula on the boundary question which was promptly accepted by Mr. Churchill and somewhat more reluctantly by President Roosevelt. This provided for local digressions from the Curzon Line of from 3.1 to 4.9 miles in favour of Poland. The conference, however, dropped Marshal Stalin's proposal to guarantee forthwith a western boundary for Poland which would follow the Neisse and Oder Rivers to Stettin on the Baltic Coast, adopting instead Mr. Churchill's formula that the new Polish government should be consulted about accessions in the west and that final delimitation of the western border should be left to the peace conference. Two considerations seem to have been in Mr. Churchill's mind. There would be an advantage for Poland in owing accessions of territory to action of all the powers represented at the peace conference rather than to the initiative of Soviet officials alone. He was not certain moreover, that Polish leaders or their friends would think it possible for the country to absorb, man and develop all the territory Marshal Stalin was willing to guarantee to it east of the Oder.

The problem of creating a new Polish government which all

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of the Great Powers could recognize was next discussed under two general headings - its composition and the manner of bringing it into being. The American memorandum proposed to hurdle constitutional difficulties and the rival claims of the London and Warsaw groups by creating a Presidential Committee of three, which would undertake to form a new representative interim government. M. Molotov maintained that it would be sufficient simply to enlarge the existing administration in Warsaw by the addition of 'some democratic leaders from Polish émigré circles and from within Poland itself.' (This formula, embodied in the Soviet memorandum, apparently represented an abandonment of Marshal Stalin's original position that it was impossible to expect the two rival groups to cooperate at all.)

Mr. Churchill objected to enlargement of the Warsaw administration on the ground that if the United Kingdom Government were to break with the Polish Government in London a completely new start ought to be made on more or less equal terms. In the end, however, the proposal for a Presidential Committee was withdrawn in deference to M. Molotov's wishes. What was agreed to was a formula providing for reorganization of the Warsaw Government on a broader democratic basis with the inclusion of democratic leaders from Poland itself and from Poles abroad. M. Molotov, Mr. Harriman and Sir. A. Clark Kerr were authorized as a commission to consult in the first instance in Moscow with these persons with a view to creating the new government. These terms of reference went a step beyond a proposal in the Soviet memorandum that M. Molotov, Mr. Harriman and Sir A. Clark Kerr should merely discuss among themselves the question of reorganization and submit their proposals to the three Powers.

It was agreed that the new Polish Provisional Government of National Unity should pledge itself to hold free elections as soon as possible on the basis of universal suffrage and the secret ballot. All democratic and anti-Nazi parties would have the right to take part in the election and to put forward candidates. The three powers would recognize the new provisional government when it was properly constituted and would exchange ambassadors with it. Thus all of them could be kept informed about the situation in Poland.

As foreseen by all concerned, the first difficulty encountered by the Moscow commission was to persuade the various Polish leaders to attend discussions in which their rivals would participate. Negotiations have not advanced yet beyond this stage, although in the invitations sent out it was made clear that the persons addressed were not being summoned to Moscow as candidates for inclusion in the new government but only for purposes of consultation. It will not be the function of the commission to select the new government but merely to arrange for and preside over discussions among representative Poles, its members acting in rotation as neutral chairmen.

Mr. Churchill's defence of the agreement on Poland was not made until two weeks after it had been repudiated by the Polish Government in London and considerable hostile comment had been published in the British and American press. The importance Mr. Churchill attached to winning support for the proposed Polish settlement is indicated by the fact that his statement defending it took up fully one-third of an extended report to the House of Commons on what had taken place during discussions at Malta, in the Crimea, in Egypt and at Athens.

It was necessary, Mr. Churchill said, to put an end to

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a situation which would have proclaimed to the world disunity and confusion had it survived the Crimea Conference. To establish a free Polish nation with a good home to live in had always in his mind outweighed the actual tracing of frontier lines. He believed the Russian claim to the Curzon line to be just and right. It must be remembered that the investigators who suggested it in 1919 had not been friendly to Russia; their search had been for a line that would be right and proper. The British Government of the day had approved the line they proposed, which excluded Lwow from Poland. The U.S.S.R., which had sacrificed tens of millions of lives in the thirty-year struggle against German aggression, was now asking - after all its sufferings and victories - boundaries less spacious than those of Russia in 1914. They had saved Poland as a State and the Poles as a race from destruction and reduction to servitude. The Poles would be exchanging the enormous, dismal region of the Pripet Marshes, held between two wars, for developed agricultural and industrial areas in the west, from which a very large proportion of the German people had already departed. Within the new world organization their tenure of these areas should be secure. — Had the Polish Government in London not refused the advice of the United Kingdom Government in 1944 it could have entered Poland with Marshal Stalin's friendship and the present difficulties would not have arisen. The new plan for a united government which all the Allies could recognize would depend on the willingness of all sections of democratic Polish opinion to work together to give effect to the settlement.— The three governments represented at Yalta had declared that the sovereignty and independence of Poland would be maintained. No government stood more to its obligations than that of the U.S.S.R., whose leaders seemed to wish to live in honourable friendship with the western democracies. Mr. Churchill would embark on no discussion of Russian good faith. If any Polish troops did not desire to return to Poland after the war he hoped that they might enjoy the freedom and citizenship of the British Empire if the consent of the Dominions could be secured.

In confidential memoranda sent to Field Marshals Alexander and Montgomery it was observed that the new arrangements could not be squared with the Polish constitution, nor would they permit the Polish President to remain in office. As little as possible should be said of this aspect of the agreement. Polish troops should be reminded that the agreement would put an end to a situation in which the authorities in Poland were not representative of the Polish people while the Polish Government in London had no prospect of influencing events in Poland. Furthermore, they must realize that unless good relations were established between Poland and its powerful eastern neighbour the Poles would be unable to devote themselves to rehabilitating their country. The territorial settlement was broadly speaking along the lines both Sikorsky and Mikolajczyk had sought; it made good relations with the Soviet Union and agreement among the Great Powers possible.

VII. Jugoslavia

The declaration on Jugoslavia represented acceptance by the three powers of a concerted policy which the United Kingdom Government, with the passive support of the U.S.S.R., had been trying for months to achieve.

British policy had been directed toward (a) preventing civil war from breaking out between rival groups as an aftermath of German withdrawal or during the course of that withdrawal and (b) moderating revolutionary tendencies among Tito's partisans by grafting certain elements of the Jugoslav government in exile on to the National Liberation Movement in Jugoslavia itself. The policy of backing General Mihailovitch had finally been abandoned

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by the United Kingdom government in the spring of 1944, owing to the General's failure to prosecute the war against the Germans actively. It will be recalled that in May, 1944, at the suggestion of the United Kingdom Ambassador, King Peter had ousted the government which General Mihailovitch served as War Minister, entrusting to the Ban of Croatia - Dr. Subasitch - the task of forming a new government with which Marshal Tito, the effective leader of Jugoslav resistance, could cooperate. This had been accomplished in July on the basis of an initial agreement of June 16 between Dr. Subasitch and Marshal Tito, in the drafting of which members of the National Liberation Movement and the AVNOJ, or Anti-Fascist Council of National Liberation, had played a part. The June agreement called for appointment of organs to facilitate collaboration in (a) the struggle against the common enemy, (b) the provision of supplies, (c) reconstruction of liberated areas, and (d) the conduct of foreign policy. It also called for the creation as soon as possible of a single representation of the State. From London the new government had appealed to all fighting groups in Jugoslavia to join the National Liberation Army; in return Marshal Tito had announced that a democratic, federal regime would be established in accordance with the wishes of the people expressed freely and without interference from the National Liberation Army. The principles thus agreed to still required, however, to be interpreted in specific terms.

In October, 1944, further talks took place between Dr. Subasitch and Marshal Tito which led to the main agreement of November 1 (with annexes of December 7), whose immediate fulfilment the Yalta declaration recommended. This agreement foreshadowed the creation of a democratic, federative Jugoslavia, with component parts enjoying sovereign and equal rights. King Peter would not return until the people had decided what form of government they desired. Meanwhile his powers would be exercised by a Regency Council appointed by a constitutional act of the King in agreement with Marshal Tito and Dr. Subasitch. The Council would take its oath to the King and maintain direct intercourse with him. Marshal Tito (as President of the Council and Prime Minister) and Dr. Subasitch (as Foreign Minister) would continue to represent the State in its relations with the outside world. The new government would be composed of 28 persons and would include ministers representing each of the six proposed federal units - Serbia, Croatia, Slovenia, Montenegro, Macedonia and Bosnia-Herzegovina. It would take its oath to the people, establish an independent judiciary and publish a declaration guaranteeing democratic liberties, of which a list was included in the agreement. Elections to a Constituent Assembly would be held within three months after liberation of the country. Only collaborationists would be barred from the elections, which in other respects would be free. Until the Constituent Assembly completed its work the AVNOJ would exercise legislative functions - a provision which implied that the inner political group of Partisan leaders would draft the electoral law.

State Department officials viewed this provision and other features of the Tito-Subasitch agreement, with some misgiving. They believed it left the way open for one political group to have practically exclusive power through control of the elections and undemocratic use of the authority concentrated in its hands. The State Department therefore took the position in the last week of December that the various peoples of Jugoslavia had a right to work out their own form of government unimpeded by foreign influences, and that the rule of any one national or political group within the country ought not to be imposed on other elements. Marshal Stalin and M. Molotov, on the contrary, fully supported the agreement and emphasized to Dr. Subasitch the identical nature of Soviet and British policy in Jugoslavia.

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Only very gradually was the State Department won around to a concerted policy. When King Peter objected in mid-January to the creation of a Regency Council and the concentration of legislative power in the hands of AVNOJ and shortly afterward tried to dismiss Dr. Subasitch, the United Kingdom Government inquired whether the Soviet and United States governments would support a demand for immediate implementation of the Tito-Subasitch agreement, recognize a united Jugoslav government, accredit Ambassadors to the Regency Council and refuse to have dealings with any government which Marshal Tito or King Peter might set up independently. The U.S.S.R. gave the desired assurances, but at first the State Department would go no farther than to promise de facto recognition of a united Jugoslav government. At the end of January, however, when King Peter reinstated Dr. Subasitch and agreed to appoint a Regency Council, the State Department informed the Foreign Office that if the united Jugoslav government would make a declaration that it had been set up only for the transitional period, pending elections in which the will of the people would be freely expressed, the United States Government would accredit an Ambassador to it. In the absence of any such declaration the United States Government would accord only provisional recognition.

At Yalta, however, the United States delegation was able at last to join its colleagues without reservation. Marshal Tito and General Subasitch would be asked to put their agreement into effect immediately and to form a new government based on that agreement. As soon as the new government was formed it should declare that:

(a) The AVNOJ should be extended to include members of the last Jugoslav Parliament who had not compromised themselves by collaborating with the enemy, thus forming a body to be known as a temporary Parliament; and
(b) Legislative acts of the AVNOJ would be subject to subsequent ratification by a Constituent Assembly.

This decision put an end to the possibility that the State Department might be induced to support a government set up outside the terms of the Tito-Subasitch agreement. Members of the Royal Jugoslav Government left London immediately for Belgrade; the three members of the Regency Council were sworn in on March 5 and the formation of a government under Marshal Tito's leadership, with Dr. Subasitch as Foreign Minister, was announced two days later.

Other special problems raised during the Crimea Conference had to be postponed for later consideration. These included the following items:

(a) Italy's frontiers with Austria and Jugoslavia. The American and Soviet delegations agreed to consider notes on these subjects presented by the British delegation and to express their views later.
(b) The Allied Control Commission in Bulgaria.
(c) Greek representation in Bulgaria; immediate reparations deliveries by Bulgaria to Greece.
(d) The treatment of oil equipment in Rumania as war booty by the U.S.S.R.

It was agreed that discussions of subjects under (b), (c) and (d), on which the British delegation also submitted notes, should proceed through diplomatic channels. Efforts are being made to secure an early decision on issues raised in item (c).

(e) Proposed Jugoslav-Bulgarian pact. Mr. Eden maintained that this proposal raised serious issues of principle, since Bulgaria was an ex-enemy State whose affairs were regulated

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by the Armistice régime; it was therefore debarred from entering into treaties of this nature without permission from the Armistice Powers and the Bulgarian and Jugoslav Governments should be told that they ought not to proceed with the proposed pact. Mr. Molotov, on the other hand, thought the three Powers should limit themselves for the present to an exchange of views, but promised to consider the matter further. The question was left for discussion through diplomatic channels.

(f) Montreux Convention and the Straits. It was agreed that proposals to be put forward by the Soviet Government would be considered by the Foreign Secretaries at their next meeting in London, after which they would report to their Governments. The Turkish Government would be informed at an appropriate moment.

(g) Iran. Mr. Eden, Mr. Stettinius and M. Molotov exchanged views on what the British and American delegations regarded as an unsatisfactory situation. As on previous occasions, however, the subject had to be left for further discussion through diplomatic channels.

(h) Allied policy in Italy. This issue was raised at Malta, where Mr. Eden said his government could not agree that Italy should receive better treatment than liberated Allies in the matter of relief supplies. It was later made the subject of a letter given to Mr. Churchill by President Roosevelt at the close of the Yalta sessions. It was finally discussed by the two leaders on shipboard in Alexandria Harbour.

Mr. Roosevelt's letter referred to differences of emphasis in British and American viewpoints on Italy, but asserted that there was no basic reason for disagreement since it was in the interests of both Governments to rehabilitate Italy and restore it to the democratic fold. Steps should be taken, he thought, to move away from the onerous and obsolete surrender terms. A solution might perhaps be worked out at departmental level.

Mr. Churchill promised to consider the letter further on his return to London. His statement in the House of Commons showed no disposition, however, to make further concessions to Italy in the immediate future. He referred to the steps he himself had taken leading to the declaration of September 28, 1944(mitigating the severity of the Allies' attitude toward Italy) and drew attention to new measures in favour of the Italian Government in fulfilment of the September declaration, which Mr. MacMillan and Admiral Stone had announced on February 24. He had been assured, he said, that the United States Government had no complaints against British policy in Italy.

VIII & IX. Meetings of Foreign Secretaries and Unity for Peace as for war. (See page 6.)

X. <u>Supplemental report on freed prisoners.</u>

A comprehensive agreement was reached at Yalta providing detailed arrangements for protection, maintenance and repatriation of prisoners of war and civilians of the British Commonwealth, Soviet Union and United States liberated by Allied forces in Germany. Under these arrangements each Ally would provide for nationals of the others food, clothing, medical attention and other needs until transport was available for repatriation. British and American officers would aid Soviet authorities in caring for British subjects and American citizens. Similarly Soviet officers would aid British and American authorities in caring for Soviet citizens while the latter were on the European Continent or in the United Kingdom awaiting transport to take them home. Repatriation would be arranged as speedily as operational requirements permitted.

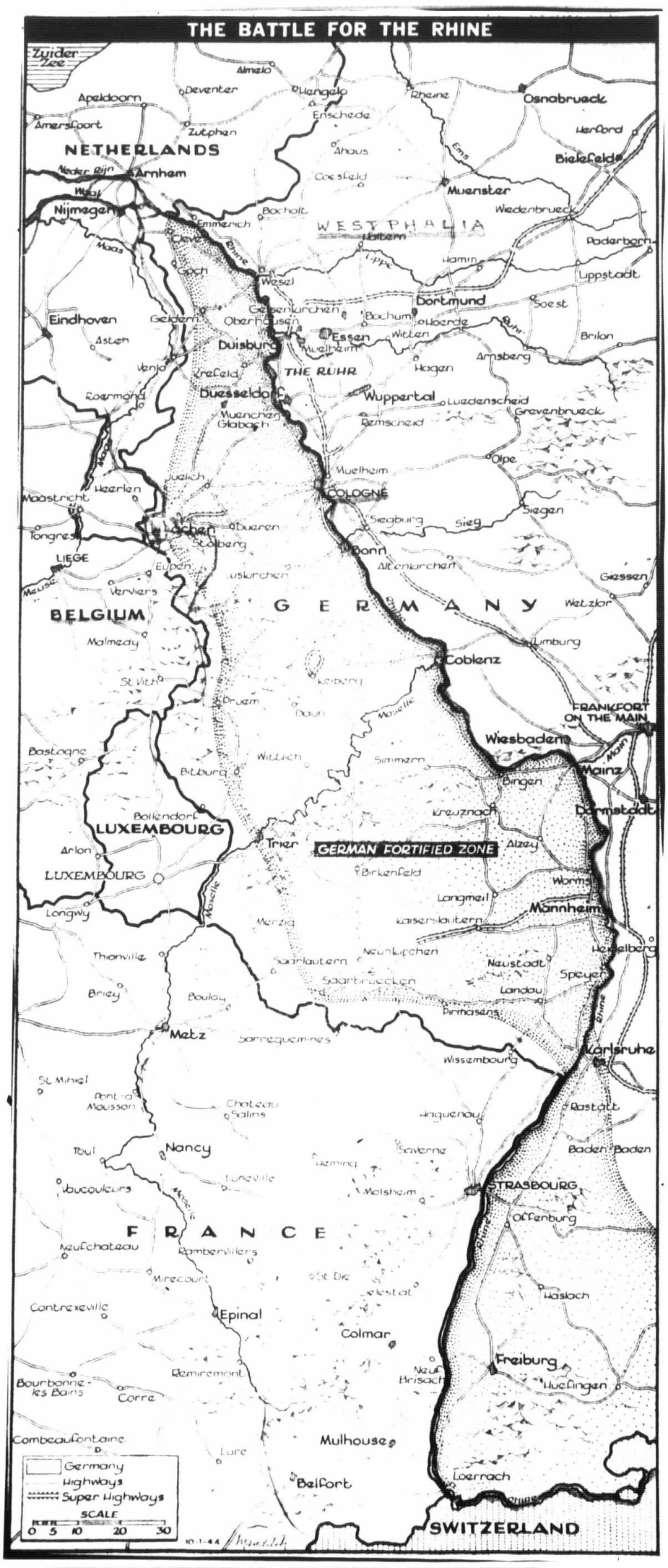
<u>Note on position of France in relation to decisions of the Crimea Conference</u>

Special references to France in the conference communiqué appeared only in the sections on (a) occupation and control of

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Germany, (b) the declaration on liberated Europe and (c) the calling of a United Nations Conference.

(a) The first of these proposed that France should have a seat on the Control Commission. It was planned that the zone in Germany to be occupied by French forces should be formed out of the prospective British and American zones, its extent to be settled through the European Advisory Commission. (The protocol of the proceedings of the conference added, more specifically, that British and Americans would consult the French Provisional Government to determine the extent of the French zone.) In London M. Bidault said during the last week of February that France wanted an exclusive zone in the Rhineland from the Swiss border to Cologne. The rest of the Rhineland, including the Ruhr, should be under international control. Soviet authorities have been inclined to regard this claim as excessive and Belgian officials have represented to the United Kingdom Government that it would be preferable to use Belgian forces of occupation within a British zone east of the Belgian border rather than to permit the French zone to extend as far north as M. Bidault contemplated. M. Bidault explained that France had no desire to annex any part of Germany, General de Gaulle adding that if the Rhine-Westphalian region, which is an economic entity, should become a political entity as well, it should be subjected to international Allied control.

(b) M. Bidault took up with Mr. Eden in London the question of how the declaration on liberated Europe would actually work. He suggested that permanent machinery would be necessary to ensure success. It was agreed that if M. Bidault would put forward a proposal along this line the United Kingdom Government would view it with sympathy.

(c) In regard to sponsorship of invitations to the San Francisco Conference M. Bidault at first stated that France could not agree to become an inviting power after China in regard to a subject in the discussion of which the French had not had a part. Urged by Mr. Eden to take a more cooperative attitude, M. Bidault offered on February 27 to accept for France the status of an inviting Power on two conditions: (a) the invitations must make clear that the Dumbarton Oaks proposals were to be taken as a basis for discussion and not as a basis for the charter itself; (b) the French Provisional Government must be allowed to make a unilateral statement reserving the right to offer certain amendments to the Dumbarton Oaks proposals. French officials were known to be particularly anxious for recognition of the principle that bilateral security agreements - such as the pact between France and the U.S.S.R. - should function automatically at critical periods without the necessity for a special decision by the Security Council permitting them to come into operation as part of the general effort to maintain peace.

On February 28 the French Provisional Government issued a unilateral declaration agreeing to become one of the inviting Powers but asking for alteration of the text of the invitations. To this the Governments of the United Kingdom and United States agreed. Soviet officials refused, however, on the ground that this would involve alteration of decisions taken during the Crimea Conference. Although additional time was allowed for the French to reconsider their position, the invitations were finally sent out on March 5 without French sponsorship. On March 7 the French Provisional Government announced, nevertheless, that it would participate in the San Francisco Conference and collaborate fully in the working of the new pact.

The United Kingdom Government desired that France might be associated with the three principal Powers even more fully than the Yalta declaration proposed. Mr. Eden expressed to M. Bidault the hope that the latter might be invited to meet regularly with the three Foreign Secretaries, beginning with their first session after

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the San Francisco Conference. The War Cabinet also suggested that the French Provisional Government should be represented on the Reparation Commission in Moscow. In discussions on the status of France which took place at Yalta, however, Mr. Churchill was unable to persuade either Marshal Stalin or President Roosevelt to make any more substantial move toward recognizing French claims to be considered a first-class Power. Both were resolutely opposed to giving any more assistance to France in this connection than was absolutely necessary. After the conference, moreover, M. Maisky went so far as to question the right of France even to claim reparations from Germany, on the ground that the French had not borne the main burden of the war, or suffered 'heaviest losses' or organized victory over the enemy.

The status of the French Provisional Government in relation to plans formulated during the Crimea Conference is thus still far from settled, although some clarification has taken place during the five weeks which have elapsed since General de Gaulle refused to meet President Roosevelt at Algiers as the latter was on his way home to Washington from the conference.

EPM/NT. March 25, 1945.

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EPM/NT. March 25, 1945.

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ODS/ET
9 Dec.1940

DS/Geneva

MEMORANDUM FOR THE PRIME MINISTER: C267702

Re; WRONG

I regret to note that an error was made in the despatch of a telegram prepared two weeks ago. I had O.K.'d it for coding,but by some oversight,whether on my part or on the part of someone else, it was not sent. I dictated a reminder on Saturday and it was then discovered that the November 26th telegram had not been sent.

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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN LONDON

PERSONAL

PERSONAL

CODE OTTAWA, December 7th, 1940.

UNNUMBERED

Personal. Following from Skelton for Wrong, Begins:

1. Your telegrams November 1st and November 19th and letter of July 2nd have been discussed with Prime Minister. Conclusions are set forth below.

2. Provision for Geneva Office was omitted from Estimates for 1941-42 because of difficulty of defending provision for representation at Geneva in view of decline of League activities and transfer of International Labour Office and sections of Secretariat to this continent. We are continuing provision for proportion of League contribution next year. As regards your salary, the Geneva Vote would of course be available till end of March next and it was considered that before that time question of any further post would have been determined.

3. The Prime Minister is entirely prepared to recommend your appointment either as Minister to Japan or Minister to Brazil or Minister to Argentina.

4. There is no present opening in the Department at Ottawa nor any post abroad to which a senior official here could be transferred at present. As to internment work it would be necessary to make decision at once as Paterson, United Kingdom Liaison Officer, who arrived two weeks ago has begun active effort to clear up the refugee situation.

5. There would be no difficulty in arranging leave of absence if you so desired. We would much regret to see you leave the Service and the Prime Minister is quite prepared to grant leave for the present and to welcome you back later. Ends.

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Note. Above telegram was approved November 26th but through oversight which I much regret was not despatched. I may now add that internment work is being increasingly looked after by Stethem and Paterson and Secretary of State would like to make definite decision at once as to organization.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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CL/hw

NAR/SR
23.6.42

MEMORANDUM FOR THE PRIME MINISTER

C267705

I thought you might like to see the very nice letter which Lord Halifax sent to Mr. McCarthy about Hume Wrong's departure. Wrong did a great deal to put the working relations between the Embassy and Legation staffs on a better footing of friendly collaboration than they had been in the years immediately before the war, and this note is an acknowledgement of it.

Read

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C267706

BRITISH EMBASSY
WASHINGTON, D.C.

16th June, 1942.

My dear McCarthy,

Thank you very much for your letter of June 13th telling me that Mr. Pearson has taken up his post as Minister Counsellor at the Legation in place of Mr. Hume Wrong. I look forward to the pleasure of making Mr. Pearson's acquaintance. The Embassy will always be most happy to discuss matters of mutual interest with him as they did with his predecessor.

May I take this opportunity to say how much I and the members of my staff regret the departure of Mr. Hume Wrong, with whom this Embassy has so long a tradition of happy and confident collaboration. We have highly appreciated the assistance and advice he was always so ready to give us during the periods in which he served in Washington.

Sincerely yours,

(Signed) "HALIFAX".

The Honourable
Leighton McCarthy, K.C.,
Envoy Extraordinary and Minister
Plenipotentiary,
Canadian Legation,
Washington, D.C.

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STRICTLY CONFIDENTIAL

OFFICE OF THE PRIME MINISTER

MEMORANDUM for the Prime Minister:

C267707

Re: Yale Constituency

-- Attached is a copy of Tom Reid's Secret report furnished by Senator McKeen, who also sent a letter he had received from Senator King enclosing a letter from Frank Guimont, of Penticton, which wholly corroborates what is said by Tom Reid.

J.W.D.

December 15, 1947.

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THE SENATE

CANADA

Speaker's Chambers
Ottawa.
December 12th,
1 9 4 7.

Honourable Senator S. S. McKeen,
The Senate,
O t t a w a, Ontario.

My dear Senator:-

I am enclosing copy of a letter I have received from Frank Guimont, of Penticton, British Columbia, for your information.

Guimont was our candidate in the East Kootenay in 1930. He is now a despatcher with the Canadian Pacific Railway in Penticton. He is an aggressive Liberal, and a fairly good observer. He discussed the situation in the Okanagan country recently with me in Vancouver, and from his letter you will see he has written to me sizing up the matter as he sees it. I think it is well for you to be informed of his views.

With kindest personal regards, I remain

Yours very truly,

J. H. King

Speaker of the Senate of Canada.

Enclosure.

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COPY

C267709

Box 173,
Penticton, B.C.
Dec. 8th, 1947.

Dear Doctor King:-

After our short visit in Vancouver, I made it a point to see E.J. Chambers, upon my return here, and found that he could be persuaded to be our candidate, and would be a most popular one. However there has been some opposition developed account of his age (72), but even at that there are many who think that he is our only hope in this bye-election. I need not go into any further details concerning him, other than to point out that he went over the whole situation with J.G. Turgeon in Vancouver, and was informed that his views would be presented at Ottawa. We are all getting anxious to know the exact situation, and Mr. Chambers has asked me to write you in this connection; so that if you will confer with Gray you will be in a position to advise me of the situation there. In the event of this prospect falling through, I think, that with the help of Dr. Knox, I can get Mr. Lloyd, head of the Tree Fruits Board; whom the Tories asked to run for them but were turned down, and that, I believe, would make the headlines across Canada, and a sure winner. My thought being that if we defeat the Conservatives, in this fight, they will be looking for a new leader, as their present candidate was nominated with a lot of fanfare when Mr. Bracken was here. Failing this last thought, which is all my own, and still a secret, the decision should be up to the Gov't. as I feel quite sure we could not elect any second-rate candidate, but would merely assure the election of the C.C.F. candidate. My contention being that it would be better to swallow the hard pill that this is a strong Tory riding, and we concede them the seat rather than elect a CCF. and give that party the much needed boost it needs right now. I would like your views in the matter, as any seeking the nomination at the present time are very second-rate, and we might as well save any funds for later and better purposes.

Unless we went back to the "Good Old Days" and see that our candidate was assured that the many pressing problems facing us in Yale would be straightened out, such as improved Post-Office accommodation, badly needed here, Kelowna and Vernon. Flood water control, which has been reported on by an International waterways board of engineers, and pigeon-holed. All these things are outstanding necessities and should be done, which would give our candidate lots of ammunition to work on. Personally that is the kind of a fight I would like to have tackled at this time.

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Renumeration will have to be undertaken and our own organization perfected before any election is thought of. If it is to be Chambers a short quick election is best, if Lloyd a bit more time to fully cover the district.

I will be anxious to hear from you, and will follow your advice in the matter. Personally I don't know why I can't keep out of this (It's the old Kootenay Spirit).

Kindest personal regards,

(Sgd) J. Frank Guimont.

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COPY

Nov. 3rd, 1947.

C267711

SECRET AND CONFIDENTIAL

REPORT OF TRIP TO YALE RIDING.

I left home Wednesday morning, October 29th, arrived in Kelowna 7:30 same evening, immediately contacted Dr. Knox and discussed with him the situation, generally. Requested from him the names of several Liberals in town with a view of discussing, personally, a possible candidate.

Thursday I interviewed six leading citizens of Kelowna, some of whom were not members of the Liberal Association, but all well known Liberals and supporters of the King Government.

At Twelve Noon was met by Mr. Howard Thornton of Vernon, President of the Yale Federal Liberal Constituency, and in company with him many interviews took place.

Thursday evening a dinner meeting was held in the Royal Ann Hotel of members and friends comprising Yale Liberal Executive following which I attended a general public meeting as principle speaker. The meeting was well attended, the attendence by actual count, 97. Election of officers took place following my one hour address, which, by all appearance, went over fairly well. At the dinner meeting I explained to the twenty-two members of the Liberal Executive and some friends who were present the purpose of my visit was to survey and look over the situation from a Liberal point of view and in the light of the possible chance for a Liberal candidate, reminding them that I was not there to, in any

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way, to dictate to them who the candidate should be. The fact, however, was stressed for the chosing of a suitable candidate, especially if we expected to win, which was of the greatest importance. This point was stressed in the light of past elections, and particularly in the light of the 1945 election, where with an increased vote of 2480 over that of 1940, the vote for the Liberal candidate was 1469 less than obtained in the previous 1940 election. As a matter of fact the Liberal candidate in 1945 lost his deposit. It was further pointed out that the Constituency has been represented by a Conservative since as far back as 1911, and that unless we could choose a candidate of outstanding merit and ability and one who would be likely to receive Conservative support, the nominating of any other kind of candidate would be very doubtful, indeed.

Friday morning I left for the City of Vernon and was met by Mr. Thornton, President of the Yale Federal Liberal Constituency. The evening before I had requested Mr. Thornton to gather together a number of Liberal friends in Vernon to provide me with an opportunity of hearing their views and expressions of opinions in regard to a candidate or candidates. This meeting took place in the Kala Malka Hotel at which were present some fourteen persons, three of them ladies. Believe it only fair to say that I was disappointed to learn, much to my annoyance, and following the meeting with them, that Mr. Thornton had gathered together a group

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of persons who, with the exception of two or three, were not actively connected with the Liberal Association. Amongst the group was Mayor Howrie, Aldermen Harwood and Johnstone of Vernon. The gathering together of this group by Mr. Thornton aroused the ire of quite a few Liberals in the City of Vernon who sent word to me to meet them at half past three. At the gathering was the President of the Vernon Liberal Association, Lionel Valair, one of the few Liberals who had attended the meeting earlier in the day. The Liberals at this afternoon conference were most emphatic in their denunciation at the tactics used by Mr. Howard Thornton in calling together such a group of people to meet me, and who, they declared, were not friends of the Party. They also informed me in strong terms that they would not support Mr. Thornton if his name went before the convention. They pleaded for a postponement of the Nomination Convention which is slated for November 12th, and giving as their opinion that the only one, whom they believed, could win the Riding was a Mr. Chambers. Following my return that evening to Kelowna I immediately contacted Dr. Knox and had a long conference with him regarding what had transpired during my visit to Vernon. Dr. Knox seemed very appreciative of the information which I had obtained at Vernon, especially in the light of the fact that Mr. Thornton had intimated his intention of being a candidate at the Nominating Convention on November 12th.

Saturday I left Kelowna at 7:45 a.m. for a meeting at

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Penticton. This meeting had been arranged by myself as I wanted to obtain the views from those living in all the important centres. I arrived in Penticton at 9 o'clock, and immediately convened the meeting which was held at the Incola Hotel. Fourteen persons in all attended the meeting, which, so early in the morning, would indicate considerable interest. being taken by our friends in Penticton regarding the By-election. Here again I placed the seriousness and importance of the entire political situation before them from the Liberal Party point of view. I requested from them to speak out and speak freely as without the same it would be difficult for me to obtain a true and correct picture of the entire situation. The concensus of opinion at that meeting was that it would be unwise to proceed with the Convention. They advocated the postponing of the Convention until it could be definitely known whether Mr. Chambers would accept the nomination. The meeting was practically unanimous in support of Mr. Chambers and openly stated that the other candidates mentioned, namely, Mr. A.W. Gray, the candidate who ran in 1945, and Mr. Howard Thornton, the President, were not suitable or heavy enough to win the seat.

I left Penticton at 10:30 a.m. and headed south for a meeting at Osoyoos where I met a delegation from Grand Forks and Greenwood. The delegation included Mr. McArthur of Grand Forks, Mr. D.F. McDonald, President of the Association and Mr. A. L. Lloyd,

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Secretary of Greenwood Liberal Association. Mr. McArthur of Grand Forks, who has taken a leading part in Liberal affairs over a long period, expressed it as his opinion that the Nominating Convention should be postponed. He came out even in the presence of Mr. Thornton and stated that in his opinion neither Mr. Gray nor Mr. Thornton were strong enough candidates to win. They favoured Mr. Chambers or Mr. A.K. Lloyd, President of the B.C. Fruit Tree Growers Association.

Having covered all the important points of the Riding, including Vernon, Kelowna, Penticton, Oliver and Osoyoos, I then headed for home arriving back late Saturday evening. A most thorough and careful investigation of the entire Yale Constituency was made and on which I have the following comments and recommendations to make,-

It is my opinion it would be extremely difficult, if at all possible, to elect a Liberal Candidate unless he was outstanding and one that could command the support from those of Conservative leanings.

A slate of seven names were mentioned during my trip of investigation and are as follows:- A.W. Gray who ran in the election of 1945 and lost by 4,426; Mr. Howard Thornton, a teacher of Agriculture and a returned soldier who has recently been elected as President of the Yale Federal Liberal Association;

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Mr. Chambers, who was in charge of Agricultural controls during the war, and one highly regarded by the people, generally, irrespective of politics; Mr. A. K. Lloyd, an outstanding man who, in my opinion, if he could be prevailed upon to accept the nomination would, from what information has been given me, win the seat for the Liberals. Captain Bull, former M.L.A., well liked in Kelowna, not very keen to accept the nomination but who, I believe, would be prevailed upon to run were it desired to have him do so; Mr. McGinnis, a lawyer of Penticton whose name was only mentioned by one or two in that City, but practically unknown in other parts of the Riding. The other name mentioned was that of Mr. Roland, Editor of the Penticton Paper, but who, it is stated, is not seeking the nomination. In my opinion the Nomination Convention set for November 12th is being run in the interests of Messrs. Gray and Thornton. If the Nomination Convention goes forward and only these two men are in the field, it would be far better, in my opinion, not to run any candidate, but rather to withdraw entirely. If either of these two men run, I am afraid the C.C.F. might win the seat over that of the Conservative and Liberal. Bear in mind, that this Constituency has been Conservative since 1911. The figures for the General Election of 1940 show the Liberals in third place, the C.C.F. in second and Mr. Stirling leading with the following vote, - Conservative 7,100, C.C.F. 6,700; Liberal 5,700. The Liberal candidate on that occasion

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being Mr. Chas. Morrow, now M.L.A. in the Provincial House. In 1945 the general vote of the Riding was increased by 2,180 of which Mr. Stirling received 8,657, the C.C.F. 6,704, the Liberal 4,231, Social Credit 1,655 and L.L.P. 733. It should be noted that in the General Election of 1945 the Conservatives increased their vote by 1,557, the C.C.F, strangely enough only increased their vote by 4, whilst the Liberal candidate received only 4,231 votes, or a decrease of 1,469 over that of the Liberal Candidate in the 1940 General Election. This, to me shows a terrible state of affairs in 1945 when it is considered that of the general vote in the Riding increased by almost 2,500 votes, nevertheless, the Liberal candidate, on that occasion, not only did not pick up any of the extra votes cast, but actually went further down by 1,469. Personally, I am of the opinion if Mr. A.K. Lloyd or Mr. Chambers could be induced to accept the nomination our chances to snatch a victory would be excellent, in fact, with the government in power it is my opinion -- we should win.

If we cannot get either of these two gentlemen to accept the nomination, then, after a most careful investigation, am of the opinion we should withdraw and support the Conservative candidate rather than, not only be badly defeated, but, at the same time, make chances for the C.C.F. that much better by having a light weight Liberal candidate in the field. I advised when in the Riding and when leaving that consideration be given to the postponing of the

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Nominating Convention. Understand they are calling an Executive meeting to reconsider the matter, and trust that this may be arranged so as to give further time for such a thought and with a view of obtaining the consent of Mr. Chambers or Mr. Lloyd. It is my opinion also that if a Nominating Convention is not postponed it will be due to the personal aspirations and ambitions of Messrs. Gray and Thornton, both of whom, it has been freely stated, have not a chance on earth of being elected.

In closing, believe it only fair to say that every courtesy was extended to me by all our friends in Yale Constituency, and especially by Dr. Knox, our Provincial President.

Tom Reid, M.P.

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C267719

MEMORANDUM FOR MR. KING:

I have obtained the following information from Mr. Pearson's office, regarding Mr. Shigeru Yoshida:

Mr. Yoshida entered the Japanese diplomatic service in 1906; long career culminating in being appointed Ambassador to the Court of St. James, 1936-1939. In retirement during war years. He is reported to have advised Emperor to start peace negotiations after capture of Singapore in 1942. Formed "peace faction" later in war with other senior statesmen. Imprisoned for short time in 1945 for plotting peace. He was Foreign Minister in first post-war Japanese Cabinet. He was made Prime Minister in 1948 (May). There was a change of government for a short time. Became Prime Minister second time in October 1948. He was re-elected third time in February 1949.

Mr. Yoshida is head of what used to be called "Liberal Party", now called "Democratic Liberal Party" (since August 1946).
Mrs. Yoshida died before end of war. Daughter is hostess and said to be power behind throne. L.B.Feb.18 1950

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Mr. Turnbull:
For your information,
- please.

C267720

Y-202
1942
Off + Confl.

Y-102
Off + Confl.

D-360-N
(Off + Confl)
National Federation

January 11
1943

For Mr. Heeney:

Re: Meeting of Council on
Thursday last - Jan. 7th.

re Health and Youth Movement.

Messrs. Mackenzie, LaFleche, Macdonald, Michaud and Mitchell (I think) St-Laurent were appointed a sub-committee to look into the question of youth movement. The matter of a conference on the problems of youth was brought up by LaFleche.

Health Insurance being dealt with by Mackenzie, and some compensation matter.

Please speak to me of this.

W.L.M.K.

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Tout indique que nous entrons, si non dans la dernière, du moins dans la phase décisive de la guerre. Ceci nous oblige d'indiquer clairement et d'une manière précise nos buts de guerre et de souligner les grandes lignes de notre politique. Des conversations one déja eu lieu entre notre Gouvernement et le Gouvernement britannique pour synchroniser l'activité de notre guérilla avec une action militaire des Alliés dans les Balkans. Mais il ne suffit pas de coordonner l'activité militaire, il faut intensifier la coordination de notre activité politique en encadrant les buts de guerre de la Yougoslavie dans la politique des grands Alliés.

Nos buts de guerre sont fixés par les évènements eux-mêmes. Après l'asservissement et le démembrement de la Yougoslavie, tout Gouvernement yougoslave ne peut avoir qu'une politique: la libération de la Yougoslavie et le rétablissement de son unité étatique. C'est aujourd'hui le besoin vital de tous les Yougoslaves, c'est ce qu'exigent les principes de justice internationale pour la réalisation desquels les Nations Unies luttent. Le Gouvernement yougoslave a quitté le pays parce qu'il a voulu continuer jusqu'au bout la lutte contre l'ennemi et parce qu'il voulait rester solidaire avec les Démocraties occidentales. Il a, de ce fait même, clairement indiqué ses buts de guerre et souligné d'une manière précise les lignes essentielles de sa politique.

Malgré toutes nos différences d'opinion, nous sommes convaincus que nous nous rendons aujourd'hui tous compte, comme nous nous en sommes rendus il y a deux ans, qu'il n'y a que la politique yougoslave qui soit possible. En servant l'idée yougoslave, nous servons le mieux les intérêts bien conçus des Serbes, des Croates et des Slovènes. Il est vrai, qu'après l'expérience des deux dernières décades, beaucoup de gens pensent qu'ils est impossible de restaurer la Yougoslavie sur la base de l'unité ethnique complète des Serbes, des Croates et des Slovènes. Mais si l'expérience nous a prouvé qu'il existe un nationalisme serbe, un nationalisme croate et un nationalisme slovène dont il faut tenir compte, il n'en découle pas qu'il faut décomposer la Yougoslavie pour former à sa place un état serbe, un état croate et un état slovène. Il y a vingt-cinq ans que les Serbes, les Croates et les Slovènes, en luttant chacun chez eux pour leurs libertés particulières, se sont rendus compte qu'ils ne pouvaient garantir leurs libertés particulières qu'en unissant leurs forces. Aujoud'hui, cela est encore plus évident qu'il y a vingt-cinq ans. Nous entrons dans l'ère des grands groupements politiques et économiques, dans l'ère des unions et des blocs. Si le plan de séparer les Serbes. les Croates et les Slovènes, conçu par nos ennemis venait à réussir, il est certain qu'aussi bien les uns que les autres seraient attirés dans une communauté plus étroite ou plus large avec un autre ou avec plusieurs autres états. Il est de même certain que les Serbes, les Croates et les Slovènes auraient dans une telle ou dans de telles communautés de moins bonnes conditions pour leur développement national individuel qu'en Yougoslavie, qui, tout en n'étant

pas/

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pas l'expression de leur complète unité ethnique, est celle de leur grande ressemblance ethnique. Dans une occasion, un Serbe a employé la formule suivante: un serbisme puissant dans une puissante Yougoslavie, - ce qui veut dire qu'il n'y a pas de Yougoslavie puissante sans un puissant serbisme et de même qu'il ne peut y avoir de serbisme puissant sans une puissante Yougoslavie. Cette même formule pourrait être employée par les Croates pour le croatisme et les Slovènes pour le slovénisme.

Plus nous nous rapprochons de la phase décisive de la guerre, plus nous devons appuyer auprès de nos Alliés et auprès de notre peuple sur ces idées fondamentalles. Nous devons toutefois avoir en vue les circonstances suivantes. Pendant sa longue durée, cette guerre a changé pour toutes les Nations Unies, le caractère qu'elle avait eu au début. Cette guerre n'est plus seulement une guerre défensive contre l'Axe; c'est une guerre pour un ordre nouveau qui donnera d'un côté aux peuples les garanties nécessaires qu'il n'y aura plus de nouvelles guerres - c'est-à- dire la paix internationale - et de l'autre qu'il n'y aura plus de crises économiquesni de chômage - c'est-a-dire la paix sociale. Pour pouvoir compter sur l'aide totale des Alliés, la Yougoslavie doit montrer qu'elle désire et qu'elle est on état de collaborer avec eux à la construction de cet ordre nouveau. Elle devra, dans ce but, comme les autres Nations Unies, soumettre ses institutions à une révision fondamentale, et cela dans l'esprit d'une démocratie rajeunie et révisée. Le peuple lui même aura à dire le mot décisif dans cette révision des institutions. Mais, selon le cours actuel des évènements. il est permis de prévoir que l'ère de l'unitarisme est passée et que l'avenir appartient à une solution plus ou moins fédéraliste qui permettra aux Serbes, aux Croates et aux Slovènes de collaborer simultanément à la réalisation de leurs buts politiques communs, sans toutefois renoncer à leur individualité ethnique. Une telle organisation répondrait le plus à l'idéologie démocratique telle que la conçoivent aujourd'hui les Nations Unies.

On doit mentioner à la fin que la Yougoslavie est entrée dans cette guerre sans esprit de conquête. Mais, la Charte de l'Atlantique lui donne le droit de demander que lui soient rattachées toutes les provinces qui ont indubitablement le caractère yougoslave et qui, pour le moment, se trouvent sous une domination non seulement étrangère mais aussi bien hostile.

La restauration d'une Yougoslavie plus grande et plus forte que dans le passé et organisée dans un esprit plus démocratique, voilà les buts de guerre que tout Gouvernement yougoslave doit avoir en vue. Ces buts ont été mentionnés à plusieurs reprises dans les déclarations du Roi et du Gouvernement. Ils ont surtout été soulignés dans le discours fait par S.M. le Roi le Ier décembre 1942. Mais aujourd'hui, quand nous entrons dans la phase décisive de la guerre, il est de notre devoir d'accentuer de nouveau ces buts comme l'idéal commun autour duquel tous les Serbes, tous les Croates et tous les Slovènes doivent se grouper dans ces moments historiques.

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MEMORANDUM

IMPORTANT. MOST SECRET.
(Circular Z.85.)

Summary of report from His Majesty's Minister at Belgrade despatched March 25th is as follows.

(1). There are signs of great dissatisfaction and anxiety in Yugo-Slavia at the signature of the pact but the Government may be able partly to dispel this by skilful presentation of Yugo-Slavia's accession as harmless if not indeed beneficial to the interests of the country.

(2). Failing the establishment of alternative civil or military government immediately, this might be possible at the next favourable opportunity e.g. if the Germans were to demand the demobilisation of the army or to make early attack on Salonica.

(3). German infiltration into the whole of the Yugo-Slav administrative system may however be rapid. Croatia offers a fertile field for this and it is probable that the leaders of the Croatian peasant party will be pushed more towards separation.

(4). The whole country might still be rallied by early German action which contravened the agreement or roused strong resentment but it seems more probable that by the time this occurs, disintegration will have gone far in the northern provinces at least.

(5). Croat and Slovene political leaders have been in favour of an agreement with Germany and our main hope lies in our being able to stiffen Serb resistance the more so as south Serbia is a vital point for us and Greece.

/(6).

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(6). There are rumours that a government of "national confidence" will be formed after the signature of the pact though it would be unwise to expect better things of such a Government. There is however a bare possibility that the existing or a reconstructed Government might carry out the professed intention of resisting German demands in excess of the pact.

26th March, 1941

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Y-5

C267724

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
Earnscliffe,
OTTAWA.

IMPORTANT.
MOST SECRET & PERSONAL.

26th March, 1941.

My dear Prime Minister,

With reference to my letter of yesterday enclosing a message (Circular Z.83) regarding the Balkans, I have received a telegram from the Secretary of State for Dominion Affairs asking me to communicate to you for your most secret and personal information the enclosed further message on the subject.

Yours sincerely,

W. C. Hankinson.

The Right Honourable W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
O T T A W A.

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Balkans

Office of the High Commissioner
for the United Kingdom,
Ottawa.

C267725

28th March, 1941.

MOST IMMEDIATE.

SECRET.

My dear Prime minister,

I have received a telegram from the Secretary of State for Dominion Affairs asking me to communicate to you at once the enclosed message regarding the situation in Belgrade.

Yours sincerely,

W. C. Hankinson.

The Right Hon. W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
OTTAWA.

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MOST IMMEDIATE.

SECRET.

Circular Z.91.

M E M O R A N D U M.

1. His majesty's minister at Belgrade states that it is most important at the present juncture to avoid taking the line that the coup d'etat is a British victory. Emphasis should be laid on its Yugo-Slavian character.

2. His majesty's minister has received specific request that broadcasts should be moderate in tone and states that the Government are wisely taking steps to moderate demonstrations which up to the present are wildly enthusiastic and strongly anti-German.

3. His Majesty's Minister adds that the new Government must obviously take a little time to get into the saddle and it is essential that we should taken no action which would bring the Germans down upon Yugo-Slavia before they have made all preparations they can do to meet the attack which may well come at an early stage.

4. His majesty's minister reports that the German minister has been summoned to the Ministry of Foreign Affairs where it was explained to him that the change of Government was an internal affair and that the policy of the new Government was one of neutrality and peace, and that the Italian Minister is to be informed.

28th March, 1941.

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C267727

Y-5

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM.
Earnscliffe,
OTTAWA.

MOST SECRET AND PERSONAL. March 28th, 1941.

IMMEDIATE.

My dear Prime Minister,

With reference to my letter of yesterday, (Circular Z. 90) I have received a telegram from the Secretary of State for Dominion Affairs asking me to communicate to you for your most secret and personal information the enclosed further message regarding events in Yugo Slavia.

Yours sincerely,

W. C. Hankinson.

The Right Honourable W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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Circular Z. 92.

MOST SECRET. IMMEDIATE.

1. News from Belgrade is coming in bit by bit and we hope soon to send you an appreciation of the position. Meanwhile the following information may be of interest.

2. The coup d'état appears to have been carried out without bloodshed and to have been accepted in the provinces as well as the capital. H.M.'s Consul-General at Zagreb reported on the evening of March 27th that Croatia was very quiet and that no internal trouble was expected. In Southerly Slovenia there had been manifestations of a patriotic nature in favour of the present Government.

3. H.M. Air Attaché at Belgrade when visiting the War Office on the morning of March 27th saw General Kositch chief of general staff arrive in uniform under arrest. Ex-ministers Rudovetkevitch and Markovitch were waiting in an ante-room and said to be feeling uneasy which was not surprising as crowds were occasionally calling out for their heads.

4. H.M.'s Consul-General sends reports that Prince Paul was stopped on instructions from Belgrade at Zagreb at 7 a.m. on March 27th on the journey to Brdo. He was given full assurances for personal safety before leaving for Belgrade at noon. He is reported to have said that he was anxious to leave the country at once, both for personal reasons and in order to avoid giving the impression that he was influencing the young king. He appeared to be taking the situation philosophically maintaining that he could not have acted otherwise than he had done without splitting the country. His efforts were then bent on influencing Croatia to co-operate in the new Government. Subsequent reports indicate that the new Government is fully representative of all parties.

5/.

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5. The ~~composite~~ composition of the new Government as announced in the press is confirmed in reports from Belgrade. The new Minister of Justice, Markovitch, stated to His Majesty's Air Attaché on the morning of March 27th that the new Government would take two or three days to settle down. The atmosphere in the War Office was described by the Air Attaché as decisively purposeful and friendly towards us.

6. It is understood that the Yugo Slav Government's proclamation of the wish to remain neutral has been made in order to gain a few days time and that in fact the Army and the new Government are entirely pro-British. General Ilitch, the new Minister of War, has assured H.M. Minister that demobilization would not take place and that any incursion by the Germans will be resisted. The report from the Air Attaché indicated that a messenger from high authority has informed him that concentration of the Army in the South has already begun and that the Yugo-Slav authorities hope that this will be completed before war begins.

7. We hope to arrange meetings with the Yugo Slav authorities in the immediate future and the Secretary of State for Foreign Affairs is returning to Athens for the purpose.

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C267730

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
Earnscliffe,
OTTAWA.

MOST SECRET AND PERSONAL. March 31st, 1941.

IMPORTANT.

Dear Mr. Prime Minister,

With reference to Circular telegram M.44 of the 28th March, I have received a telegram from the Secretary of State for Dominion Affairs asking me to convey to you for your most secret and personal information the enclosed message regarding reports from H.M. Ambassador at Angora concerning developments arising out of recent events in Yugo Slavia.

Yours sincerely,

I M R Machtman

The Right Honourable W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

The Department of External Affairs
MAR 31 1941
Canada.

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C267731

MOST SECRET AND PERSONAL.

IMPORTANT.

Circular Z. 98.

1. H.M. Ambassador at Angora reported on March 29th that the Yugo-Slav Ambassador at Angora had been summoned at once to Belgrade.

2. In connection with paragraph 1 of telegram Z. 93 (Mr. Hankinson's letter of the 28th March) H.M. Ambassador had an interview on March 29th with the Turkish Minister for Foreign Affairs who was seeing the Yugo-Slav Ambassador immediately before and after the interview. The Minister for Foreign Affairs told H.M. Ambassador (a) that he had already given the Yugo-Slav Ambassador full details of the Turkish Government's previous attempt to make contact with the Yugo-Slav Government. (b) that he was about to give the Yugo-Slav Ambassador the Cyprus message (telegram Z.74 - Mr. Hankinson's letter of 20th March) which the Ambassador could convey to his Government on arrival; he was quite prepared to enter into conversations with the Yugo-Slav Government though he stopped short of declaration of war in connection with Salonika.

3. H.M. Ambassador gave the Minister for Foreign Affairs a general review of the position at Belgrade, emphasising the Yugo-Slav attitude regarding Salonika (Circular telegram M.44 paragraph (a)), and indicating that the Yugo-Slav Minister for Foreign Affairs had decided to discuss the matters with the Turkish Ambassador at Belgrade. The Minister for Foreign Affairs thought that sooner or later Yugo-Slavia would be involved in war but that recent events might prove a deterrent to German invasion of the Balkans. H.M.Ambassador said that we now had a good chance of preventing this and that after contact with the Yugo-Slav Government we hoped to be able to exchange views further

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with the Turkish Government. Yugo-Slav Ambassador subsequently informed H.M. Ambassador that Turkish Minister for Foreign Affairs had spoken to him on the lines of paragraph 2 above indicating that "if Yugo-Slav Government were interested" the attitude of the Turkish Government remained as stated. Ends.

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C267733

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
OTTAWA.

March 31st, 1941.

MOST SECRET AND PERSONAL.

IMPORTANT.

Dear Mr. Prime Minister,

We have received in a telegram from the Secretary of State for Dominion Affairs the enclosed message, for your personal and most secret information, concerning a report dated 28th March from H.M. Minister at Belgrade.

Yours sincerely,

I M R Malcolm

The Right Honourable W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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Circular Z. 95.

MOST SECRET.

IMPORTANT.

Briefly the situation has changed in our favour to this extent that the new Government seems to be ready to consider immediate action if Salonika is attacked and to be prepared for discussion with the Turks on this basis. As far as we know, the question of how to deal with the position created by the signature of the tripartite pact is still under consideration. There is no certainty that this pact will be denounced; the policy might be one of non-application or alternatively the Government might be prepared to substitute a non-aggression pact. / H.M. Minister reports that he argued with the Minister for Foreign Affairs on March 27th against signing anything with the Germans as there are enough old men in the Government to make a policy on the above line possible. With all this it is possible that they are playing for time but in the meantime we have received indications that they would resent the assumption that they had chosen definitely to range themselves with the democracies and still more that such an idea should be put about. On the present showing there is serious danger that if we were to try to push them into our camp they would merely dig in their toes.

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E. R.

B/Ys

Office of the High Commissioner
for the United Kingdom,
Ottawa.

C267735

16th April, 1941.

MOST SECRET.

My dear Prime Minister,

I enclose two messages regarding the situation in the Balkans which Lord Cranborne has asked me by telegraph to convey to you. The longer one, Z. 116, was received at a late hour last night and the shorter one, Z. 118, this morning,

Yours sincerely,

Malcolm MacDonald

The Right Honourable W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
O T T A W A.

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C267736

M E M O R A N D U M.

MOST SECRET.
Circular Z. 118.

His Majesty's Minister in Yugo-Slavia in a telegram despatched 4.00 p.m. April 15th, reports that the Yugo-Slav Government capitulated in the evening of April 15th. Terms unknown. Yugo-Slav officer was being sent to arrange military terms. His Majesty's Minister at Athens in a telegram despatched at 11.00 p.m. April 15th, reports that General Simovitch and most of the Yugo-Slav Government except Macek held in Croatia have arrived in Greece in Yugo-Slav military aircraft. General Simovitch appears to believe that such Yugo-Slav forces as are still in being will continue to fight under two leaders specially appointed.

16th April, 1941.

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G.R.

C267737

IMPORTANT.

MOST SECRET.

Circular Z 116. MEMORANDUM.

My telegram No.62 M.

1. Military developments in Yugo-Slavia during the past week so far as known to us have been reported to you in daily D W telegrams. Yugo-Slav internal communications have been seriously affected by enemy action and the Yugo-Slav Government have been moving from place to place in order to avoid enemy air attacks.

2. His Majesty's minister has apparently been in touch with the Yugo-Slav minister for Foreign Affairs since April 8th and has transmitted to us a number of urgent requests from the Yugo-Slav authorities for military and economic assistance. We have given all air assistance which we can allot to this theatre but possibilities of military and economic assistance have been limited not only by the refusal of the Yugo-Slav Government before the outbreak of hostilities to make common plan but also by the difficulties of establishing communication with Yugo-Slav military commanders and by the impossibility in view of the air position of sending surface vessels up the Adriatic to Yugo-Slav ports.

3. His Majesty's minister reported that though the possibility of capitulation had been discussed by the Yugo-Slav Government prior to April 12th they had rejected it and that the Minister for Foreign Affairs was showing good spirit. The Minister for Foreign Affairs said he had realized the consequences of a stand but had chosen it for the sake of Yugo-Slavia's future and the cause of the democracies. The Minister for Foreign Affairs added that blocking of the Danube alone had made resistance worth while in his eyes. (We have not yet received any information as to what was done on the Danube but it is hoped the minister for Foreign Affairs' remark indicates that serious effect on German transportation system has been achieved.)

4. His Majesty's minister also reported that on April 12th it appeared that it might be soon necessary for the Yugo-Slav Government to leave the country in order to make sure of having a legal government functioning abroad which is essential for the future. Amongst their requests to us the Yugo-Slav Government had asked for surface transports to be sent to Kotor so that they and their army might fall back on that port and be evacuated if necessary. We have had no alternative to explaining to them that this was impracticable but we offered submarine or aircraft transport for limited numbers. We also stressed the possibilities of defence in the mountains and urged that apart from this the Yugo-Slav army must get into touch with our supplies by land by establishing contact with the Greeks in Albania.

5/

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5. We have now learned that the King of Yugo-Slavia accompanied by staff of three persons arrived at Athens by air last night and that some men of Yugo-Slav Government were expected to arrive by air in North West Greece last night or this morning. Both these facts are of course being kept extremely secret and we have no confirmation as yet of arrival of members of Yugo-Slav Government.

15th April,1941.

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B/45

C267739

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
OTTAWA.

April 17th, 1941.

MOST SECRET. IMPORTANT.

My dear Prime Minister,

Lord Cranborne has asked me to communicate to you the enclosed message regarding Yugo-Slavia, in continuation of his message Circular Z.118, the substance of which I communicated to you in my letter of yesterday.

Yours sincerely,

Malcolm MacDonald

The Right Honourable W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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C267740

MOST SECRET. Circular Z.120.

IMPORTANT.

H.M. Minister at Athens has now seen General Simovitch and Yugo-Slav Minister for Foreign Affairs. Latter explained that owing to the disloyalty of Croats further resistance by the Yugo-Slav Army had become impossible and the King and Government had left the country after authorising General Kalohowovitch to conclude an armistice. Yugo-Slav Government wish to leave Greece immediately with the King and to establish themselves elsewhere as symbol of Free Yugo-Slavia.

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MEMORANDUM FOR THE
PRIME MINISTER:

NAR/ET
14 May, 1941

C267741

Mr. Constantin Fotitch, the Yugoslav Minister in Washington, who is in Ottawa today, accompanied by his Military Attaché, Colonel Burya, has been instructed by his Government in exile to report on the possibility of training Yugoslav flyers in Canada to reinforce the Yugoslav air squadrons who are now fighting with the army in Egypt.

Dr. Keenleyside and I saw him this morning at ten and explained that with the Joint Air Training Plan going at full blast, aerodrome facilities in Canada were now fully used, trainer aircraft were short of requirements, and instruction personnel was already heavily taxed. In these circumstances there was not much encouragement that could be held out to them. It was suggested that they might wish to explore the possibility of civilian flying training for Yugoslav pilots in the United States, along the lines of the scheme which the United Kingdom is working out. I have arranged a meeting for them with Air Minister Power and Air Commodore Leckie at twelve o'clock.

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C267742
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BALKAN STATES. August 14, 1941.

CONFIDENTIAL. SECTION 1.

[R 7747/1195/92] Copy No. 069

Mr. Eden to Mr. Rendel.

(No. 30.)

Sir, *Foreign Office, August* 14, 1941.

DR. KRNJEVIĆ, Deputy Prime Minister of Yugoslavia, who is himself a Croat, called to see me this afternoon. He gave me verbally the attached message from Dr. Matchek for the Prime Minister.

I thanked Dr. Krnjević for this message and asked him whether he could give me any information of Dr. Matchek's present whereabouts. Dr. Krnjević replied that Dr. Matchek was now in Germany, though he did not know exactly where. After the German entry into Croatia the German general in command had sent for Dr. Matchek and asked him to assume office. The latter had refused, and as a consequence had been removed in custody to Germany. The Quislings now in power in Croatia were completely isolated. Almost all Croatia was against them. Pavelitch was the creature of Mussolini, as he always had been. He had pledged his country to political and economic unity with Italy, but there was a German garrison to-day in Zagreb.

The Croats, Dr. Krnjević continued, were the natural allies of Great Britain. If Britain was powerful in the Mediterranean, then the Croats had no anxiety for Dalmatia. If Italy were powerful, the Croats recalled her ambition to control the whole Dalmatian coast. Conditions in Croatia to-day were terrible. On one occasion alone 2,000 Croats had been arrested and imprisoned, and 180 of these summarily executed within a few hours. Dr. Krnjević said he would give me one example of the conditions prevailing in Croatia. On the 9th July a police officer was found murdered in a ditch outside Zagreb. Without attempting to investigate the crime, ten leading citizens of Zagreb were arrested and executed.

Dr. Krnjević said that he wished to make an appeal. He hoped that after the war His Majesty's Government would not disinterest themselves in the fate of South-Eastern Europe. Had I yet considered the form of a settlement in these regions and the question of political boundaries? I replied that after this war we should certainly be interested in the peace settlement of Europe and I fully realised the importance of the South-Eastern problem. At the same time, I had been careful to undertake no commitments in respect of frontiers towards any Power, nor was I prepared to do so. I felt sure that Dr. Krnjević, were he in my place, would understand the importance of our keeping our hands free against the hour when Europe was liberated and these problems had to be dealt with in another atmosphere. Dr. Krnjević did not dissent, but begged me again to believe that we should always find in the Croats a friendly people who greatly admired the liberties and institutions which we enjoyed in Great Britain.

I am, &c.
ANTHONY EDEN.

Enclosure.

DR. MATCHEK remains with his people, which he regards as his first duty.

2. Croatia remains as democratic as it has ever been. It would be a great mistake to identify the puppet Government of Pavelitch with the Croatian people.

3. Dr. Matchek wished to express his admiration for all sections of the British people and for their Prime Minister, Mr. Winston Churchill, their Foreign Secretary and other members of the Government, and his loyalty to their cause, which is also that of the Croat people.

4. Dr. Matchek hopes that he in person and the Croat people will be useful to the Allied cause by pursuing a policy of non-co-operation and of resistance to the imposed régime.

5. Dr. Matchek asked that his greetings and remembrances of his friendship should be conveyed to Mr. Churchill and Mr. Eden.

[20—48]

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SFR
3.2.42

C267743

MEMORANDUM FOR THE PRIME MINISTER

You will recall the previous difficulties we have had in arranging for a meeting between yourself and the Governor General and the Yugoslav Ministers now in Canada. On December 19 last I wrote to the Yugoslav Consul General, Mr. Vukmirovic, and suggested that an appointment might be made for the first week in January. At that time, however, the Yugoslav Ministers had already left for the United States and it was impossible to complete these arrangements. I have now had a further letter from Mr. Vukmirovic indicating that the Yugoslav Ministers are returning to Canada in the first week of February, and that they are awaiting our advice with regard to a suitable date for an early meeting in Ottawa. If you would indicate a date which would be convenient next week I shall write to Mr. Vukmirovic accordingly.

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R

DS/YS NAR/ET
17th May, 1942

C267744

MEMORANDUM FOR THE PRIME MINISTER:

When the new Yugoslav Minister, Dr. Cankar, calls on you, he will almost certainly mention the desire of the Yugoslav Ministers, who were in Montreal during the winter and now have their headquarters in New York, to come to Ottawa to pay their respects to you and to the Governor-General. You will recall the difficulties we had last fall and winter trying to find a mutually convenient date for their reception here. Misunderstandings at the time led to some hurt feelings, but these have been satisfactorily straightened out.

Dr. Cankar asked me on Saturday whether it would be in order for the Yugoslave Ministers to offer lunch or dinner to the Government of Canada in gratitude for the asylum which had been given them here. I told him I did not think any such gesture would be necessary, that the Government had been glad to welcome to Canada representatives of an ally, and that when the Ministers were able to come to Ottawa, you and the Governor-General would I knew be very glad to receive them.

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NAR/ET
5th June, 1942

MEMORANDUM FOR THE PRIME MINISTER:

C267745

The Yugoslav Minister, Dr. Cankar, came to see me this week about arrangements for the forthcoming visit to Ottawa of the Yugoslav Cabinet Ministers, whose headquarters were in Montreal last winter but who are now resident in New York. They will be coming to Ottawa on Thursday, June 25th, when the Governor General will receive them during the day. They wish to pay their respects to you and wanted to offer a luncheon or dinner to the Government of Canada in appreciation of the hospitality they had received. I told Dr. Cankar that while the Yugoslav Ministers were in Ottawa the Canadian Government wished to entertain them - whether at lunch or dinner could be settled later.

Dr. Cankar is going to communicate with his Ministers in New York, and will advise us what Ministers will be coming to Ottawa and whether they will be accompanied by their wives.

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VYS

NAR/ET
17th June, 1942

MEMORANDUM FOR THE PRIME MINISTER:

C267746

Dr.Cankar(pronounced 'Sankar'),the new Yugo-Slav Minister,has for some years been the Yugo-Slav representative in Buenos Aires,where he met Judge Turgeon and knew Norman Armour,the United States Ambassador,very well. Dr.Cankar was Professor of Aesthetics and English Literature at the University of Ljubljana, before he entered his country's Diplomatic Service. In his academic period he translated the "Tale of Two Cities" into Slovene.

He will have on his mind the visit to Ottawa of the Yugo-Slav Ministers,who were in Montreal last winter. They are expected here on Thursday,June 25th. Arrangements have been made for their reception by the Governor General and yourself, and plans have been made to give a small Government dinner in their honour. Dr.Cankar is planning to leave for New York in the morning to complete arrangements for this visit.

The Minister may not know about the plans for his King's visit to this continent. The advice that we have received from the High Commissioner in London is that King Peter is expected to arrive on this side about June 23rd. We have no information as to what plans have been made for his visit to the United States,and assume that he will be coming to Canada probably about the middle of July.

I should think it quite possible that the Yugo-Slav Ministers,who had planned to come to Ottawa on the 25th June, may wish to wait in New York to meet their King. In this case it might be mutually convenient to combine the visit to Canada of the King and his Ministers.

WLK

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UKYJ

SFR/SR
9.7.42

C267747

MEMORANDUM FOR THE PRIME MINISTER

Visit of King Peter and Yugoslav Officials.

I understand that Mr. E.K. Brown has already sent you a note with some information regarding King Peter and the Yugoslav Minister to Canada, Mr. I. Cankar, but I thought you would wish to have a word about the chief Ministers with this party.

You will recall that in July, 1941, the United Kingdom Government asked us to admit an official Yugoslav mission, among whom were the following members of the Yugoslav Government:-

Hon. I. Subasic, Governor of Croatia, - Croat

Hon. B. Markovic, Minister of State, - Serb

Hon. M. Trifunovic, Minister of Education, - Serb

Hon. B. Jevtic, Minister of State, - Serb

Hon. Dr. Cubrilovic, Minister of Agriculture, - Serb

Hon. S. Kosanovic, Minister of State, - Serb

Hon. F. Snoj, Minister of State - Slovene.

All of these individuals are part of the King's party. They continue to hold office in the Yugoslav Cabinet, the seat of which has been in London. They were resident in Montreal for four or five months last winter, but now they are making their headquarters in New York.

In addition to the Ministers now resident in North America, the King will be accompanied by M. Nincic (Serb), Minister for Foreign Affairs and formerly leader of the Serb Radical Party. In a Foreign Office telegram of June 16th from Eden to Halifax, Nincic is said to have engineered this visit in opposition to several members of the Government. There has been a good deal of criticism of the fact that the Croat element is so greatly under-represented in the party. Mr. Nincic is said to be critical of the United Kingdom Government's attitude in regard to the Yugoslav Army crisis in the Middle East, and there is some danger of his trying to play off the United States against the United Kingdom. In this connection you will recall the Yugoslav Cabinet difficulties last January, in which General Simovic was replaced by Mr. Yovanovic, the President of the Council, and following which General Mihailovic (now in Yugoslavia) was named

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Minister of War. This crisis indicated the deep cleavages which continue to exist between Serbs, Croats and Slovenes, and resulted in a good deal of difficulty for the United Kingdom Government in controlling dissident Yugoslav military officials in the Middle East.

M. R. Knezevic (Serb), Minister of the Court. Knezevic holds an important position as the link between the Court and the Cabinet, and although not in the Cabinet himself, is said to exert a decisive influence in Yugoslav politics. He took a prominent part in the coup d'etat of March, 1941.

From a Canadian point of view, one of the chief questions in which the group will be interested is the question of Yugoslav recruitment in Canada. Permission has been given to the Yugoslav Government to enlist their own nationals in Canada on a voluntary basis. The Canadian census of 1931 showed only 9,432 whose mother tongue was Serb, Croat or Slovene. Over three-quarters of this group entered Canada during the decade 1921-31, driven here by the repressive rule of the Serb majority, and it is probable that the great majority of Yugoslavs in Canada are of Croat origin.

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C267743

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

[U 1512/617/70] Copy No. 068a

Sir G. Rendel to Mr. Eden.—(Received April 3.)

British Embassy to Yugoslavia,
45 Lowndes Square, S.W. 1,
March 27, 1943.

(No. 7.)

Sir,

I HAVE been giving much thought to the problem of the future of Yugoslavia and of South-Eastern Europe generally, more especially in relation to the probable attitude of the Soviet Union. In the hope of obtaining at least some further data on the problem, I recently decided to seek an interview with my Soviet colleague—whom I had not seen for some time and with whom I am on very friendly terms—and to try to obtain some indication of his views.

2. I saw M. Bogomolov on the 16th March and did what I could, without expressing any particular views of my own, to elicit an expression of opinion from him on the Yugoslav situation. It was, however, with no surprise that I found myself confronted with the usual blank wall of official formulæ. M. Bogomolov took the line that the Soviet Government were not interested in the internal affairs of Yugoslavia and that the relations between the various groups within that country were no concern of theirs. They had officially recognised the Yugoslav Government, and it was therefore with considerable surprise that they had received "an enquiry" from that Government as to their attitude towards one of its members, General Mihailović. For the Soviet Government to adopt any particular attitude towards the general would be as unsuitable as it would be for the Yugoslav Government to adopt a particular attitude towards a member of the Soviet Government or towards some local Soviet authority in Russia. The most fantastic stories were circulating about Soviet intervention in Yugoslav affairs; it had, for instance, been freely said that a M. Levidieff, who had been Counsellor of the Soviet Legation in Belgrade, was leading partisan bands in Yugoslavia under the absurd name of Tito. M. Bogomolov, on his recent visit to Moscow, had met M. Levidieff, and they had enjoyed a hearty laugh together over this particular myth. M. Bogomolov, more especially in his insistence on the detachment of the Soviet Government from all internal Yugoslav affairs, gave me the impression of overplaying his hand. I did not, however, wish to give him the impression that I was cross-questioning him, and therefore decided not to press him further. I should certainly not have got anything more out of him if I had.

3. The question now arises whether any further progress can be made at this stage in estimating the probable future course of events in Yugoslavia and the neighbouring areas of South-Eastern Europe—more especially in so far as this is likely to be affected by the attitude of the Soviet Union.

4. I would emphasise first that my fears are not so much of direct Russian intervention as of a movement growing up spontaneously in the countries of South-Eastern Europe tending to bring them organically into the Russian orbit, quite independently of any initiative on the part of the Soviet Government itself. The danger of direct intervention by the Soviet Government may, of course, also exist. Should the military situation in Russia develop favourably, the possibility cannot, I imagine, be altogether excluded of the Soviet Government seeking to establish itself militarily in the Balkans, if only by the acquisition of bases in Bulgaria. If such a possibility does exist, however, it could no doubt be dealt with by the negotiation of some form of non-intervention agreement with the Soviet Union—although it is a little difficult to see what the Soviet Union, assured as it already is of our lasting goodwill, would gain by tying its hands, even to this limited extent.

5. On the other hand, the possibility of the development of a spontaneous Soviet movement in Yugoslavia and the neighbouring countries, without any direct intervention by the Soviet Government, seems to me a far more serious one—and all the more so now that the situation of the exiled Yugoslav Government and the prospects of the maintenance of Yugoslav unity both seem to be

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steadily deteriorating. It is already, I think, generally agreed that the pre-war nationalist system can never be re-established in its entirety in South-Eastern Europe. The process of political and social disintegration, which seems already to have begun in Yugoslavia, is likely to be speeded by the ruin and misery which Axis occupation and tyranny has brought in its train. Such vested interests as previously existed are likely to have disappeared before the country can be finally liberated, and the former social structure of the State may well be shattered beyond hope of repair. Meanwhile, admiration for Russia, and above all for the achievements of the Soviet Union in mobilising its national resources—human and material—with such triumphant efficiency and unity of purpose, in its resistance to Nazi aggression, will be dominant factors in the minds of the surviving population. Other complexes will play their part—*e.g.*, reaction against the past and all that it is thought to stand for; admiration for a system which has always put in the forefront of its programme " a square deal for the underdog "; and, probably, suspicion of the returning exiled Government, who will be accused of having lived in comparative safety and comfort during the period of their country's martyrdom, and may be represented as having fallen too completely under foreign influence. All these factors are likely to play their part, and it may well be that after the war the dominating impulse in the minds of the people of South-Eastern Europe—as of many other countries—will be to say, as did the Strelsau crowd to Rudolf Rassendyl in *The Prisoner of Zenda*, " If he's Red, he's right."

6. It is sometimes argued that no spontaneous and indigenous Soviet movement is likely to develop in the southern Slav countries without a strong man to give it a lead, and that no such leader has yet emerged. Surely, however, strength of personality would be required on the legitimist rather than on the revolutionary side, since the former would exact greater sacrifices and need more complicated organisation, while the latter could offer far more alluring prospects and promises to people who have little left to lose. In any case, the highly successful autonomous Soviet republics of Transcaucasia and Central Asia, and even the somewhat artificially created Soviet republics of the former Baltic States, have not needed the help of any outstanding personalities in order to establish themselves and to cement their connexion with the Soviet Union. Moreover, as suggested in my despatch under reference, defeat is likely to do much to smooth the path of revolution in such satellites of the Axis as Bulgaria and Hungary; and, once a Soviet system is firmly established in these two key positions on Yugoslavia's flanks, her own chances of resistance to the spontaneous growth of a Soviet movement on her own soil are likely to be much reduced.

7. Should these forecasts prove justified and indigenous Soviet republics spring up among the South Slav communities of South-Eastern Europe, it is hardly conceivable that they would not immediately apply for protection by, and affiliation to, the Soviet Union. Nor does it seem reasonable to expect the Soviet Government to refuse, or to pledge themselves to refuse, to respond to such an appeal. The reasons, in fact, in favour of their keeping their hands free towards any such movements seem overwhelming. *Ex hypothesi* the Soviet Government must consider—and with genuine conviction—that their system is the best which has yet been produced for the Government of modern communities. Certainly previous systems—at least in South-Eastern Europe—have not made a very good showing. The Soviet Government will hardly need officially to intervene to deal a death blow to the old order. All they need do is to stand sympathetically by. It is surely a case where Clough's words are particularly appropriate: " Thou shalt not kill—but needst not strive officiously to keep alive." And if there is to be a change of régime, what could be more right and fitting, from the Soviet Government's point of view, than a general adoption of the Soviet system.

8. Assuming then that we win the war and that the Soviet Union shares fully in that victory, I am convinced that, in the ordinary and normal course, we shall be faced not so much with Soviet intervention but with the spontaneous establishment of a number of small indigenous Soviet republics extending from Trieste to Varna and Dubrovnik to Dedeagatch. It is legitimate to argue that this might be no bad way of dealing with what has long been a peculiarly intractable series of problems. If this view is taken there is no reason why His Majesty's Government should consider trying to secure any other solution. It would, indeed, from many point of view, be both orthodox and popular. But I cannot help feeling that—attractive as the prospect may appear at first sight—this solution would be to the ultimate advantage neither of the countries concerned nor of the British Empire. If this view is adopted, the question arises whether His Majesty's Government can take any practical action to forestall the

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establishment of such a system in South-Eastern Europe, or to give another turn to the march of events.

9. It may be that His Majesty's Government have already considered this question in all its bearings and that they already know what kind of alternative political, economic and social structure they would like to see established in South-Eastern Europe. They may, from the vantage ground of their own detached and objective position, have already decided on the form of organisation and government for South-Eastern Europe which they consider most likely to further the cause of the peace, prosperity and sound development of the various peoples concerned—a cause which, in the last analysis, is, I believe, that best calculated to serve their own interests as well. In particular, I am aware that the most careful consideration has been given to the possibility of a regrouping of the existing States of Eastern and South-Eastern Europe in one or more wider confederations. But, as the problem has presented itself in a slightly new form since the recent differences developed between the Yugoslav and the Soviet Governments, I am venturing—with all due diffidence, and conscious that the problem may already have been exhaustively studied on quite other lines—to suggest the following general axioms on which any further examination of this question might be based :—

10.—(*a*) South-Eastern Europe (*i.e.*, the area lying south of the pre-war northern frontiers of Yugoslavia and Bulgaria) possesses sufficient geographic, economic, historic and cultural unity for it to be possible to treat it as a single area, consisting of a group or groups of closely interdependent units, for the future organisation of which certain general principles can be laid down.

(*b*) It is not to the interest of the communities inhabiting these areas, of Great Britain, or of Europe as a whole, that any or all of them should fall under the exclusive political or ideological control of an external or alien Power, whether in Central or Eastern Europe.

(*c*) The system of sovereign, autarkic and wholly independent nationalist States, which was accepted as axiomatic until comparatively recently, is inapplicable to this area of Europe. A redefinition and regrouping of the interdependent units of which it consists will probably be required, and their future constitutional relationship to each other should be very carefully worked out. There is no reason why certain units or groups of units within the larger area should not enjoy a monarchical form of government if this is in conformity with their traditions. A constitutional or hereditary monarchy may, in fact, present great advantages as a stabilising and unifying factor in countries without a sound political tradition. Many of the communities at present constituting Yugoslavia could no doubt be included in a revived federal Yugoslav monarchy. The question whether it is desirable in principle that Bulgaria should remain a monarchy, and, if so on what conditions, will need special consideration.

(*d*) The whole pre-war conception of boundaries as between the various units within the major groups should be reconsidered—and more especially that of "strategic frontiers." It seems legitimate to doubt whether frontiers drawn on purely strategic grounds are likely in future to prove of any real military value—particularly since armed conflicts have become "three-dimensional" with the development of air power, and "total" with the development of economic warfare; while it is, I think, now generally agreed that when they clash with geographical and ethnographical principles, as they usually do, they normally serve as among the most effective of political irritants.

(*e*) The new units or groups of units should be designed neither on a purely nationalistic basis, nor (as in the case of King Alexander's attempt at the forcible unification of Yugoslavia) purposely to cut across traditional divisions. They should be based on a careful weighing and balancing of geographic, economic, cultural, historic and religious factors. I believe that if the problem is approached objectively from the outside these various factors will prove to be less irreconcilable than is generally supposed. But no impartial balancing of these factors can be expected from a native of any of the territories concerned.

(*f*) While certain particularly difficult problems may be soluble by the violent surgery of exchange of transfer of populations, I believe that this method—so popular with totalitarian rulers—is a fundamentally vicious one and as often as not does more harm than good. It tends to perpetuate the disadvantages and dangers of exaggerated nationalism. I have reason to know that it almost inevitably leaves one party—if not both—with a grievance. It leaves each civilisation the poorer by removing a valuable element from it. And it generally makes the future co-operation of the different communities in a common loyalty much more difficult to achieve.

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(*g*) The new units should be so constituted as to ensure as far as possible that each community possesses more than one loyalty. It is now generally agreed that one of the most vicious elements in the totalitarian régimes has been their insistence on a single exclusive loyalty to the sole national unit. The system which has so happily developed in the British Commonwealth, where quite distinct but not incompatible loyalties can co-exist—*e.g.*, to a Dominion and to the Empire—is a far sounder basis for a true new order. Similarly, in the south Slav countries there is no reason why an organisation should not be developed in which it would be possible to combine a local loyalty to, say, a Croat or Macedonian unit with a major loyalty to the South-Eastern European group, provided the unit is so constituted, and its relations with the group are so devised as to ensure that these loyalties are capable of combination and are not inevitably bound to clash.

(*h*) If Bulgaria is not to become a province and spearhead of the Soviet Union in the Balkans, she must be in some way associated with, and included in, the new South-East European group *before* she has had time to throw herself into the arms of Russia.

(*i*) Finally, certain practical principles must obviously be applied to the entire group of small units constituting the new major international unit or confederation. These should include a customs union; a very carefully planned and energetically developed system of communications, for which generous external finance may be necessary (an important point, but one which may lead to considerable difficulty); a system of joint boards of investigation or control for dealing with questions where the interests of the units might conflict; and a carefully planned organisation for co-ordinating internal production and marketing, and possibly also for regulating foreign trade.

11. The obvious answer to these suggestions is that it is not our business to plan in detail for countries over which we neither wish, nor are likely to be able, to exercise any effective authority—at least for longer than a period of military occupation—and that it is for the peoples concerned and their Governments, or the Governments they set up, to decide freely and without outside interference what the structure of the future State or States shall be. Unfortunately, long experience has shown that the peoples of South-Eastern Europe and the Governments they set up normally lack most of the qualifications required for such a task. Apart from natural ignorance and inexperience, they are for the most part so deeply committed to some particular national or party cause as to be incapable of taking a sufficiently wide and objective view to enable them to devise a sound solution of their problems for themselves. On the other hand, I am rash enough to believe—partly as a result of my own personal experience abroad—that the rank and file of the people in any country which has not been systematically corrupted by a false and vicious system are capable of much clearer appreciation of what is just, fair and reasonable than they are usually credited with. Though I doubt whether I shall carry general conviction, I personally believe that this is true even of the communities of South-Eastern Europe. I believe, therefore, that, if a just, sound, clear and comprehensive scheme for a new structure for South-Eastern Europe were worked out and put before the various peoples concerned in its broad outlines, at the right moment, with reasonable tact and care, and with the authority of Great Britain and the United States behind it, it would meet with a much less unfavourable reception than is generally assumed.

12. Even if we did not take the first initiative in putting some such scheme forward, it seems to me that the problem would be greatly simplified if we were in a position to put forward, whenever the time comes, a clear and detailed scheme of our own embodying what we should like to see done. I am convinced that if they are left to themselves the people of South-Eastern Europe, particularly after what they have been through, will be wholly incapable of deciding their own fate without plunging their countries into anarchy or civil war.

I have, &c.
G. W. RENDEL.

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[R 758/44/92] Copy No. 068a

Mr. Eden to Mr. Stevenson (Cairo).

(No. 10.)

Sir, *Foreign Office, 12th January, 1944.*

THE Yugoslav Ambassador asked to see me to-day. Though he is not, I think, an ardent admirer of the Government which he is now serving, he had many complaints to make. First he maintained that we had not allowed his Government to establish a base at Bari as they had asked. We would not even allow them to send money to help their people there. Meanwhile, his Government had learnt that some fifteen supporters of the Yugoslav National Committee who were at Bari had been put in prison by us. He did not know why this was and asked for information.

2. In a more general discussion of the situation the Ambassador fully admitted that we should support Tito, and though he made excuses for Mihailovic's inactivity he did not deny the contrast between the activities of the two commanders. He maintained, however, that our propaganda had too much of a Left-ward tinge and was in fact doing the work of Moscow. There was no doubt that this in turn was having a bad effect not only upon Mihailovic but upon many of our friends in his area. The Ambassador referred to some of our friends in this area whose loyalty to the Allied cause, he said, could not be doubted. They felt themselves abandoned by us. He also mentioned that some of his own friends had been shot by partisans. He thought that the tenor of our broadcasts was perhaps due to the fact that some of those we employed to put them across were Communists, and added that we were wrong if we thought that they were pro-British.

3. His Excellency, who was obviously distressed at the way things were developing, begged that we should try to reduce the strength of our propaganda a little. He admitted that his people had wrongly thought at the time of the fall of Mussolini that the war was nearly over. As a result internal dissensions had broken out and both sides had been trying to take position for post-war control of the country. He hoped that we would not completely throw in our lot with one or other of the parties or one of the contestants but keep contact with both. He did not of course know what reports we were receiving from our liaison officers with Mihailovic. His Excellency said he could not believe that the latter could still have contact with Nedic, still less with the Germans, though it was quite possible that he had contact with some of the men in Nedic's so-called army, for no doubt they would wish to get their help when the time came finally to turn the Germans out.

4. I could give the Ambassador no help in all this and told him that we had to give our support to those who were fighting the Germans. No other policy was conceivable at a time like this.

I am, &c.
ANTHONY EDEN.

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[R 3716/850/92] Copy No. 068a

Mr. Eden to Mr. Stevenson (Cairo).

(No. 42.)

Sir, *Foreign Office, 7th March, 1944.*

THE Yugoslav Ambassador asked to see me this afternoon, when he said that he was glad to hear that King Peter and M. Puric were shortly expected in this country. His Excellency said that he had become increasingly anxious at recent developments and most unhappy in considering the fate of his country, which he felt, unless we were very careful, must now be torn by civil war. He understood the need to supply Tito with arms. Nobody quarrelled with that, but why did we carry our propaganda so much further? Why was it necessary on the B.B.C., for instance, to speak not only of the military but of the "social" importance of his movement? We sometimes seemed to think that we knew more of Yugoslavia than the Yugoslavs themselves. He begged me to believe that there were others besides Tito in the country who wanted to fight the Germans. What was required was that the whole national movement of liberation should be co-ordinated and the King and the Yugoslav Government allied to play their proper part in it.

2. In reply, I explained once again the principles on which we were working, and added that the reasons for our support of Tito were military; that he was containing fifteen German divisions. Mihailovic, on the other hand, was inactive and had been inactive for a long time, while a number of his officers had been in contact with the enemy, both Italian and German. The Ambassador seemed considerably distressed at this statement. He could not believe that Mihailovic himself had done anything of this kind. He had himself many friends and relations in Yugoslavia now, some of whom were in prison, having been placed there by the Germans, and it could not be thought that they were prepared to collaborate with the Germans.

3. I said that unfortunately the evidence was cumulative and did not, in our judgment, admit of any doubt. I reminded the Ambassador that the Prime Minister had warned M. Puric about Mihailovic's position many months ago at Cairo. M. Puric had not been convinced. Of course we did not pretend to know more about Yugoslavia than the Yugoslavs themselves, but our information was from our own liaison officers in the country. When King Peter and the Yugoslav Prime Minister arrived we would discuss the whole situation with them and tell them how we saw the position. We should then have to decide what steps, if any, could be taken to increase the measure of national unity against the enemy.

4. The Ambassador said that he felt the position of his country very keenly. They were suffering because they were fighting the enemy. Nearly all the other occupied countries were not doing so, and those did not have to undergo the terrible trials which had fallen on the Yugoslav people. The King was not only a young ruler, he was also a symbol of Yugoslav national life. He clearly thought that we attached too much importance to the ability of Tito's movement to control the situation. He said that, of course, it was for us to decide our own policy, and he would not for a moment attempt to give us advice, yet he did not see what Great Britain could hope to get by the line we were now pursuing. He wondered whether, perhaps, it was the outcome of Russian pressure.

5. I replied emphatically that it was not. We had, in fact, sent a mission to Tito long before the Russians had done so and the Russians had asked us from time to time for information about Yugoslavia, including General Mihailovic and his movement. Our decisions, whether right or wrong, had been our own decisions and the Russians had never asked or advised us to take any particular course of action.

6. The Ambassador said that he had consulted, as far as he could, all Yugoslavs here who had come out of the country, many of whom had been members of the previous Yugoslav Governments. They were all united in their support of the King. He hoped that the results of our talks would be to clarify the position and perhaps enable an agreed policy to be reached. I said I shared his wish, though I had also no doubt of the difficulties.

I am, &c.
ANTHONY EDEN.

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[R 5605/439/92] Copy No. 068a

Mr. Broad to Mr. Eden.—(Received 8th April.)

(No. 117.)

Sir, *British Embassy to Yugoslavia, 29th March, 1944.*

I HAVE the honour to report that the news of the marriage of His Majesty King Peter to Princess Alexandra of Greece on the 20th March caused considerable surprise in local Yugoslav circles, as it was generally believed that it would be indefinitely postponed. This belief was confirmed by reports from London published in the local press on the very morning of the wedding to the effect that the marriage would be deferred for political reasons.

2. The Serbian elements in the local Yugoslav colony have been especially critical. Their comments on what they term a "fateful step" by King Peter can be summarised as follows:—

(*a*) At a time when the Yugoslav nation, and particularly (they say) the Serbian section of the population, is suffering at the hands of the enemy, the young King, instead of fighting, has chosen to follow the call of his heart and disregard the advice of all responsible people around him, including his mother.

(*b*) On the Serbs at home the news of the marriage is bound to have produced the worst possible impression, and it may even make it difficult for King Peter to return to his country.

(*c*) Queen Marie of Yugoslavia has very wisely, in the interests of the dynasty, dissociated herself from her son's unpopular step by declining to be present at the wedding. She has thereby left the door open for her second son, Tomislav, to ascend the throne in the event of King Peter becoming utterly compromised.

(*d*) The Serbs do not want a Greek Queen, as Greek women have played a fatal rôle in the recent history of Yugoslavia. It is regarded as sinister that not only Prince Paul but the Yugoslav quislings Stojadinović and Cincar Marković were married to Greek wives.

3. Among sympathisers with the Partisans, on the other hand, the news of the marriage was received with cynical amusement. It is hoped that by this step King Peter will make himself unacceptable to sections of the Serbian population in Yugoslavia, with the result that a number of Mihailovic's Chetniks may be expected to join the Partisans. It is also argued that General Mihailovic has been compromised in the eyes of his own people by sending a "special envoy" to the wedding in the person of Major Lukacevic.

4. General Zivkocić, at one time generally regarded as the power behind the throne, is among the more violent critics of King Peter's action, and has declared that, in the interests of the country, King Peter should abdicate in favour of his brother, Prince Tomislav.

5. So far little direct news has been received of reactions in Yugoslavia itself, but it is probable that among the Serbs these are likely to be on the same lines as the reactions of this section of the community here. Among the Partisans the feeling naturally is that the King has further compromised himself, as was communicated in a message from Brigadier Maclean, which I reported in my telegram No. 279 of the 23rd March.

6. The above will have made it clear that comments generally have been very unrestrained and that in the excitement of the moment undue political importance has been attached to the event. Criticism may be expected to die down in time, but on the other hand it is likely that some feeling of resentment will remain. Certainly the fact that King Peter should have married outside his own country and during wartime has to some extent prejudiced his position.

7. I am sending a copy of this despatch to His Majesty's Ambassador to the Greek Government in Cairo.

I have, &c.
P. BROAD.

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Pravda of May 3rd publishes Tass message from Cairo quoting communiqué of Yugoslav National Liberation Army reporting defeat of Mikhailovic's Chetniks by Marshal Tito's forces near Jablonica.

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24 May, 1944

C267757

MOST SECRET

MEMORANDUM FOR THE PRIME MINISTER:

26 April 1944

I think you will be interested in reading the attached despatch, written by Mr. Rae in Algiers, reporting a discussion on the state of affairs inside that part of Yugoslavia which is held by the Partisans. Rae's informant is Colonel Deakin, who was highly praised, without being named, by Mr. Churchill recently in the House of Commons. We had something to do with him in this Department when he was stationed in New York, and found him very intelligent and also sober in his judgment.

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OFFICE OF THE REPRESENTATIVE OF CANADA TO THE FRENCH COMMITTEE OF NATIONAL LIBERATION
ALGIERS
26 April, 1944

C267758

No.64.

MOST SECRET

Sir:

I have the honour to report briefly on a recent conversation with Lieut-Colonel William Deakin regarding the present situation in Yugoslavia.

2. Lieut-Colonel Deakin is "the young man" to whom the Prime Minister of the United Kingdom referred in the House of Commons on February 22nd as "a man of great guts", following his announcement that Deakin had been the first British liaison officer to establish direct contact with Marshall Tito and the Partisan armies in Yugoslavia. Deakin, who is now 32 years old, was formerly a lecturer in history at Wadham College, Oxford. After joining the British Army in 1939, he was seconded for service with the British Security Coordination in New York city where he specialized in the study of European foreign born groups in the United States. In the course of his work he made several visits to the Department, during which he met the Under-Secretary, Mr. T.A. Stone, and a number of other officers. In June 1942 he left New York for Cairo and in May 1943, after a special course of training he parachuted into Tito's headquarters, then established in Montenegro. He spent the next eight months in various parts of Yugoslavia, returning to Cairo in January this year. He is now in Algiers together with Brigadier Fitzroy Maclean, the head of the British Liaison Mission in Yugoslavia, and Mr. Phillip Broad, a member of the Foreign Office, who is shortly proceeding to Bari to act as political liaison officer on Yugoslav affairs. Discussions are now proceeding at Allied Force Headquarters in Algiers dealing with the supply of munitions and other forms of assistance to the Partisan forces. The Partisans are represented in these discussions by General Velebit, a Serb career officer, and Major Vogelnik, a Slovene officer from Ljubljana, who are now in Algiers with a small military staff.

3. Deakin's description of his visit to Yugoslavia in May 1943 is a most exciting xxxxxx story. His aircraft left from Derna in North Africa, and after two abortive attempts, succeeded on the third night in landing two British officers, Deakin and a Canadian of Yugoslav origin named Stewart, and three other ranks. Contact was established at once with Partisan units who had been guarding the landing field, and who had fought off the Germans for three days and sustained a number of casualties to ensure the safe arrival of the British officers. Deakin and Stewart were conducted within a few hours to Tito's headquarters. Stewart, who spoke Serb and Croat fluently, was unfortunately killed in an enemy bombardment shortly after the arrival of the party, leaving Deakin, who spoke only German and French, to carry on. For two months, he followed Tito's headquarters as the Partisan forces fought a rear-guard action against the Germans. On the occasion of the Italian armistice, Deakin accompanied a small force of Partisans to the coastal town of Split where improvised peace terms were hurriedly drawn up with the extremely harassed Italian Divisional Commander who had been in charge of the garrison in the town. In a subsequent bombardment both Tito and Deakin who "lived around the same tree", were slightly injured. In January of this year Deakin left Yugoslavia for Cairo, arriving in Algiers about ten days ago.

4. Lieut-Colonel Deakin described the Partisan movement as a genuine popular movement united against the German invader. The Partisan army, which now numbers roughly 200,000 men, had managed to weld Serbs, Croats and Slovenes into keen fighting units. If the war were to end tomorrow, Tito and the Partisans would be in effective control of most of Slovenia, Croatia, Bosnia, Dalmatia, and Slavonia, and in virtual control of most of Montenegro and Herzegovina. While there was no doubt that Communist cadres supplied the majority of army leaders, the prestige which the Communists enjoyed was due largely to the fact that they had been most active in opposing the Germans. Mihailovich, on the other hand, represented the pre-war tradition of Serb domination. He

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might be described as the representative of King Peter in Serbia. Most of his officers were Yugoslav officers of career with a stake in the restoration of a Serb-controlled Yugoslav state as it existed before the war. The essential reason for Mihailovich's eclipse was the fact that he had evidently decided that the Partisans were more dangerous than the Germans,and for many months his forces had taken no offensive action against the enemy. It should not be forgotten that British liaison officers were posted with Mihailovich as well as with Tito.

5. Tito himself was a remarkable man. Born of a Croat family in Zagreb, he had originally been a metal worker. In the Great War he was captured in 1916 by the Russians, and was subsequently trained in Russia in Communist theory and tactics which he later put to practical use in the Balkans,in France and in Spain. Deakin described him as a Yugoslav patriot with a fair and supple mind. Completely self-educated, he had read most of the British and American economists and was familiar with English,French and German,as well as Yugoslav and Russian. He was strongly nationalist,but had not neglected to establish close contact with guerilla and resistance groups in Bulgaria,Albania,and Roumania. Tito,who was himself an excellent military strategist,had also selected able lieutenants.

6. Among the lesser-known personalities working closely with Tito were: General Jovanovic, a Montenegram, and a most capable staff officer; and two able military Commanders, a Serbian Communist named Popovic,the son of a rich lawyer in Belgrade,educated in France and Germany,who subsequently became a staff officer with the Spanish Republican army,and Dubchevic,also a Montenegran,who commanded a battalion in Spain,and whom Deakin described as a ruthless and tough military leader. All were members of the Yugoslav Communist party. On the political side,he mentioned Alexander Rankewic, a Serb,who has the nom-de-guerre of "Marco", the energetic Secretary of the Yugoslav Communist party; and the Minister of Propaganda, a Serb named Vladimir Ribnikar, formerly the proprietor of the Belgrade newspaper "Politika", and described as a "Balkan Liberal". Although the Communists were in a good many of the key positions,mass support for the Croat Peasant Party of Dr.Matchek had increased considerably. This party might be regarded as a counterweight to the Communists.

7. In reply to a question,Deakin felt sure that King Peter could not be returned peacefully to power in Yugoslavia,although there was still a good deal of support for him in Serbia. His recent marriage had not improved his prospects,particularly among the Croat section of the population. He was categorical in asserting that the present Government in Cairo was completely out of touch with the situation in Yugoslavia,and could only re-establish themselves with Allied military support. The present situation was extremely confused and difficult. The Partisans were doing all the fighting against the German and satellite divisions, and supply talks concerning further assistance were now proceeding with Tito's representatives on the military level. On the other hand,the Allied Governments continued to extend formal recognition to the Cairo Government which was wholly unrepresentative of Yugoslav opinion. At best,continued support of Peter and the Cairo government could only result in the establishment of an "independent" and isolated Serbia in the midst of a bloc of neighbour countries which were bound to move towards the left as soon as the Germans and their puppet regimes had been driven out. As a consequence of this dual policy, British prestige throughout the Balkans and Greece was on the decline. The Partisan movement and the Communist Party of Yugoslavia were by no means identical. Yet there was a great deal of admiration among the mass of the people for the Soviet Union and its military achievements. The Soviet Union,however,had extended only propaganda support to the Partisans, the task of supplying arms and essential materials having been borne by the British Services at Bari. Indeed the Soviet liaison officers now with Tito had been wholly dependent at the outset on the British Services. With the despatch of the Partisan military mission to Moscow in recent weeks, the possibility of obtaining material aid from the Soviet Union had been considerably improved,and might possibly be followed up by unilateral recognition of Tito by the Government of the U.S.S.R. The Prime Minister of the United Kingdom felt a sense of personal responsibility for King Peter's future, and with the added fact that the Foreign Office was still opposed to recognition,Deakin was afraid the United Kingdom authorities would not act boldly until it was too late.

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8. An informal meeting was arranged at Cheragas at which General Velebit, Major Vogelnik, and four representatives of the French Resistance movement in the Assembly were present. I was extremely interested to see how eager the French representatives were to hear Velebit's account of present day conditions in Yugoslavia. A short summary of his views appeared in the local newspapers of April 27th, in the form of a statement attributed to "a Soviet envoy of Marshal Tito", and I am enclosing a copy of "La Depeche Algerienne" for this date.

9. Mr. Phillip Broad and Colonel Deakin are proceeding to Bari at once to maintain closer contact with internal Yugoslav affairs. They will be responsible to the British Resident Minister in Algiers, Mr. Harold Macmillan. I gather that Deakin expects he will be sent again into Yugoslavia at some future date with the first British diplomatic mission to enter the country.

I have the honour to be,
Sir,
Your obedient servant,

S.F.Rae

for Canadian Representative

Secretary of State for
External Affairs,
Ottawa, Canada

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REPEAT
REPETER

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Safety file DS/YS BT

NAR/ET
18 July, 1944

MEMORANDUM FOR THE PRIME MINISTER:

C267761

Dr.Izidor Cankar, the former Yugoslav Minister, is in town today and tomorrow. I had dinner with him and Mrs.Cankar last night. As you may have seen from the press last week, Cankar has been named Minister of Public Instruction in the new Yugoslav Cabinet which Mr.Soubasitch has formed to try to carry out the policy of collaboration agreed on between the King and Marshal Tito.

Cankar himself has received no direct word of his nomination as Minister, but two or three days ago he received a message through Malcolm MacDonald asking him to come to London as quickly as possible to confer with Soubasitch. This he proposes to do.

As Cankar will tell you, the great difficulty in forming a representative Yugoslav Government at this time is to secure adequate representation for the Serbs, who in bulk still back Mihailovitch and oppose the union of forces with Tito.

Cankar is staying at the Chateau for the next day or two and would like very much to have a word with you before he leaves for London. I told him how very busy you were, but said I was sure you would wish to see him sometime before he left.

Personal call
19-7-44
WLMK

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OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE
OTTAWA

C O P Y

950H/428

23rd August, 1944.

TOP SECRET

Dear Mr. Robertson,

With reference to my letter of the 2nd August, I enclose for the secret and personal information of the Prime Minister a copy of a further Foreign Office print containing an account of the journey of King Peter and Dr. Subasic, Prime Minister of Yugoslavia, to the Mediterranean Theatre in June last.

Yours sincerely,

(Signed) Malcolm MacDonald

N.A. Robertson, Esq.,
Under-Secretary of State for External Affairs,
Ottawa.

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C267763

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

TOP SECRET. Copy No. 42

[R 10457/8/G]

Report by Mr. R. C. Skrine Stevenson on the Journey of His Majesty King Peter and Dr. Subasic, Prime Minister of Yugoslavia, to the Mediterranean Theatre—10th–25th June, 1944.

Members of the Party:—

His Majesty King Peter II.
Dr. Subasic, Yugoslav Prime Minister.
Mr. R. C. Skrine Stevenson, His Majesty's Ambassador to Yugoslavia.
Colonel Bailey (who came at the request of King Peter).
Lieutenant-Colonel Skrivanic, A.D.C. to King Peter.
Lieutenant-Commander Marquis de Bona, A.D.C. to King Peter.
M. Sepic, Chef de Cabinet of the Yugoslav Prime Minister.
Mme. Magaziner, confidential typist and translator.

Itinerary:—

June 10th.—Party left Northolt at 11 p.m.
June 11th.—Morning. Party arrived at Gibraltar.
Midday. Party arrived at Algiers.
Evening. Party arrived at Malta.
June 12th.—Dr. Subasic, Mr. Skrine Stevenson, Lieutenant-Colonel Skrivanic, M. Sepic and Mme. Magaziner left Malta by air for Bari. King Peter, Colonel Bailey and Marquis de Bona remained in Malta.
June 13th.—Evening. Prime Minister's party left Bari by destroyer for the island of Vis.
June 14th.—2 a.m. Prime Minister's party arrived at Vis.
June 17th.—King Peter, Colonel Bailey and Marquis de Bona flew from Malta to Caserta.
June 19th.—Prime Minister's party returned by destroyer from Vis to Bari.
June 20th.—Prime Minister's party joined King Peter at Caserta.
June 21st.—Party flew to Rome.
June 24th.—Party left Rome for London via Naples and Gibraltar.
June 25th.—Party arrived at Northolt at 6·45 a.m.

The first important conference attended by King Peter and Dr. Subasic was that with General Wilson and Mr. Macmillan at Algiers. Here a tentative programme for the visits was laid down, and it was decided after some discussion that, if a meeting between King Peter and Marshal Tito proved possible, it would be advisable to hold it elsewhere than at the island of Vis. This decision proved correct. The situation in Vis was found by us on our arrival there to be such that, if an attempt had been made to bring King Peter to the island against the wishes of the Partisans, there would have been little hope of any kind of an agreement with Tito.

2. At Malta, where we were the guests of the Governor, Viscount Gort, at San Antonio Palace, the party split into two. King Peter stayed there until the 17th June, when he flew to Caserta. During the time he was in Malta he inspected the Yugoslav naval units and training establishment there. The men received him well and they made a good impression from the point of view of discipline and training. King Peter informed me later that these men would be ready to serve in the Adriatic or anywhere else against the Germans, provided that—

(i) They were instructed to do so by His Majesty;
(ii) Their ships flew the Royal Yugoslav flag; and
(iii) They were under the operational command of the Commander-in-chief, Mediterranean.

3. Dr. Subasic, his staff and I left on the 12th June for Bari by air, accompanied by Lieutenant-Colonel Skrivanic, who had been detailed by

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King Peter to keep a friendly eye on Dr. Subasic's activities. Lieutenant-Colonel Skrivanic's presence did not prove in any way embarrassing. He was well received by the Partisans and was much impressed with the strength of their movement. He was in entire accord with the agreement eventually reached by Dr. Subasic.

4. At Bari the Yugoslav Prime Minister was met by the Air Officer Commanding Balkan Command, Air Vice-Marshal Elliot, by the General Officer Commanding No. 2 Area, by Mr. Broad and others. He was lodged in a hotel where elaborate security precautions were taken. During his stay in Bari he had conversations with M. Topalovic, who had come out from Serbia armed with full powers from General Mihailovic, and with M. Yancikovic, representative of the Croat Peasant party.

5. The new Balkan Command, which has been instituted with headquarters at Bari, seems to be a satisfactory step. It co-ordinates both special operations and ordinary military, naval and air operations in the Adriatic and the Balkans and simplifies procedure. A Balkan Policy Committee has been set up, of which Mr. Broad is a member. This committee is the highest local authority under the Commander, Air Vice-Marshal Elliot. On a lower level there is a Working Committee, which meets daily and on which Mr. Broad is represented, and a number of sub-committees dealing with particular aspects of the work. On these latter sub-committees Mr. Broad can also be represented if necessary.

6. The journey from Bari to Vis in H.M.S. *Blackmore*, escorted by H.M.S. *Eggesford*, was uneventful. The kindness and the hospitality shown by the officers and ship's company of H.M.S. *Blackmore* to the party were deeply appreciated by the Yugoslav Prime Minister.

7. On his arrival at the island of Vis Dr. Subasic was met by Marshal Tito's Chief of General Staff (Lieutenant-General Arso Yovanovic), by other high officers and by a number of members of the National Committee of Liberation. There was a guard of honour of about 100 men. A villa had been provided for Dr. Subasic and his staff, and later in the morning he started his conversations with Marshal Tito.

8. Brigadier Maclean kindly accommodated me in the villa allotted to his mission.

9. It is typical of the respective attitudes of the British and Soviet missions that Brigadier Maclean should have immediately installed himself comfortably on his arrival in Vis, though he was some miles from Marshal Tito's headquarters, while the Soviet mission, torn between their desire for comfort and their desire to cling closely to Tito's coat-tails, had camped uncomfortably in a tent on the slope of an inhospitable mountain. The Soviet mission rapidly found that they were gaining nothing by this and followed Brigadier Maclean's example in finding a villa for themselves.

10. On my arrival I expressed the hope to Major-General Velebit that there would be no difficulty in my keeping in close touch with both Dr. Subasic and Marshal Tito. He assured me that the whole island was a network of telephones. The trouble was, however, as I speedily found out, that the net did not work very well. It was a Herculean labour to get into touch with anyone by telephone. This did not inconvenience me much, as I remained in the background during the negotiations between Dr. Subasic and Marshal Tito and had no difficulty in seeing them when I judged it necessary to do so.

11. The island of Vis is about 10 miles wide by 8 miles across. It rises to about 2,000 feet in one place, the mountain of Hum, on which Marshal Tito's headquarters are located in a series of caves. The island has two ports, Comisa, where we landed from Bari, and Vis. The coast is rocky and precipitous. There are not many trees and every available space on the hillsides and slopes is covered with vines. The defences of the island are extremely strong. There is an air strip capable of handling three or four squadrons of Spitfires. There are plenty of anti-aircraft guns and some field artillery, in addition to mortars and anti-tank guns. The British troops on the island consist of a battalion of infantry and other troops, such as artillery and engineers, totalling about 4,000 or 5,000. The Partisans' troops number 9,700. All round the island the rocky slopes facing the sea are heavily mined. Every hundred yards or so there are machine-gun posts, anti-tank gun and mortar posts and rifle posts. A sharp watch is kept from them during the day and they are fully manned at night. Partisan soldiers are very light on the trigger and moving about the island during the hours of darkness or approaching the coasts is a hazardous business. A shot across the bows of any vessel in the offing is followed by a demand to show pre-arranged signal lights. These, whether correct or not, inevitably seem to be taken as a target for a general

bombardment with all available arms. On the whole it is safer not to skirt the coasts of the island by night.

12. The relations between our troops and those of the Partisans seem to be excellent. This may be in part due to the fact that there are but few women on the island. The Partisans, though very appreciative of our assistance, do not seem to regard us as anything but junior partners in the defence of the island. Marshal Tito's own position in the movement and his influence over it do not seem to have been altered by his move from the mainland. He has the unswerving loyalty and complete devotion of all the members of the movement and seems to be regarded with something approaching real veneration. The main impression left by the Partisan troops is one of extremely strict discipline and of their evolution from a guerrilla to a regular army. The clenched fist salute has been done away with, the men keep themselves clean and reasonably smart and their weapons appear to be in good order. The spirit which permeates them is one of blazing keenness.

13. Brigadier Maclean's mission is housed in a villa on the edge of a pleasing and innocent-looking cove with paths leading up the slopes of the surrounding hills through the vineyards. The small beach and the vineclad slopes are heavily mined and a step off the path is liable to lead to a quick trip into eternity.

14. In response to my request for an interview with Marshal Tito on the day of our arrival I was invited, together with Brigadier Maclean, to a "gala" dinner. Dr. Subasic and his staff and Lieutenant-General Korneyev, the officer commanding the Soviet mission, were present at the dinner, as were also all members of the National Committee of Liberation who were present on the island. These latter are not very impressive, with the exception perhaps of "Marco," whose real name is Alexander Rankovic. He is a Communist and is said to be the secretary-general of the Serbian Communist party. He has a talent for organisation and is one of Marshal Tito's closest advisers.

15. Marshal Tito himself makes a favourable impression. He struck me as an eminently practical individual. He is quick to take a point and will either accept it or produce a plausible reason for not doing so. He is supremely self-confident, but makes no parade of it. He has a direct and simple manner. In appearance he is of medium size and thick set and his hair is plentiful and tinged with grey. He has rather a fine head with deep-set and piercing eyes, but a very short neck, with the result that his head seems to sit down too closely on his shoulders. He received me very cordially, speaking fluent but not very cultured German. His Russian, I am told, is good and he understands and reads both English and French, though he will talk neither of them.

16. The dinner, which was very indifferent, was served in a farmhouse on the slopes of the hill in which Marshal Tito's headquarters is situated. After it I had about 20 minutes' conversation with Marshal Tito alone. I handed to him Mr. Winston Churchill's letter and did my best to impress upon him the importance attached by His Majesty's Government to a satisfactory agreement between him and the Royal Yugoslav Government and to a friendly and informal meeting between him and His Majesty King Peter. Marshal Tito said that he was confident that a satisfactory agreement could be reached. Otherwise he would not have expressed his willingness to meet Dr. Subasic. As regards the King, he did not exclude the possibility of a meeting a little later on, provided that an agreement were reached with the Royal Yugoslav Government.

17. The following three days were spent by Dr. Subasic in arguing with Marshal Tito and his advisers. There were times when he was tired and discouraged. I saw him frequently, and did what I could to hearten him and to encourage him to persist in the line which he was following. Powerful impulse was given to his determination to come to an agreement by the message which he received from M. Molotov through the Soviet mission in Vis. This message was in reply to one which he had sent to Moscow suggesting the improvement of relations between the Soviet Government and the Royal Yugoslav Government. In his reply M. Molotov made it quite clear that he would be ready to enter closer relations with the Royal Yugoslav Government provided that the latter came to a satisfactory agreement with Marshal Tito.

18. During this time I visited the Partisan "naval dockyard" at the port of Vis. Here Partisan mechanics and workmen are labouring feverishly to repair broken-down coasting and fishing vessels of all kinds. The keenness of the men was admirable, and their pathetic attempts to make do with the primitive material at their disposal were altogether praiseworthy. The officer in command, who had been a regular officer of the Royal Yugoslav navy, told me

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that he had at his disposal about 200 men, including mechanics, who would be suitable for manning M.Ls. or M.G.Bs. These are the vessels which they desire above all, as they are highly suitable in their view for the raiding of territory held by the enemy and for attacking his coastal shipping.

19. During these days I also had another meeting with Marshal Tito. This time we met in his mountain headquarters, which consist of a series of caves blasted out of the mountain side. I again did my best to encourage him to come to an agreement with Dr. Subasic and renewed my attempts to bring him to meet the King. He explained to me, as he had already explained to Dr. Subasic, that he personally had nothing against His Majesty. He realised that the acts committed in the King's name in Yugoslavia by Mihailovic and his lieutenants were either acquiesced in by His Majesty through ill advice or were done without his knowledge and approval. But the people in Yugoslavia could not understand this. If, however, it were possible to show them that the King was adopting a helpful and constructive attitude towards their efforts at liberating the country, their opinions would probably change. If an agreement were reached between him and Dr. Subasic it would probably prove possible a little later for him to meet the King, as suggested by Mr. Churchill. After our conversation I dined with Tito and his staff in one of the caves. The dinner was simpler and a great deal better than the "gala" meal given us on the first day. I had twitted the Marshal on the lightness of the Partisan sentries' trigger fingers, with the result that after dinner he had me escorted back to Brigadier Maclean's headquarters by Major-General Velebit and a heavily armed guard.

20. By the evening of the 16th June Dr. Subasic had reached an agreement with Marshal Tito. This was signed the following day. I attach a copy of it to this report as Annex A. By this agreement the Marshal recognises the Royal Yugoslav Government, and the latter undertakes to recognise the provisional administration now established in the country as the executive organ of the Partisan movement. Both sides agree to co-ordinate their efforts and thus pave the way to the speedy establishment of a single representation of the State. The agreement provides for declarations by both Dr. Subasic and Marshal Tito. Important features of the agreement are, first, the improvement, to some extent, of the King's position by reason of the recognition of his Government by Marshal Tito, and, secondly, the fact that Marshal Tito's declaration will include an undertaking to postpone all political issues until after the war. In other words, that he will not attempt to use his position to impose communism on the country in general and on the Serbs in particular.

21. Dr. Subasic and Marshal Tito also agreed to issue a joint communiqué. I attach a copy hereto as Annex B. This communiqué is all that they intend to publish until the declarations provided for in the agreement are made.

22. The 17th June was passed in the discussion of certain practical questions by Dr. Subasic and Marshal Tito. As a result of this discussion it was decided that two members of the Partisan movement would accept portfolios in the Royal Yugoslav Government; that a functionary would be appointed to act as liaison officer between the National Committee of Liberation and the Royal Yugoslav Government; that all Yugoslav naval vessels, whether manned by Partisans or not, would fly the Royal Yugoslav flag; that Yugoslav soldiers who volunteered to fight the enemy under Partisan leadership should wear the Yugoslav cockade if they so wished instead of the Red Star; that Tito would be the supreme Commander-in-chief of Yugoslav naval, air and land forces, and, finally, that the National Committee of Liberation would raise no objection to the use by the Royal Yugoslav Government of the funds of the Yugoslav National Bank.

23. It was during this talk that Marshal Tito told Dr. Subasic that he was expecting at any moment the arrival at his headquarters of M. Kosutic. the vice-president of the Croat Peasant party. Marshal Tito assured Dr. Subasic that he fully intended to reach an agreement with M. Kosutic and was confident of being able to do so in a few hours. Marshal Tito also spoke of Dr. Macek, and—rather disingenuously, in view of his all-powerful position—gave Dr. Subasic to understand that he had not been in favour of the anti-Macek propaganda of the Partisan movement. He had added that if an agreement were reached with the Croat Peasant party through M. Kosutic, the situation in regard to Dr. Macek would probably change.

24. On the whole it may be said that the success of Dr. Subasic's negotiations surpassed expectations. His objects were—

(1) To restore as far as possible the position of King Peter and his Government;

(2) To make the Government more representative of the country;
(3) To unite the forces of resistance in Yugoslavia itself; and
(4) To remove the likelihood of widespread civil war in Yugoslavia after the liberation of the country.

The agreement reached with Tito goes some way towards attaining all these points, but it is, as Dr. Subasic and Marshal Tito both admit, only the first step towards their full attainment. It is a pity, perhaps, that it was not possible to arrange an immediate meeting between King Peter and Tito. But from Tito's general attitude on the matter, Dr. Subasic is confident that such a meeting can be brought about fairly soon, possibly on the occasion of the proposed conference between General Wilson and Marshal Tito (see paragraph 33 below). The main criticism of the agreement is that it does not seem to take sufficient account of the situation in Old Serbia. In this respect Dr. Subasic appears to have accepted the Partisan view of that situation. He therefore expects that the effect of the agreement, and particularly of the declarations provided for therein, to which will be added an appeal by the King himself, will be so to weaken Mihailovic's position that he ceases to count as an important factor, and will rally the Serbian people to take an active part in the struggle for liberation. In this connexion he intends to induce Marshal Tito to be more explicit in his declaration (article E of the agreement) in setting forth the aims of the Partisan movement, with a view to convincing the Serbs that no attempt will be made to impose a Communist régime on the country either now or hereafter.

25. Marshal Tito's estimate of the situation in Serbia may prove correct, but there is at least a substantial doubt whether the various declarations and appeals will effectively reach the ears of the people. The local means of dissemination of news are either in the hands of Mihailovic or of Nedic and the Germans, who will probably take the line that King Peter is a prisoner of the British and the Croats. Persistent dissemination of the declarations by the B.B.C. and repeated dropping of leaflets over a wide area may do something to enlighten the Serbs. I think that His Majesty's Government should do what they can to help in this direction and in framing their propaganda to Serbia so as to support Dr. Subasic's efforts. It will be necessary for the success of these efforts that Dr. Subasic should persuade one or more Serbs to participate in his new Government.

26. We were due to leave the island on the afternoon of the 18th June, but a sudden and severe rain storm rendered the landing strip unserviceable, and it became necessary to arrange for our transport by sea. This the naval authorities kindly undertook and we were able to leave by destroyer early the following morning. Before departure we were given a final "gala" luncheon by Marshal Tito. It was on the same culinary level as the "gala" dinner with which we were greeted.

27. During this luncheon I had a conversation with Marshal Tito in the course of which he referred to the number of women in the ranks of the Partisan forces. He told me that at one time in Montenegro the Partisan troops contained almost 40 per cent. of women. They made excellent soldiers, but their stamina was not quite equal to that of the men. They were extremely brave and their casualties were proportionately higher. The situation had gradually changed so that now there were not more than 12 per cent. of women throughout the Partisan fighting forces. These he was now withdrawing as quickly as possible and turning them into nurses, messengers, signallers, cypher staff, &c.

28. On the occasion of this luncheon Marshal Tito handed to me his reply to Mr. Winston Churchill's letter, of which I had been the bearer.

29. As a sequel to the luncheon Marshal Tito's guests were entertained by a choir of singers with singularly beautiful voices. Their songs were a great improvement on the doleful dirges which the rank and file of the Partisan movement seem to enjoy intoning. Of these latter a typical example is one which consists of five words repeated over and over again. A literal translation of it runs:—

"Greetings Partisans,
Greetings Commissars,
Greetings, greetings, greetings,
Greetings, greetings Comrades."

The effect of this ditty when sung over and over again for what seems to be hours on end is particularly depressing to the hearer.

30. On the return of our party to Bari Dr. Subasic again saw MM. Topalovic and Yancikovic. His conversation with the former seems to have been confined

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to drawing his attention to the communiqué and politely cutting short any argument. Dr. Subuasic has no very high opinion of M. Topalovic and regards him, I gather, as a rather woolly individual. It is possible, however, that he may be useful later on. M. Yancikovic seems to have been pleased with the results of the discussions at Vis and particularly with the possibility of an agreement between the Partisans and the Croat Peasant Party.

31. The following morning, the 20th June, was taken up with a visit to the installations on the Adriatic coast occupied with the preparation and packing of material dropped by parachute into Yugoslavia. Dr. Subasic was deeply impressed by the scope of this work and particularly by the figures of successful drops during June. These were some 1,200 tons in the first 18 days. It was pointed out to him, however, that these successful results depended to a very great extent on the weather.

32. In the afternoon the Prime Minister's party arrived at Caserta, where King Peter was waiting. Dr. Subasic reported to him personally and after dinner I was received by His Majesty and discussed the agreement with him. He expressed himself as highly satisfied with the results of Dr. Subasic's efforts.

33. The next morning a meeting took place between Dr. Subasic, General Wilson, Admiral Cunningham, Air Marshal Slessor, Brigadier Maclean, Mr. Makins and myself. Dr. Subasic explained the agreement and a discussion followed, as a result of which it was decided that it would be necessary to arrange for a meeting in two or three weeks' time between General Wilson and Marshal Tito which Dr. Subasic would attend. In the course of this discussion Dr. Subasic made it clear how anxious both he and Marshal Tito were to have M.Ls. and M.G.Bs. for use among the islands off the Dalmatian coast. The Commander-in-chief Mediterranean pointed out that if it proved possible to provide such vessels these and the other naval forces would have to be under his operational command.

34. Later in the day the King and his two aides-de-camp, Dr. Subasic and I left for Rome by air, flying over the Cassino battlefield, which presents a picture of utter devastation. The Litorio airfield at which we arrived in Rome provided a good example of precision bombing by Allied air forces. The administrative buildings were almost completely destroyed, yet few houses in the neighbourhood were touched.

35. At the airfield His Majesty was met by Major-General Johnson of the United States army, the General Officer Commanding Allied troops in Rome. Luxurious accommodation was provided for the party in the Grand Hotel and most elaborate security precautions were taken.

36. In the evening King Peter, Dr. Subasic and I were entertained at dinner by General Alexander at his headquarters. The following day the King was supposed to have visited the battlefields and General Kesselring's secret headquarters, but His Majesty was unwell and the plan was dropped. In the afternoon he had a strictly private audience with His Holiness the Pope which appears to have gone very well. No mention of it was allowed to appear in the Roman press. The 23rd June, the last day of our visit, was passed by the King and the Prime Minister in a series of interviews with Yugoslavs formerly under detention by the Italians and now free in Rome. Mr. Myron Taylor was also in Rome that day and was entertained by King Peter at dinner.

37. The return journey from Rome passed without incident. The party returned to Naples in the morning of the 24th June and left there in a York aircraft at 3·45 p.m., arriving in the United Kingdom at 6·45 p.m., the 25th June.

Foreign Office, 30*th June*, 1944.

Annex A.

Text of Agreement between the Yugoslav Prime Minister and Marshal Tito, signed on the 17*th June.*

(Translation.)

A. The Yugoslav Government abroad must be composed of progressive democratic people who have not been compromised by taking part in the fight against the National Liberation Movement. The main task of this Government should be the organisation of Allied assistance to the National Liberation army and to all those who, in future, will fight with the same firm determination

against the common enemy of our country, in order to unite all forces in a single national front. It will also be the duty of the Royal Government to organise the supply of food for the population of Yugoslavia, and to bring into accord the work of Yugoslavia's representation abroad and of the international organisations with the safeguarding of national rights, with the needs of the people and with the National Liberation Fight in the country.

B. The National Liberation Committee of Yugoslavia and the Royal Government of Dr. Subasic will establish organs for the co-ordination of their efforts in the fight against the enemy, in reconstruction work and in foreign policy; these organs should also pave the way to the speedy establishment of a single representation of the State.

C. The National Liberation Committee of Yugoslavia considers that, at the present moment, it is unnecessary to stress and to aggravate the problem of the King and the monarchy because, to-day, this question does not represent an obstacle to the collaboration between the National Liberation Committee of Yugoslavia and the Royal Government of Dr. Subasic, since both sides have accepted the principle that the peoples of Yugoslavia themselves shall, after the conclusion of the war, finally decide upon the organisation of the State.

D. The Royal Government of Dr. Subasic will issue a declaration in which they will—

(1) Recognise the national and democratic achievements won by the nations of Yugoslavia in the course of their three years' fight, which represent the basis of the democratic and federal organisation of our State community; and also recognise the provisional administration now established in the country as the executive organ of the Anti-Fascist Council of the National Liberation of Yugoslavia and the National Liberation Committee of Yugoslavia.

(2) Give full acknowledgment to the national fighting forces organised in the National Liberation Army under the command of the Marshal of Yugoslavia, Josip Broz-Tito; and definitely condemn all national traitors who have openly or secretly collaborated with the enemy.

(3) Call upon the whole people to unite all fighting forces with the National Liberation Army within a single front.

E. On the other hand, the Marshal of Yugoslavia, Josip Broz-Tito, will issue a declaration on the collaboration with the Royal Government, in his capacity as President of the National Liberation Committee of Yugoslavia, and will once more state that, for the duration of the war, the question of the final organisation of the State will not be discussed.

Annex B.

Communiqué.

The "New Yugoslav" news agency has been authorised to issue the statement: "From the 14th to the 17th June discussions have been going on in liberated territory of Yugoslavia between the President of the National Liberation Committee of Yugoslavia, Marshal Josip Broz-Tito, and the Prime Minister of the Royal Yugoslav Government, Dr. Subasic. Several members of the National Liberation Committee of Yugoslavia and of the Presidium of Anti-Fascist Council of National Liberation, Yugoslavia, took part in these discussions. These negotiations have been led from both sides in a spirit of mutual effort towards strengthening the liberation fight of the nations of Yugoslavia and with the aim of achieving broadest unity of the national forces. Agreement and mutual accord was reached regarding many questions. This will undoubtedly help to strengthen still further our relations with the Allies and help the peoples of Yugoslavia to liberate their country as speedily as possible."

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THE SAVE THE CHILDREN FUND

Athens, September 6, 1945.

Dr. Singer, Vivian Imber and Louisa Stevens have started work at last in Yugoslavia. Dr. Singer wrote on August 8th:-

"We left with Denis Greenwood's team from Bari dock on August 4th. We had to leave our ambulance behind because it was too big for the ship's hold and we unloaded all the valuables on the dock and reloaded into a 30cwt, with Italians shouting and bouncing the morphia about, so that my heart just dropped. We actually lost nothing except some personally owned whisky and nothing got broken except a thermos! We are hoping that the ambulance will arrive eventually and preferably full of dried milk.

Dubrovnik was lovely after the burning heat of the Italian sirocco and we had two lovely days there during which we got our passes and bathed. We got extra help from the FAU stationed at Dubrovnik, and one of our trucks took much of our stuff which had had to go loose in the hold owing to the loss of the ambulance.

We came over with a jeep and 2 30cwt trucks---

We made Sarajevo in one day without any punctures or difficulties. It is a long and dusty journey, but such superb scenery that tiredness is not noticed. The roads mostly have a bad loose surface and there are some very stiff climbs, especially for our old heavily laden trucks. We brought with us a ton of dried milk which I arranged to get whilst I was in Belgrade. It was Yugoslav Red Cross milk and we loaded it at Bari---

Sarajevo is a fascinating place, full of mosques and narrow streets with steps. It is not really like Cairo at all, despite its Moslem population, partly because the architecture is different, including the type of mosques, partly because it is built on hills, but chiefly because it is clean. It has been bombed a fair bit, and windows are missing and walls have holes in them. It is such a beautiful setting, 1500 feet up in a valley surrounded by mountains. On our drive here we had the most lovely bathe in a river and washed off our dust and dirt and hope that tomorrow being Sunday, that we will be able to find another river near here. There is very little in the shops--food is scarce though apples (not good) and grapes and tomatoes are in season. In the UNRRA Villa Mendic we live in comfort (though I expect it will be bitterly cold in winter) and Mary Oxford has taken over the catering and cook and other domestic help has been got and generally we are more comfortable than we have been since we left home (barring the YWCA in Rome).

The day after we arrived we went to see Dr. Zec (Min. of Health) and arranged about our work. For the time being we are all three working at the Institute of Child Health - Louisa in the "milkbar" and Vivian and I in the clinic. We got down to work right away and our first day was i in the sick children's clinic and our second (to-day) in the ante-natal clinic, all part of the same building. The place is well equipped

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though the refrigerator and the artificial sunlight lamps do not work. There are fine lecture and demonstration rooms for teaching mothers and nurses but they are not used as they lack the teaching personnel. For four years there has been only one doctor for all the maternity and child welfare work in this city of 106,000 people, now they have two more, one of them being me! We were greeted with genuine warmth and friendliness which went a long way helping us to plunge straight into work and we have a scheme of starting a new dispensary, all three of us together, as soon as we get into the way of working here and as soon as premises can be found. Living accomodation is very short as thousands of refugees poured into the city when the Ustashis swept over the surrounding villages and burned and destroyed everything. These people are still in Sarajevo (the refugees not the Ustashis) as they are quite homeless. Most of them are Moslems and all of them peasants, and now that Ramadan has started they are eating even less, if possible, than before. I have never seen so many severe rickets in one morning as I saw yesterday and there were many cases of children brought in who were just dying of starvation; nothing but a pot belly and skin and bone. The hospital is too full to take anything but acute cases.

Chronic cases of inanition just have to be left to die. In all six months in Italy, and I visited children's hospitals, I did not see so much malnutrition as I saw in one morning here. I would like people to know also that though Bosnia is bad there are areas in Yugoslavia which are worse and where people are living on leaves and grass, e. g. in the Lika. When you know that the community is at the starvation level, and when you find osteomalachia in pregnant women you are taken back to Austria 1918 and wonder for a moment whether all that science has done has not been in vain. Still, I really know that that is not so, and I am sure that we can do a good job of work, particularly when we have got hold of the language which in this area is the only stumbling block, for everyone is so pleased to have us and so helpful. This is in large part due to Barrett Brown who has got on excellently with all the Yugoslav authorities and is persona grata everywhere----"

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THE COUNCIL OF CANADIAN SOUTH SLAVS---

319 Bay Street, Room 108,
Toronto 1, Ontario,
September 12th, 1945.

On August 30th the following news item was published by several daily newspapers (Toronto Daily Star, Toronto Evening Telegram, etc.):

> "Montreal, Aug. 30-(BUP)- Marshal Tito's insistence that the Yugoslav government control distribution has led to the suspension of relief work for that country by the Canadian Friends of Yugoslavia.
>
> "By unanimous decision, the organization of which W.M. Birks, Montreal, is chairman, decided to cease further purchases of goods until the situation is clarified, and referred the matter to the external affairs department in Ottawa.
>
> "Of a fund of $600,000 allocated for the purpose by the United Allied relief body, the Canadian Friends of Yugoslavia to date had bought $275,000 worth of goods. However, Tito insisted that the organization cede all control over the distribution of goods when they reach Yugoslavia, the body was informed."

The Council of Canadian South Slavs immediately issued a statement criticizing the Canadian Friends of Yugoslavia for the following reasons:

(1) The demand that the Yugoslav Government should cede its internationally recognized rights of relief distribution to an outside body is an attempt to interfere in the internal affairs of Yugoslavia;

(2) The Canadian Friends of Yugoslavia is recognized as an official relief agency and its action could effect the relations between Canada and Yugoslavia;

(3) Since some leading members of the Canadian Friends of Yugoslavia are connected with the reactionary anti-Tito elements in U.S.A,

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who are carrying a most vicious campaign against the present Yugoslav Government, this suspension of relief shipments can be considered as a part of that campaign;

(4) The CFY, although in existence for four years, has not raised any funds or other kind of aid for Yugoslavia. It has refused co-operation with Canadian Yugoslavs, including the Council of Canadian South Slavs, whose members, during the past 15 months contributed nearly $300,000.00. This shows that the CFY has all along stood in the way of more effective aid to the Yugoslav people. Therefore, their present action can be looked upon as a continuation of their past policies.

The Council of Canadian South Slavs has demanded immediate government investigation. Pending such an investigation their charter should be suspended and all funds or goods at present under their control be turned over to the Canadian Red Cross for shipment to Yugoslavia.

On September 4th, after the protest of the Council was made public, leading members of the CFY issued a statement to The Gazette (Montreal), saying that suspension of shipments was made because of the high shipping charges. There is no reference to the original report. In view of this the Council of Canadian South Slavs sent a letter to the Honorary Chairman, W.M. Birks, and Deputy Chairman, O.W. Rodomar, of the CFY requesting the following information:

Did CFY officially issue a statement to the BUP to the effect that shipment was suspended because they did not want the Yugoslav Government to control the distribution? If not, was such a statement given to the news agency by some member of the Executive without the knowledge of the organization as a whole, since a member of the Executive is also director of the BUP? If such a statement was not given officially or by any member of the Executive have any steps been taken to investigate why the BUP released such a report to the press? If not, is any investigation being contemplated?

So far no reply has been received to our letter.

We consider that not only the Council of Canadian South Slavs, but also the general Canadian public is entitled to an answer to these questions. Because if it is not true that shipment of relief to Yugoslavia was suspended for political purposes then somebody was indulging in vicious anti-Tito, anti-Yugoslav propaganda, and the Canadians should know who and why.

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COUNCIL OF CANADIAN SOUTH SLAVS

319 Bay Street, Rm. 108,
Toronto 1, Ontario.
August 31st, 1945.

Statement of the Executive Committee of the Council of Canadian South Slavs concerning suspension of relief to Yugoslavia by the Canadian Friends of Yugoslavia.

The Council of Canadian South Slavs, an organization composed of Yugoslavs who are now Canadian citizens, takes issue with the Canadian Friends of Yugoslavia, Montreal, in their determination to withold $600,000.00 aid from the starving people of Yugoslavia. Their action is unjustified and the basis for it unsound. The Tito Government is the proper agent to supervise the distribution of this aid. This is the method adopted in other countires. Why should there be an exception in Yugoslavia?

The Council of Canadian South Slavs has thus far witheld criticism of the Montreal organization, but we now feel that a complete statement of the inner features in the case should be made to the people of Canada.

The Canadian Friends of Yugoslavia are in close connection with the reactionary, anti-Tito, elements in U.S.A. These elements have at their head the notorious pro-fascist Constantine Fotich, former Yugoslav ambassador to the United States. They are carrying a vicious campaign against Yugoslavia. Fotich organized the American Friends of Yugoslavia whose activities were directed to aid the traitor Mihailovich, The Canadian Friends of Yugoslavia is a duplicate of the Fotich crowd and is under his beneficial influence. Several of the officials of Canadian Friends of Yugoslavia are known as reactionaries in their sympathies. Professor Watson Kirkconnell, one of its members, has publicly attacked Marshal Tito in his speeches and writings. Vice-chairman Radomar is a former Russian White Guard, a devotee of the czar.

During five years of its existence the Canadian Friends of Yugoslavia has not raised one cent to aid the people of Yugoslavia. The

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funds they are now trying to use to aid the Yugoslav reactionaries in theircampaign against Yugoslavia were contributed last March by the Canadian people for the purpose of relief during the campaign of the Canadian Red Cross Society and the Canadian United Relief Fund, and were given to the Canadian Friends of Yugoslavia because they are the only officially recognized body for relief to Yugoslavia. This was a grave error.

The Canadian Friends of Yugoslavia has consistently refused co-operation with the various organizations of the Canadian Yugoslavs, whose interests in helping their brothers in Yugoslavia can best be illustrated by the fact that, although only numbering 20,000, they have, during the last year, contributed through the Council of Canadian South Slavs, $300,000.00 in cash. There is not today one organization or individual of the Yugoslav origin in Canada associated with the Canadian Friends of Yugoslavia.

The Council of the Canadian South Slavs with the help and co-operation of the Canadian Red Cross Society has sent nearly 600 tons of food, clothing, drugs and other supplies, and also $130,000.00 in cash to the representative of the Yugoslav Red Cross in London. We are determined to continue with this work in spite of all obstacles placed in our way by the Canadian Friends of Yugoslavia.

We demand that the Canadian Government make full investigation into this action and all past activities of the Canadian Friends of Yugoslavia, and also that the unspent portion of the $600,000.00, as well as goods bought but not shipped, be turned over to the Canadian Red Cross for immediate shipment to the Yugoslav Red Cross.

The people of Yugoslavia urgently need aid. In the struggle for their liberation, and to save mankind from fascist slavery nearly 2,000,000 of her best sons and daughters have given their lives. We hope that all real friends of Yugoslavia will join us in asking the Canadian Government that relief be sent immediately, and that the so-called "friends" of Yugoslavia be stopped from using it for the purposes of political blackmail.

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BALKAN STATES. January 24, 1946.

SECRET. SECTION 2.

Refer to P.M. (first part) June

[R 1226/65/92] Copy No. 068

Mr. Stevenson to Mr. Bevin.—(Received 24th January.)

(No. 5. Secret.)

Sir, *Belgrade, 7th January,* 1946.

AS suggested in Sir O. Sargent's letter of the 24th November, 1945, I have the honour to submit to you the accompanying report on Yugoslavia. It is as comprehensive and as nearly up to date as is possible in the circumstances. I am particularly indebted to Mr. F. W. Deakin, first secretary, and Messrs. J. P. E. C. Henniker-Major and D. Haldane-Porter, second secretaries, for their work in preparing this report, which, as you will observe, consists of a general memorandum and a number of annexures dealing more fully with specific subjects.

2. The report is of necessity a long one and it may therefore be convenient if I set forth as briefly as possible the conclusions to be drawn from it. They are, in my view, as follows :—

(i) Yugoslavia is, in fact, if not in name, a one-party State, built on the foundation of a national liberation movement. In it the Communist party has gained a monopoly of leadership and control. Under this leadership the régime still has the drive and enthusiasm which made the liberation movement a success. The régime is still free from the corruption which seemed to be endemic in pre-war régimes, and it should be given full credit for the efforts it has made towards reconstructing and rehabilitating the country. It is clear that there is at present no possible alternative régime.

(ii) There are no signs as yet that the leaders are prepared to contemplate the establishment of an independent Opposition within the framework of the new State.

(iii) Every agency at the disposal of the régime is being used to bring up a new generation moulded on Communist lines. Every effort will be made to survive the transitional period until this carefully conditioned generation can take over.

(iv) The façade of unity and strength, of which so much is made by the National Front, is in some respects misleading. The long-term programme of the régime is meeting with varying resistance not only from the much-abused "social opposition," but from the Catholic Church and certain sections of the peasantry. It is by no means clear whether the Communist minority will be able to retain the monopoly of power which at the moment is theirs, but at the same time it is impossible as yet to judge what form and significance the traditionally anti-Government and anti-centralisation forces in Yugoslavia may have.

(v) In the last resort the strength of the régime rests on the prestige of the resistance tradition as largely embodied in the army. The cadre of the army is Communist, but the political training of that cadre is hurried and superficial and the rank and file are peasants.

(vi) The workers of the towns are being schooled for the task of providing a safe Communist *élite*, but they are not sufficiently numerous to defend the achievements of the revolution against peasant resistance. The Russian parallel does not fit.

(vii) The work of U.N.R.R.A. in Yugoslavia has had a decisive influence in the shaping of the new Yugoslav society. It has given the régime control of the machinery of agricultural production and, through industrial rehabilitation, control also of the future industrial organisation of the country. The use of the co-operatives to distribute U.N.R.R.A. goods has enabled the régime to secure a firm grip on the co-operative movement. As was in fact inherent in the mere existence of U.N.R.R.A., it has had the inevitable effect of giving the régime the necessary breathing-space not only to make more secure its hold on the country but to further very substantially its ideological aims.

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(viii) There is no doubt whatever that the régime is proceeding as fast as its limited capacity and lack of trained and reliable officials permit in the direction of an orthodox Communist society. How fast and how far it will be able to go in this direction depends to a considerable extent on the reaction of the elements and forces mentioned in (iv) above. But even if the nationalisation of industry is virtually completed and if the fundamental step of collectivisation of the land is eventually achieved, the stability of the State in its present form is not assured. The country is not self-sufficient and it cannot do without foreign assistance, not only for the work of reconstruction, but in the future development of its natural resources. The vital decision on what form, if any, economic relations with the Western democracies will take has not yet been made.

3. A further aspect of the régime, which has not been brought out in the attached memorandum as it does not strictly fall within the limits of the ground covered therein, is the marked anti-British attitude maintained by Yugoslav officialdom. Public expression of this attitude is referred to in Annexure C dealing with the Yugoslav press, where it is shown that no opportunity is lost of decrying anything British or American and of showing Great Britain and the United States in the worst possible light. Of recent weeks this habit has been exercised to a marked extent against Great Britain alone. So obvious has been this campaign that more than one of my foreign diplomatic colleagues have questioned me on the reasons for it. I have been unable to enlighten them as I have never succeeded in eliciting any satisfactory explanation from the leaders of the régime, who never fail to assure me that their dearest wish is to improve relations between Yugoslavia and Great Britain. In view of the rigid control over all forms of publicity exercised by the régime, there can be no shadow of doubt that the constant attacks on us are carried out in obedience to directions from some central authority. But it is not only in the press that an anti-British attitude is manifest; the lectures given to the army by the political commissars, the speeches at local political meetings and the teaching in the schools abound with instances, both overt and covert, of hostility to Great Britain. All means of political instruction, whether by press, radio or the spoken word, are the peculiar province of the Communist party, and I can only assume that it is the Central Committee of that party that is responsible for the directions on which this campaign is based.

4. Although many, if not most, of the individual leaders of the régime are correct and even friendly in their personal relations with me and my staff, and although the mass of the people remain as always very well disposed towards us, the atmosphere in which we have to work is not altogether agreeable. The deliberate ignoring by the "party" propagandists of anything we may have done to help Yugoslavia either before or since her liberation together with the calculated belittling of any help which it is impossible to hide, are often translated on the middle and lower levels of officialdom into petty and exasperating obstructionism.

5. It is difficult for me to contrast, as Sir O. Sargent suggests, the circumstances prevailing in Yugoslavia and Greece as I am not sufficiently familiar with the latter. It is nevertheless clear that Yugoslavia enjoys certain advantages of a practical nature over Greece, which should tend to make her initial recovery more rapid. In the first place Yugoslavia's natural resources are much greater and she has a larger supply of man-power at her disposal, not only owing to her greater population but owing to the presence in the country of considerable numbers of German and Italian prisoners of war, not to mention her own political prisoners. In the second place a strong and ruthless central Government in Yugoslavia makes up by its relative effectiveness for its lack of popularity. It has the fervid support of a minority and the acquiescence of the majority of the people because there is no alternative régime capable of dealing with the problems confronting the country. It still has the prestige of a successful liberation movement and is unhampered by any democratic scruples or *bourgeois* prejudices in favour of individual rights. These are very solid advantages over a naturally poorer country like Greece where the resistance movement was comparatively weak and where since the liberation of the country we have felt bound to insist on the rights and liberties of the individual being respected.

6. It is perhaps inevitable that our policy in Greece should appear to be based on the expectation that the people will act as if they were civically mature and capable of individual and collective self-discipline. As a long term policy this may well be the right one as being likely eventually to foster the growth of

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these virtues but it cannot be expectd to show quick results. The rulers of this country, basing themselves on the experience and example of the Soviet Union, evidently consider that they cannot afford to spend time in encouraging the growth of civic virtues and that the interests of the country will best be served by enforcing discipline on all and sundry. At the risk of being platitudinous, I would say that in the war-torn countries of Europe the moral is " no quick recovery without strict discipline."

7. I am sending copies of this despatch to His Majesty's Ambassadors at Washington, Moscow, Paris, Rome, Athens, Prague, Warsaw, to His Majesty's political representatives at Sofia, Bucharest, Budapest, Vienna and to Mr. Broad at Caserta.

I have, &c.
R. C. SKRINE STEVENSON.

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[R 2972/406/92] Copy No. 668a

Mr. Stevenson to Mr. Bevin.—(*Received 25th February.*)

(No. 38.)

Sir, *Belgrade, 5th February*, 1946.

I HAVE the honour to enclose herein a record of an interesting and useful conversation which Mr. F. W. Deakin, D.S.O., first secretary at this embassy, had with Marshal Tito on the 30th January.

2. Mr. Deakin, who, as you are aware, is shortly leaving this post, spoke well and it is good that Marshal Tito should have heard at first hand of the disappointment and disillusionment of one whom he knows from personal experience to be an old friend and admirer of the original partisan movement. In this connexion I draw your particular attention to the ante-penultimate paragraph of Mr. Deakin's record. I am convinced that Marshal Tito was not merely speaking for effect when he stressed the difficulty which he is having with his own people, the Communist party. I am sure that he, personally, and some, at any rate, of his collaborators, really are anxious to improve relations with Great Britain. The general attitude of the Communist party here, however, appears to be based on what they judge, from the propaganda issued from Moscow, to be the attitude of the Soviet Union toward Great Britain. This, as I have indicated in other despatches from this post, is translated on the official level into obstruction and scarcely veiled hostility.

3. A further point of interest to which I draw your attention is the passage dealing with the relations between the Yugoslav Government and the Catholic Church. The press has of late been conducting a regular campaign against the Catholic Church in general and Archbishop Stepinac in particular, and has been making the most of the discovery of gold and jewellery buried by the Ustashi within the precincts of the archbishop's palace at Zagreb.

I have, &c.

R. C. SKRINE STEVENSON.

Enclosure.

I CALLED on Marshal Tito this morning to take leave of him and stayed to lunch. We had about an hour's conversation. There was no one else present.

We talked at first exclusively about the military past and about common experiences of the days of fighting in 1943. It was not for some time that I had an opportunity to turn the conversation on to the points which I wished to make clear to him before my departure. He even gave the definite impression that he preferred to keep the conversation on to non-controversial subjects mostly relating to the past. At one stage, however, he asked me about the whereabouts of a Canadian of Yugoslav origin who accompanied me on the original mission to Yugoslavia. I replied that the man in question had been in prison in Split for three months and had only just been released last week. Upon this he jumped to his feet and asked why I had not previously informed him direct of this case. I explained that I could produce some twenty cases weekly of a similar nature for his personal inspection if he so wished, but that I had tried to deal with these matters through routine channels, and this particular instance had, in fact, already been settled.

Having been given this opening, I then suggested that as I was leaving the country for good I would like to talk to him on an open and unofficial basis without regard either to his present position or my own.

For about twenty minutes I attempted to enforce the following points :—

(1) Most of the officers who came here in the early days to establish contact with the Yugoslav partisans and who had returned since the liberation of the country were not impressed by the way in which the general

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situation in Yugoslavia had developed. This was not only a question of personal disillusionment but a feeling that the Yugoslavs had produced no concrete signs of goodwill or of a desire to promote good relations with Great Britain. I personally was going back with a most adverse impression of the state of affairs in Yugoslavia in so far as the British were concerned.

(2) At first, speaking for myself, I was prepared to believe that the difficulties which have been experienced by the British Embassy in Belgrade in their relations with the Yugoslav authorities were largely due to an inefficient Yugoslav Administration and a lack of trained personnel. I was, however, now quite convinced that most of the troubles were due to a planned and deliberate campaign organised within the party machinery of the régime to denigrate the British on every possible occasion, and that while I was sure that the senior leaders and the common peasants or workmen were quite willing to be friendly and accommodating to the British, I was sure the deliberate anti-British propaganda was being put out among the members of official Yugoslav organisations and ministries. If necessary, I was prepared to cite concrete examples.

(3) There were so many cases of ill-will and obstruction on the official level that I could only quote a few, such as the refusal to replace essential technical staff for the Royal Air Force at Zemun Airport maintaining operation of the courier service to Italy, the restrictions placed on the movements of our consuls, the fantastic behaviour of O.Z.N.A. in the event of a journey by any British or Dominions soldier of Yugoslav origin on leave in this country, the daily hostility of the petty Yugoslav official to any request from the British authorities.

Marshal Tito replied that he was fully aware that relations between our two countries left much to be desired, but he could only assure me that as far as he personally was concerned he had always stressed the need for a closer understanding. I interjected that this was, unfortunately, not sufficient and that unless he was prepared to issue a clear and categorical directive to all subordinate ministries and agencies that in future Great Britain should not be regarded as "the enemy," I saw little hope for any improvement, and I repeated that, anyway, so far as I was concerned, I was convinced that the anti-British campaign was deliberate and organised.

Among general subjects which arose in the conversation, Marshal Tito stressed particularly the question of relations between the Yugoslav State and the Catholic Church. He complained that in May he had seen Archbishop Stepinac and had made a definite and concrete offer upon the basis of which a reasonable arrangement with the Catholic Church could have been reached. Archbishop Stepinac, however, failed to follow this up and had maintained a consistent attitude of hostility and obstruction to the Government. In fact, only yesterday a cache of gold, including jewellery, gold teeth and precious stones, had been unearthed within the precincts of the archbishop's palace at Zagreb. This cache had presumably been buried by the Ustashi before their departure. In any case he, Marshal Tito, was fully convinced of the complicity of Archbishop Stepinac with the Pavelić Government. I asked him whether it would not be simpler to enter into direct negotiations for a concordat with the Vatican, and he replied that recently he had summoned the Yugoslav Chargé d'Affaires at the Vatican, M. Moscatello, and had charged him with the task of attempting to prepare the way for such talks. So far he had received no concrete reply to this *démarche*. He understood, however, that the former apostolic vicar in Zagreb, Mgr. Marconi, was about to return there. He had had previous conversations with him in Zagreb in May last and he hoped to renew these conversations now. I asked him about the arrival of the papal nuncio from America, Mgr. Hurley, and he told me that the latter had reached Zagreb yesterday but that he had little hopes of reaching any satisfactory agreement with an American on Church matters in Yugoslavia as it was unlikely that such a person would have any knowledge of the existing situation. I pointed out that Mgr. Hurley in the States was regarded as a "Liberal" and that even if such a term in Yugoslavia were considered reactionary I considered that possibly an outsider fresh to the Yugoslav scene might well be an appropriate person with whom to discuss the whole matter frankly.

The conversation also turned on to the question of Anglo-Yugoslav trade talks. The Marshal said that he was told by his Minister of Trade that the Yugoslav trade delegation was leaving in a few days for London and that a mixed

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commission to discuss British property in Yugoslavia was on its way here. I asked him whether he realised that *prior* to the setting up of any mixed commission His Majesty's Government had insisted on the inspection of properties here by representatives of the firms concerned. I also pointed out that, in spite of his own assurance to His Majesty's Ambassador two weeks ago, the embassy had still not received any of the entry permits for these representatives. The Marshal was clearly not aware either of the conditions stated by His Majesty's Government or of the delay in granting these permits. He was undoubtedly annoyed and made a written note of what I had just said. It is quite clear to me that the Yugoslav Ministries interested in this subject have deliberately misled Marshal Tito and will avoid co-operating with us if they possibly can do so.

As a general impression, I would say that Marshal Tito is harassed and unsure of the turn which events are now taking. He stressed the fact that he was having considerable trouble with his own people and that they lacked balance and experience. He indicated that he was having great difficulty in making them work together, particularly in the sphere of foreign relations. He could only emphasise that as far as he personally was concerned he would make every effort to see that relations with Great Britain were improved.

We later had luncheon, when only his son and two aides-de-camp were present.

On taking leave of him he remarked that he hoped I was not leaving the country with too bad an impression. I replied that I had two quite distinct sets of impressions: those of a liaison officer and those of a diplomat. The former I would always respect and remember, the latter I preferred to forget.

F. W. DEAKIN.

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[R 3697/196/92] Copy No. 668

Mr. Bevin to Mr. Stevenson (Belgrade).

(No. 285.)

Sir, *Foreign Office, 6th March, 1946.*

THE Yugoslav Minister of Foreign Trade, M. Petrović, called on me on the 6th March, accompanied by the Yugoslav Ambassador and by the head of the British Section of the Yugoslav Ministry for Foreign Affairs.

2. In reply to my enquiry about the progress of the trade discussions, M. Petrović said that difficulties had arisen, particularly in connexion with the shipping hire and insurance monies held by the Ministry of War Transport and with the Yugoslav assets blocked by the Custodian of Enemy Property. He said that these sums, which amounted in all to over £3 million, were of great importance to Yugoslavia in her present economic state, and that the Yugoslav war debts to this country, for which we claimed £1,500,000, were more than Yugoslavia could afford to pay. I promised to look into this matter and to see if there was anything I could do to help.

3. I raised with M. Petrović the question of British property in Yugoslavia, and in particular the facilities required by representatives of Trepca Mines and other British firms to inspect their properties before the Mixed Commission met in Belgrade to discuss their return. M. Petrović said that he thought matters would go more smoothly if the Mixed Commission could meet at once in Belgrade before the properties were inspected. After it had met formally, the British representatives would be given the necessary facilities to inspect their properties and they would then return to discuss the terms on which the properties should be handed back. I promised to consider this suggestion.

4. I protested vigorously against the attitude of the Yugoslav press to this country and asked why Great Britain should be singled out for abuse. In particular I mentioned caricatures of British troops which had been published and which bore an astonishing resemblance to German cartoons of the war period. M. Petrović said that this whole question ultimately depended on the settlement of Yugoslav frontier claims in Venezia Giulia. I replied that I had not expressed any opinion on the validity of these claims. I had heard the evidence from both sides and I was awaiting the report from the commission which had just left for Trieste. All I wanted to know was whether Yugoslavia wished to be friendly with this country or not. This country had a Socialist Government which had done nothing to deserve such abuse as was being thrown at it, and I could not pass over these press attacks in silence. M. Petrović said that he would draw the attention of his Government to my feelings, but that he was convinced Yugoslavia wished to be on friendly terms with this country, and, indeed, would be very short-sighted if she did not.

5. I mentioned the recent Yugoslav troop movement in Venezia Giulia, which, according to my information, included the arrival of six new divisions. I repeated that the commission had only gone out to Trieste to attempt to reach a fair solution of the problems involved, and said that we did not like to be treated with suspicion in this way. I also mentioned the Yugoslav Ambassador's note about the alleged flight of British aircraft over Venezia Giulia, and said that I would let his Excellency have a reply as soon as I could ascertain the facts.

6. I next referred to the navigation of the Danube and suggested that the opening of the river for international trade, which I had already suggested to Marshal Stalin, would be to the advantage of the riparian States and, indeed, of the whole world. I had no ulterior motive in making this suggestion; my only purpose was to get goods moving and to free international trade. I had recently helped to re-establish the International Commission on the Rhine, where things appeared to be going very well, and I had also tried to help the Czechs to open the Elbe. Similar treatment of the Danube would raise the standard of life of all concerned and would be an admirable contribution to getting rid of the effects of war in that part of the world. M. Petrović agreed about the importance of this matter. He said he had no instructions on the subject, but he would raise

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it with his Government. Meanwhile, however, he would like to mention that there were 200 Yugoslav barges held on the Danube in the American Zone of Austria. I said that I knew about this and had already spoken to Mr. Byrnes on the subject in Moscow. I would see whether there was anything further I could do to help the Yugoslav Government in this matter, and, meanwhile, I hoped that they would assist my endeavours to open up the Danube to all concerned.

7. Lastly, I turned to the subject of civil aviation. I explained that the progress of demobilisation meant that Transport Command would soon disappear and that the negotiation of a peace treaty with Italy would mean the removal of the Royal Air Force base at Bari. In these circumstances His Majesty's Government were anxious to put civil aviation on to a civilian basis, which would be better both for commerce and for confidence. I was not asking for unilateral favours. We should be prepared to accept a reciprocal service from Yugoslavia and, if the Yugoslav Government so wished, we might be able to help them to procure the necessary aircraft. I hoped that it would be possible to undertake early discussions in Belgrade about a reciprocal commercial service and that the Yugoslav Government would consider our proposals in the perfectly frank spirit in which they were put forward. M. Petrović promised to report what I had said to his Government.

8. The discussion was throughout on a friendly basis and M. Petrović appeared to sympathise with many of the arguments which I put forward. I emphasised that my only interest in this matter was to enable both countries to contribute to the improvement of each other's standards of life, and to establish, through mutually profitable trade, the good relations which were traditional between our two countries.

9. I am sending copies of this despatch to His Majesty's Ambassadors at Washington, Moscow and Rome, and to the political representative at Vienna.

I am, &c.

ERNEST BEVIN.

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[R 5578/58/92] Copy No. 068a

Mr. Stevenson to Mr. Hayter.—(Received 10th April.)

My dear Hayter, *Belgrade, 2nd April,* 1946.

THE capture at long last of Mihailović is for Balkan amateurs something of a landmark and as we both may possibly be regarded as falling within this category of persons, you may be interested to read the lucubrations that follow.

An immense number of extremely good stories have been circulating through Belgrade about how he was captured. One of the best is that the Yugoslavs gathered together a number of jeeps, painted them with the British colours, manned them with Ozna agents dressed up in British battle dress, and pretended to be an Allied expeditionary force coming to rescue Yugoslavia from Tito's tyranny. Mihailović is said to have fallen for the ruse and come out of his cave to meet the liberators of his country. Another similar story is that Ozna agents dressed up in British battle dress descended by parachute and captured him in a somewhat similar fashion. A third story is that his courier service was penetrated and he was asked to meet the British and American Ambassadors to arrange a meeting with Tito who was alleged to be ready to come to terms with him for a broadening of the régime. Mihailović fell into the trap and came to the rendezvous where he met two Ozna agents dressed up as myself and Patterson in immaculate western morning dress!

What, however, seems to be the likely story is as follows. Some time ago eleven Ozna agents were detailed to capture Mihailović dead or alive. They proceeded to Raška in the Sandjak where they succeeded in capturing one of Mihailović's commanders, Colonel Kalabić. They took him back to Belgrade and put him through the third degrée with the result that he agreed to betray his leader (some confirmation is given to this part of the story by the fact that since Kalabić's capture, some five weeks ago, we received reports that he had betrayed Draža). Two of the Ozna agents, together with Kalabić, then returned to the Sandjak disguised as Četniks and Kalabić led the two to the cave where Mihailović was living with eleven followers. They received a warm welcome but at some stage in the proceedings when they were all together in the cave a carefully staged *coup de main* took place. One of the agents let loose with his tommy gun and shot all eleven of the Četniks and Kalabić as well, while the second Ozna man threw himself on Mihailović and handcuffed him. Mihailović was then taken to Belgrade. This story has reached us in the present version from a source who is believed to be reliable. What is fundamentally the same story, only the place of capture and other details are different, has, however, also reached us from an entirely different source.

A certain mystery still, however, hangs round Mihailović's capture and must continue to do so until we hear the official account. For one thing there is the extraordinary delay between his capture on the 13th March and its announcement by Ranković on the 24th March. Presumably Tito, who had left Belgrade on the 12th for Warsaw, had to be consulted. But I strongly suspect that the Yugoslavs also felt it incumbent on them to ask Moscow what they should do. Moscow presumably replied that they should try him as a traitor. If they did so my own opinion, as you will see later, is that they made a profound mistake and that it would have been far better for the régime if the Government had been able to announce that he had been killed while running away to evade capture and then have paraded his corpse through the streets of Belgrade. The alternative of liquidating him and saying nothing about it would obviously have been dangerous for Mihailović might then have become a second Barbarossa. If I am right in assuming that the Russians gave this bad advice I have no doubt that they assumed that a trial of this nature would be useful internal propaganda for the budding Communist régime. I am not sure, however, that the Russians know half as much as they think they do about the Balkans.

I do not think anyone can claim that Mihailović was ever a great man. Those who knew him in Sofia when he was assistant military attaché, and Hudson who

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knew him in the mountains, all agree that he was a plain simple soldier with very little ambition. He was a typical old-fashioned Serb with narrow views and certainly not what it might be imagined a great leader would be. On the other hand, by a set of fortuitous circumstances, he has twice been made a figure of legendary greatness quite out of relation to his own intrinsic personal or military importance. When he first took to the hills in 1941 and became Minister of War in the Royal Yugoslav Government he was by dint of our own and the Yugoslav Government's propaganda turned into a romantic and important figure. When he was dropped by the Allies, this legend was exploded but he did not relapse into obscurity because, equally erroneously, he was turned into another form of legend by the partisans. He became instead of a legendary hero, a legendary monster symbolising reaction, tyranny and Serb particularism. In such guise he proved very useful to the present régime for his continued liberty was the excuse for a number of oppressive measures against political opponents and his fictitious troops were the excuse for the maintenance of a standing army of quite unnecessary size, but essential to establish the Communist régime in Yugoslavia.

The announcement of his capture with only eleven followers has once again exploded this legend. His disappearance from the scene will, however, do something else which perhaps the régime do not yet realise. For one thing it may make the Opposition a little more self-reliant. They will cease to look for and expect a *deus ex machina* who, with foreign aid, will suddenly come to liberate Yugoslavia each year " when the leaves come on the trees." The number of people who thought that Mihailović might still stage a *coup* was really quite preposterously high and so long as such a state of mind prevailed in Opposition circles, opposition to the régime could never be effective. Now the Opposition will have to look among their own ranks to find their saviour. Furthermore, Mihailović personally was, in my opinion, a definite obstacle to the formation of an effective Opposition in this country. He was much too much of a particularist and a pan-Serb to become a national leader who would win the whole-hearted loyalty of all parts of the country. He was also, as we knew from the past, completely hopeless as a politician.

On the other hand, I am not so sure that this man, once he is dead, may not become for the third time a legend and that dead he will be what he never was when alive, a great man. If there is any spark of greatness in him and he is really brought to trial, the opportunity before him is immense. He can plead that throughout the war he opposed all usurpers in Yugoslavia; how he fought them was his business as the legally appointed commander-in-chief. If he was passive towards the Germans, that was because he knew that they would be beaten and that far worse than a German invader was the native tyrant, the Ustaš or the partisan. The danger he had to guard against was that while he was fighting the Germans the partisans would stab him in the back. He had never believed in the so-called democratic declarations of the partisans and he always knew that they would try to impose the alien tyranny of communism on Yugoslavia and that Tito was not really interested in expelling a German tyrant except in order to impose his own tyranny. All Yugoslava could now witness that he was right. He could then declare that he would die as a martyr for a free Yugoslavia.

Whether or not Mihailović will take this line or whether he will just denounce Tito as a scoundrelly Croat remains to be seen. Nor do I know whether the Yugoslav authorities will give him a chance to say anything at all. With American intervention on his behalf and the world interest which his trial will probably arouse it will be very difficult for the Yugoslav authorities not to allow him to have some sort of say. At this stage, moreover, it will be difficult for them to arrange a suicide and even if they decide to do so, coming as it would on top of Nedić's suicide, it might be as equally unfortunate as the potential risks of a trial.

The idea of the martyr Mihailović is, however, already taking shape and General Simović, for instance, now speaks of him in private conversation in language so extravagant that he might be talking of Christ. The authorities have themselves inadvertently by their own actions helped in the creation of this new legend. I enclose copies of photographs(1) which have been published of Mihailović in prison. Two are just rather pathetic pictures of a dignified prisoner. The third, which appeared in *Politika* (and I cannot understand how the authorities ever released it) has, however, impressed everyone who has seen it. You will notice that it is half-face and the whole pose is the traditional one of

(1) Not reproduced.

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the Man of Sorrows, *i.e.*, the mocking and crowning with thorns. As regards the effect it has had on people, I might only mention that the servant girl of one of the members of the United States Embassy (a Slovene incidentally) happened to see it and was so overcome with emotion that she was unable any longer to wait at table. The Yugoslav Ministry of Information have, however, now ceased to distribute it.

Powerful as legends have been in history, and they have often been among the most powerful factors, they require a man to exploit them. Thus, though Mihailović may for the third time turn himself into a legend, he will only be a legend affecting the history of Yugoslavia if there is some man or some body of men inside or outside the country to whom the legend is revealed and who know how to use it. He or they are not yet known to me.

Yours, &c.

RALPH SKRINE STEVENSON.

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[R 8377/4775/92] Copy No. 638a

Mr. Clutton to Mr. Bevin.—(Received 5th June.)

(No. 155. Secret.)

Sir, *Belgrade, 28th April*, 1946.

WITH reference to Sir R. Stevenson's despatch No. 88 of the 14th March, I have the honour to transmit herewith a copy of the Ljubljana Political Report for the month of March.(1)

2. As you are aware, the source from which section A of this report comes is considered to be a good one, and while M. Kidrič does not himself appear to carry much weight in the party hierarchy, he would presumably be speaking from a central directive on an occasion such as that on which his speech was made. Section A, therefore, seems to be a fairly authoritative account of Communist policy as expounded to the middle levels of the party in this country.

3. Paragraph 13 provides confirmation of the gloomy predictions concerning the Control Commissions which were made in Belgrade despatch No. 115. I shall be surprised if other federal units are not adopting much the same form of "control" as Slovenia.

4. A copy of this despatch, together with section A only of the enclosure, is being sent to Vienna, Caserta, Trieste, Sofia, Bucharest, Budapest, Athens, Rome and Moscow.

I have, &c.
GEORGE CLUTTON.

Enclosure.

Ljubljana Political Report, March 1946.

A.—*Foreign Politics—The Party Line.*

ABOUT the middle of March President Kidrič made a speech before the Plenum of the Political Bureau of the Communist party of Slovenia which, I feel, justifies an unabridged reproduction of the report thereon which I have received. He stated that the difficulties facing communism in Europe should not be underestimated. The enemies of communism were very stubborn and enjoyed the full support of the Western Powers. There were pessimists in the Communist ranks who regarded every step back as a battle lost. But, things were not so bad as that. The only country where things were going really badly for communism was Austria. There the reaction had succeeded in obtaining power and the situation of communism there was very bad. It was, therefore, their duty to support their comrades in Austria with all means in their power. In special Communist schools they had a large number of Austrian prisoners of war trained for propaganda work in their own country, and some hundreds of these men were already at work in Austria. The Yugoslav Communists had good and continuous contacts with them.

2. In Hungary, too, the Communist cause had been in a bad position to start with. The victory of the Smallholders' party, the united party of Hungarian reaction, had robbed the Communist party of the initiative, but the latter had already gone over to the offensive again. The position in Hungary was made easier by the continuing Russian occupation. For that reason the Communists must work quickly in Hungary. Pressure on the Smallholders' party was already showing good results, the party having already been split by Communist tactics and the interference of the Russian authorities. The Communist party of Hungary had infiltrated into the Smallholders' party experienced Communists who would continue the work of disintegration. The Communists had, therefore, not abandoned their cause in Hungary, and their position was much better than

(1) Section A only printed.

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some weeks before. There were plans for the further undermining of the reaction in Hungary, and they might hope there too to get the upper hand. There was therefore no reason for pessimism.

3. In Roumania communism still stood firm. Communist tactics there had proved very sound. All the attacks of England and America had been fruitless. The Communists had certainly taken a few steps back here and there, but they had remained in control. They had succeeded in compromising their opponents. Their tactics had been on the same lines as those formerly used in Yugoslavia against Mihailović. As they made a traitor of Mihailović, so would they make traitors of Maniu and the other leaders of the Roumanian *bourgeois* parties. His audience knew the technique well enough. (*Laughter.*) He was, therefore, able to declare that they would never lose their grip on Roumania, whatever might happen. Roumania was their link between Yugoslavia and the Soviet Union.

4. They were following the same tactics in Bulgaria. Pressure from England and America was very strong there, but the Communists were not yielding nor would they yield. The Soviet Union considered Bulgaria as the most important bulwark of their cause in the Balkans, as a guarantee of the Yugoslav position, on the one side, and as a method of holding Turkey in check, on the other.

5. It was equally important to have a Communist régime in Bulgaria on account of Greece. There they had, it was true, provisionally lost the battle, but by no means abandoned the struggle. If the English thought that they would hold Greece they were very much mistaken. Let them but leave Greece and they would see at once how strong the Communists were. A new civil war would find every protagonist of communism in the Balkans in Greece, and the puppets of the English would be driven into the sea. The English wished to use Greece in order to bar to communism the way to the Mediterranean through the Ægean and Adriatic Seas, but their efforts would be fruitless. The Communists needed the whole Balkan Peninsula in order to cut England's Mediterranean line of communication.

6. He need waste no words over Albania Albania stood under their patronage and they would never allow her to slip away. In Albania their Russian supervisers were continually at work, watching over all political events. Albania was as firmly in their hands as Yugoslavia.

7. If, as his audience saw, they sometimes gave way formally somewhere or other, that was only in accordance with their Communist tactics. But these tactics were always aimed at one goal : Communist world revolution. But the preparation for this revolution required first the weakening and disintegration of the chief enemies, England and America. They must never leave them at peace anywhere. The Communists would certainly co-operate in the organisation of the United Nations, but only in order to control the organisation and to make impossible any move by the organisation against their plans. To keep the world political situation in a state of unrest, that was their policy, for only in a disunited world could arise proper conditions for the spread of communism over the globe.

8. In this connexion he felt that he should give his audience some information about their tactics in the Julian March. There were those in their ranks who said that their tactics towards the English and Americans in Trieste and Zone A were wrong. But these tactics were in complete accord with universal Communist tactics throughout the world. These tactics were prescribed to them in Moscow. The main object of these tactics is to force the English and Americans in Trieste into such a position as to enable the Communists to show them to the democratic world as the supporters of fascism. And in that they had succeeded. The greater part of public opinion throughout the world had thereby been incited against the English and American rulers. Even in England and America millions of people were on the side of the Communists. In the Labour party itself a large number of Members of Parliament were opposed to Mr. Bevin's policy. All these people were moving down the road which the Communists would point out to them—the road of dissatisfaction which leads to communism. But Communist propaganda there was otherwise very difficult, and, if they wanted, nevertheless, to attain their goal, they must proceed by indirect ways. It was, indeed, true that they might lose temporarily in the Julian March by such tactics, but even if they did not get Trieste they would thereby establish a focus of new unrest continually to weaken the power of English and American reaction. As his audience saw, there were greater things at stake than a mere local question, and when it was a question of world tactics they must, with strict discipline, follow orders from above. He who was not ready to do that was no Communist, and would be thrust aside.

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NAR/SR
3.5.46

C267788

MEMORANDUM FOR THE PRIME MINISTER

I had a call this morning from two young R.C.A.F. fliers - Bradshaw and Reid - whose plane was forced down over Yugoslavia in May, 1944, while returning from a bombing raid on Roumania. They were rescued and protected for more than three months by Yugoslav Chetniks, followers of General Mikhailovitch. They were flown out to Italy in August, 1944, along with some 600 American air crew who had been forced down in Chetnik territory and protected by Mikhailovitch.

One of the charges on which Mikhailovitch is to be tried as a war criminal by the Yugoslav Government is that his forces handed over Allied airmen to the Germans. This, my visitors strenuously denied. Their experience and that of all the American airmen whom they knew had been that Mikhailovitch had been loyal and helpful. They feel they owe their lives to his assistance and are anxious to go back to Yugoslavia to testify in his defence.

The United States Government has interested itself in the question of Mikhailovitch's trial, and has enquired whether defence witnesses and counsel could come from the United States to his support. Their first representations in this sense have been rejected by the Yugoslav Government. I understand that the United States are planning further and stronger representations.

I told the delegation that I thought the Canadian Government would put no difficulty in the way of their giving whatever evidence they had to offer, but I did not think there were any positive steps that could be taken by our Government, which had no diplomatic representation in Yugoslavia.

In the circumstances, however, I think we might write a letter to the Yugoslav Charge d'Affaires, asking him to inform his Government that these Canadian airmen, rescued in Yugoslavia, wish to give evidence at the trial of Mikhailovitch, and enquire whether an opportunity could be afforded them of doing so.

PM is content to act on Under-Secretary's judgment in this matter/ DC

noted

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DS/YS

C267789 NAR/SR 24.6.46

MEMORANDUM FOR THE PRIME MINISTER

Mr. Cabric, the Yugoslav Charge d'Affaires, in conversation this morning said he had been instructed by his Government to do all he could to facilitate cooperation between the Canadian and Yugoslav delegations at the forthcoming Peace Conference. Yugoslavia was itself a "Middle Power", but one in a rather special position vis-a-vis one of the Great Powers. Canada was another Middle Power, with especially close relations with two others of the Great Powers. Our delegations, working closely together, might be able to help bridge the growing gap between the Great Powers.

I promised Cabric that I would pass on to you this message from his Government. Although couched in very broad and general terms, I suspect it means that the Yugoslav Government hope to get Canadian support for their case for Trieste.

noted Read Hume 29-6-46

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C267790

C O P Y

Legation
of Federal People's Republic
of Yugoslavia
in Canada

P. br. 59

The Legation of Yugoslavia presents its compliments to the Department of External Affairs, and has the honour to announce the appointment by the Government of the Federal People's Republic of Yugoslavia of Mr. Zako Popovic as Consul-General of Yugoslavia in Canada. Until recently, Mr. Popovic was acting in a provisory capacity on the staff of the United Nations in New York. Before that time, he held the post of Vice-Consul-General of Yugoslavia at Marseilles, France, and later was Counsellor in the Ministry of Foreign Affairs in Belgrade.

The Consulate-General of Yugoslavia will continue to be located at 1440, St. Catherine St. West, Montreal, and Mr. Popovic is expected to arrive there shortly.

Ottawa, 24th February, 1947.

To the Department of External Affairs,
O t t a w a.

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C-45-29
1947.

C O P Y

Department of External Affairs

The Department of External Affairs presents its compliments to the Legation of Yugoslavia and has the honour to acknowledge the Legation's note of February 24th, 1947, announcing the appointment of Mr. Zako Popovic as Consul General of Yugoslavia in Canada.

It is presumed that a request for his provisional recognition will be made pending his definitive recognition which will be granted upon receipt of his Commission of Appointment.

It is noted that the Consulate General of Yugoslavia will continue to be located at 1440 St. Catherine Street West, Montreal, and that Mr. Popovic is expected to arrive there shortly.

O t t a w a,

February 26th, 1947.

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C267792

C-45-29
Tan

File

Date - March 25, 1947.

Name and address -

Miss Norma Grannary, Secretary,
Miss Rita McGowan, President,
Union of Parish Sodalities
of the Archdiocese of Montreal,
Montreal, P.Q.

Subject -

Letter protesting newspaper article by the Yugoslav Consul-General accusing His Holiness the Pope and the Catholic Church of misrepresentation.

Referred to -

Secretary of State for External Affairs.

Date of referral -

March 28, 1947.

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C267793 C-45-29
1947

Copy

Department of External Affairs

The Department of External Affairs presents its compliments to the Legation of Yugoslavia and has the honour to acknowledge the Legation's note of April 5th, 1947, informing the Department that Mr. Branko Vukelic, Attaché of the Legation, will be in charge of the Consulate General of Yugoslavia in Montreal.

Ottawa,
April 12th, 1947.

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YS ~~A. Gibson~~

C267794 ~~L. St~~

For release when statement made by
Mr. St. Laurent in House of Commons

DEPARTMENT OF EXTERNAL AFFAIRS

May 23, 1947.

STATEMENT TO BE DELIVERED IN THE HOUSE OF COMMONS BY THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, ON EMIGRATION TO YUGOSLAVIA OF CERTAIN RESIDENTS OF CANADA

On May 20th several questions were directed by Honourable Members to the Right Honourable the Prime Minister, the Honourable the Minister of Finance and to me concerning the emigration to Yugoslavia of certain residents of Canada. As all the questions are related, the Prime Minister informed the House on May 21st that I would make a comprehensive statement on the subject.

The first suggestion that a group of Yugoslav nations might leave Canada for Yugoslavia was made by the Chargé d'Affaires of the Yugoslav Legation in Ottawa in a letter, dated March 5th, 1946. In this letter he stated that there were a number of Yugoslav nationals who wished to return to Yugoslavia when transportation facilities became available. He also raised the question of export permits for various Canadian products on behalf of the nationals concerned. The Chargé d'Affaires was subsequently advised of the export regulations.

In June, 1946, passports were granted to four Canadians of Yugoslav origin for the purpose of proceeding to Yugoslavia. The passports were granted subsequent to a written request from the Chargé d'Affaires of the Yugoslav Legation in which he stated that the applicants wished to proceed to Yugoslavia to make arrangements for certain

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Yugoslav nationals or Canadian citizens of Yugoslav descent who "were planning to return to Yugoslavia for the purpose of lending their skill and assistance in the reconstruction of the country".

Subsequent to the return of these persons to Canada a good deal appeared in the Yugoslav-Canadian press about the return of Yugoslavs and Canadians of Yugoslav descent to Yugoslavia and it appears that funds were collected in connection with the proposed emigration.

In regard to the export of capital the regulations of the Foreign Exchange Control Board provide that persons leaving Canada for permanent residence elsewhere are provided with sufficient foreign exchange to pay their passages and reasonable expenses en route. They are allowed to export personal and household effects, and their remaining cash assets up to a maximum of $25,000 are transferable in Canadian funds.

A proposal was made by the Yugoslav Charge d'Affaires under which the resources of the emigrants, within the policy stated above, would be pooled through a central organization known as the Council of Canadian South Slavs. This body, instead of withdrawing the funds from Canada, would use them to make bulk purchases in Canada of goods suitable to trades in which the emigrants would engage upon their return to Yugoslavia.

This proposal was approved and bank accounts were established by the Council of Canadian South Slavs under the supervision of the Foreign Exchange Control Board. Although up-to-date figures are not available at present, deposits to the accounts have amounted to approximately $1,000,000.

In this connection export permits have been granted by the Department of Trade and Commerce for the export of material from Canada to Yugoslavia to the amount of

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$345,918. Some permits were granted to individuals direct; other permits were granted to Canadian manufacturers who apparently received orders for direct shipment.

Settlers' effects are not under export permit control. A farmer leaving Canada, therefore, would be free to take his farming equipment without the necessity of an export permit and, in a similar way, a machanic would be free to take the tools of his trade. Undoubtedly the total value of settlers' effects would be considerable, but it is difficult to estimate the exact value involved.

It is also difficult to estimate the total number of persons leaving Canada under the auspices of the Council of Canadian South Slavs since passports would be applied for by the individuals concerned, if they are Canadians, and Yugoslavs would travel on Yugoslav passports. There is, of course, no regulation or law which prevents a Canadian or an alien leaving Canada of his own free will. The legal position of an alien leaving Canada is governed by the Immigration Act which provides that an alien acquires Canadian domicile "only by having his domicile for at least five years in Canada after having been landed therein". He loses his domicile by "voluntarily residing out of Canada with the present intention of making his permanent home out of Canada and not for a mere special or temporary purpose."

Thus a Yugoslav citizen, regardless of the length of time he has lived in Canada, will lose his right to re-enter Canada if he goes to Yugoslavia with the intention of making his permanent home in Yugoslavia. Should he change his mind and wish to re-enter Canada, he would have no right to re-enter Canada and would have to apply for admission as any other prospective immigrant.

Moreover, if he should be re-admitted to Canada, he could not count his previous stay in Canada for the acquisition of Canadian domicile. In order to become a citizen of

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Canada, he would, after his return, have to remain in Canada for five years.

The legal position of a Canadian citizen by naturalization leaving Canada is governed by Sections 20 and 21 of the Canadian Citizenship Act. Section 20 reads in part as follows: "A Canadian citizen, other than a natural-born Canadian citizen.... ceases to be a Canadian citizen if he resides outside Canada for a period of at least six consecutive years," subject to various provisos. Section 21 provides inter alia for cancellation of citizenship by Order-in-Council if a naturalized citizen "out of Canada has shown himself by act or speech to be disaffected or disloyal to His Majesty."

It is important to note that a warning appears at the back of the current Canadian passport, which reads as follows: "Canadian citizens by naturalization certificate or citizenship certificate should bear in mind that unless under the laws of the state to which they originally belonged or by the provision of a treaty, they have ceased to be subjects of that state, their certificates have no effect within its boundaries nor can the good offices of His Majesty's representatives be extended to them there".

If, therefore, any Canadian citizen by naturalization who goes to Yugoslavia is, under Yugoslav law, a citizen of Yugoslavia, the Canadian Government will not be able to grant him any measure of protection as long as he remains in Yugoslavia.

The group, which is now assembled in Montreal, have satisfied the various regulations applicable to their movement to Yugoslavia both in regard to themselves and to goods purchases by them. No doubt they are aware of their possible loss of status under Canadian law but they are free to go to Yugoslavia or to any other country if they so wish.

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On May 21st the Honourable Member for York West asked whether I would take steps to see that the Canadian passports carried by the expatriate Yugoslavs now in process of returning to their homeland be protected in such a way as to prevent their alteration or transference to other persons, and ensure that each Canadian passport issued to this group will be easily identifiable on its re-entry to Canada. I can assure the Honourable Member that every effort will be made to guard against the misuse of these passports.

Allegations have been made in the press that improper methods have been used to persuade residents of Canada to return to Yugoslavia or to contribute to the funds which have been raised to finance the return of other residents of Canada. Should any evidence come to hand as to the methods used in these or any other cases which would warrant action by the Government, it will not hesitate to take such action.

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C267799

YUGOSLAV POSITION ON THE REPORT OF THE UN COMMISSION INVESTIGATING GREEK FRONTIER INCIDENTS

Statement by Dr. Joza Vilfan,
Permanent Representative of the
Federal People's Republic of Yugoslavia
To the United Nations Security Council
Tuesday, July, 1947.

The Yugoslav Government is of the opinion that the report of the Commission of Investigation should be studied in detail, with attention paid to the second part of the report, which is entitled "Survey of Evidence Submitted to the Commission"; with more attention to Part 3 of the report, called "Conclusions", which should be derived from Part 2, from impartially registered evidence and, finally, with attention to Part 4 - to the recommendations which should provide appropriate measures, in accordance with the impartially established and appraised facts.

CHARGES AND COUNTER-CHARGES

It is the seriousness of the matter which necessitates such procedure. Whatever our opinion of the situation which has been created in Greece and its frontiers, and the causes of that situation, an extraordinarily important precedent for the organization of the United Nations is in question, and the honor of three nations is at stake. The Greek government charged Yugoslavia, Albania and Bulgaria with having given aid in the civil war and, at the same time, with having provoked frontier incidents. These three countries, on their part, submitted numerous charges against the Greek government. Yugoslavia submitted to the Commission of Investigation, evidence and witnesses regarding the systematic extermination of the Macedonian minority in Macedonia; about the gathering and using of war-criminals, traitors and "Quislings" for anti-Yugoslav and anti-Democratic purposes; about systematic frontier provocations by the Greek government - all of which Yugoslavia stressed was a consequence and manifestation of Greek internal policy. An investigation of this question was made, voluminous material was amassed and numerous witnesses heard, and facts and conclusions regarding this are noted in the report of the Commission. There is still much to be said about these questions.

For this reason first of all, we listened with surprise to the statement of the United States delegate, according to which, conclusions drawn without reservation by only six of the eleven members of the Commission of Investigation, were adopted in their entirety, before the countries most concerned were given the possibility to be heard, and in which statement, it is suggested that no discussion be had, although the last word regarding the appraisal of the situation belongs to the Security Council as a whole.

When such matters are in question as in this case, speed must not be used at the expense of thorough consideration. The impression could be created that conclusions are drawn, not on the basis of consideration of facts, but on the basis of a judgment created in advance and of special interests. It is not necessary for me to emphasize how much such an impression could harm the prestige of the organization of the United Nations and the confidence it enjoys.

STATEMENTS OF U. S. A. DELEGATE

For these reasons first of all, which are important because they represent matters of principle, and which are far removed from being merely procedural questions, the statement of the United States delegate provoked great astonishment and recalled to us the impression which the statement of Mr. Mark Ethridge, Delegate

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of the United States to the Commission of Investigation, left upon us. Mr. Ethridge, immediately after his return to the United States declared to the press, among other things: "There is no question in my mind that Bulgaria, Yugoslavia, and Albania, are arming, training, supplying and giving hospitalization and refuge to Guerrilla forces operating in Northern Greece. There is no question that Greece would have gone over to the Communist minority had not the United Nations stepped in."

YUGOSLAV PROTEST

On this occasion, the Ambassador of Yugoslavia, Mr. Kosanovic, addressed a letter to the Secretary-General of the United nations, Mr. Trygve Lie, in which he called his attention to the impropriety of such an action.

"His views, as expressed to the press, must throw a peculiar light on whatever proposals, acts, resolutions and reports emanate from the Commission as a consequence of Mr. Ethridge's initiative. His conduct in this instance makes it permissible to conclude that what he presents to the Security Council will not be the objective finding of an investigator seeking to help the Security Council by ascertaining the facts and therefore making it possible to adopt the right solution for a most important problem, but a very prejudiced report with a specific political aim."

But our surpise was all the greater because we have, it is understood, thoroughly studied all of the material which the Commission of Investigation has amassed, and we have studied the conclusions of the majority in the light of this material. We consider that the Security Council should do the same, but unfortunately, the delegate of the United States has failed to do so.

Namely, there are a few instances which at first glance must shake the conviction which the United States delegate seems to hold: that the conclusions of the majority of the Commission of Investigation are well-founded and definitive. I wish to call the attention of the Council to these instances:

COMMISSION'S TASK

The Commission of Investigation was given the task of elucidating the causes and nature of the border violations and disturbances. It was entitled "The Commission of Investigation concerning Greek Frontier Incidents"; its report has been published under the same title. Precisely, the incidents should have been, if not the only, at least the principle subject of its investigation. If it is true that Yugoslavia has provoked civil war in Greece, if it is true that it has trained and supplied Greek Guerrilla forces with arms, and given refuge to them on its territory, then the border incidents which would have resulted from such actions, must be concrete manifestations of Yugoslavia's policy. If it is true that Yugoslavia employs a policy of force by devious methods infiltration, intimidation and subterfuge, then the border incidents furnish an opportunity to catch Yugoslavia in flagranti, since there is no possibility of concealment in such incidents.

On the other hand, if it is true as Yugoslavia states, that such incidents as incidents involving aid to Greek guerrillas do not exist, and if there are border violations provoked by the Greek government, which are the consequence of the internal policy of the Greek government and of its aggressive foreign policy then again the incidents are a very important question.

It was indeed not without reason that the Commission was called "Commission of Investigation concerning Greek Frontier Incidents".

Now I beg you to take the Report of the Commission, the part which deals with the amassed evidence and then the Conclusions of the Majority of the Commission, and to observe how this central question of the investigation has been treated.

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ALL CHARGES
NOT INVESTIGATED

First of all, it is obvious that of 57 incidents presented by the Greek government as incidents involving aid to Greek guerrillas and because of which the Greek government has charged Yugoslavia, the Commission has examined only four. These are, as can be seen from Volume 1, Part 2, Article 16 and 18, Chapter 3, Section C. Page 98 - 102, the incidents at: Aghia Paraskevi, Sourmena, Skra and Idomeni. There is an odd discrepancy between the number of quoted incidents and the significance of this problem on the one hand, and the number of incidents examined, on the other.

The second point that strikes one, is that despite the fact that Yugoslavia has made the accusation that the Greek government in the period from May 1945 to December 1946, provoked 79 incidents of a military nature against Yugoslavia, and despite the fact that the Yugoslav representative in the Commission of Investigation, by his letter of March 11, 1947 (S/AC.4/115), stressing in it, the importance of this question; asked that at least four of the incidents be examined - in spite of all that, the Commission has examined not a single incident of this nature. There exists therefore, in regard to the incidents - which is the central question - a clear and consistent conduct of the investigation in accordance with the statements of only one side.

The third thing that strikes one, is that in the most important part of the Report, in the conclusions, disproportionately small space is given by the majority to the investigated incidents - the incidents involving aid to Greek guerrillas - that is, only one sentence is used, and that only incidentally, as an illustration. In contrast to this, incidents which, in connection with Yugoslavia were not investigated at all, although the Yugoslav representative insisted that they be investigated - incidents of a military nature - were given three whole pages of a total of fifteen, in the conclusion of the report. So an unexpected circumstance exists - that which is investigated is not mentioned in the conclusions at all, and that which, in connection with Yugoslavia is not investigated at all, is elaborated upon in several pages. This was done in such an arbitrary way that it could result in a formulation in support of the Greek government's position.

This matter is so delicate and so serious, that I do not wish to confine myself to general statements, but I will progress to detailed exposition.

The incidents which are quoted against Yugoslavia are mentioned in only one place in the conclusions. Volume 1, Part 3, Chapter 1, Section 8, Point 2C, page 168 reads: "According to the evidence, Yugoslav frontier guards permitted guerrilla bands to escape into Yugoslavia when pursued by the Greek army. This was clearly demonstrated to the Commission by its investigation of the incidents at Sourmena and Idomeni." That is all.

In this way, only incidentally, the most important question is disposed of in the conclusions. Two investigated incidents are mentioned only incidentally, the third and fourth are passed over tacitly. Does not this method of mentioning incidentally, and passing over tacitly, show that the Greek government could not succeed in proving its statements and that, therefore, we can conclude that there were no incidents at all?

We must really come to this conclusion, if we look at the results of the investigation. I wish to review the four incidents for you.

INCIDENT
OF IDOMENI

According to Greek documents, an alleged Partisan group of 15 people, after an attack on the frontier post, Idomeni, openly passed into Yugoslav territory (Greek White Book, page 53, No. 9).

In connection with this incident, three witnesses appeared before the Commission.

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The witness, Gjumurtagjoglu (S/AC.4/PV/57H) was not accepted by the Commission becuase, in the opinion of the American delegate himself the testimony of the witness was not of interest to the Commission.

The witness, Tsakiropoulos, declared that the Partisans awoke him and asked him to carry a wounded Partisan, along with other Partisans, to the Yugoslav frontier where they met two Yugoslav soldiers whom he allegedly recognized by their uniforms as Yugoslavs. The soldiers were in the dark, at a distance of five to seven meters from them.

The witness, Gikoudis, together with the witness, Tsakiropoulos, carried another wounded person to the same place, and he said that he was vis-a-vis with the soldiers, but, as it was dark, he could not see their uniforms. His written deposition was given to the Commission with the comment that it was made under oath. When asked about it, he denied it, and to the question if he would swear another oath, he answered: "No, I can not". (S/AC.4/PV.57th).

The whole commotion about the border incident at Idomeni is hereby finished. The whole story of the open passing of Partisan troops on Yugoslav territory is reduced to the very indefinite and contradictory deposition of two peasants who carried two wounded Partisans on a dark night about thirty meters into Yugoslav territory, and this on a spot between two frontier posts. Most amazing of all is the testimony of a witness that, on a dark night, he recognized Yugoslav soldiers by their uniform. How can one reconcile this with the general Greek statement that Greek partisans wore Yugoslav uniforms?

INCIDENT AT SURMENA

This incident allegedly consists of the following: Partisans came from Yugoslavia on September 16, 1946, and attacked the Greek garrison in Surmena. The Partisans, after the battle, retired to Yugoslav territory, when they were called and gestured at by the Yugoslav frontier guard; the Yugoslav frontier guard covered under fire the retreat of the Partisans into Yugoslav territory, and Yugoslav soldiers entered Greek territory to protect the Partisans (See Greek White Book, page 42, No. 2.)

In the Greek document submitted to the Security Council, the accusation was even stronger, and it is said that the Partisans retired into the Yugoslav frontier post itself (Point 1695).

This alleged incident was the subject of a diplomatic exchange. The Yugoslav Government, knowing that at that time, and in that place, there had been no incident at all, refused the note of the Greek Government. This attitude of the Yugoslav Government - that there had been no incidents was confirmed by the official communique of the Third Army Corps of the Greek Army, which communique appeared in the Greek press on September 22, 1946. It is probable that in Greece there were various rumors, even as there are today, so the Headquarters considered it necessary to publish the following communique:

"The mopping-up operations undertaken against anarchist groups in the Doiran sector (confluence of the three borders) ended on 20 September (morning) when the above anarchists flew towards the Yugoslav border. Some of the figures published are exaggerated.

The Yugoslav frontier guards did not open fire on Greek units. The population must keep calm."

Nevertheless, the Greek representative asked for the investigation of that incident, and the Commission accepted his suggestion, although it was acquainted with the denial. Knowing full well that investigation of such an incident was absurd, the Greek representative hurriedly, on the day of the investigation, prepared a survey entitled "The Sourmena Incident", according to which,

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nine alleged incidents, totally unconnected to each other, were to be accepted and investigated. It was clear that this maneuver was aimed at preventing a thorough and detailed investigation of that incident which had been proposed and accepted for investigation.

WITNESSES CONCEALED

Another thing is worth stressing in connection with this incident. At this investigation, which had finally been started after repeated demands by the Yugoslav representative, the most important witnesses were purposely concealed from the Commission of Investigation. We refer to just those witnesses whose depositions were quoted before the Security Council by Mr. Tsaldaris on December 12, 1946, as being the most important.

These important witnesses are the following:

The captured Partisan, Konstantinides, an actual witness of the movement of the Partisan Group before the action and during the action, when he allegedly was captured;

The peasant, Antoniodes, who according to the Greek White Book (Page 159), was a guide for that group of Greek soldiers which gave the most information;

The Greek soldier, Soumanis Georghios, who allegedly was captured by the Partisans, kept for four days and then escaped. He was the most important witness as to the point in which direction the Partisans went after the fight;

The Greek soldier, Pericles Soumanis, a member of the most important military group, consisting of thirty soldiers, which allegedly came into contact with the Yugoslav frontier guards;

Lieutenant Sardiniadis, who was the first to give a report of the whole event, which report, along with other depositions, was cited before the Security Council in December, 1946, as the sole evidence.

Not one of these key witnesses appeared before the Commission.

It is very strange that all eye-witnesses, without exception, were concealed from the Commission of Investigation, although their depositions were sent to the Security Council in December as the sole evidence as to the occurrence of the incident.

Therefore, it is clear why the Greek delegation tried to avoid a detailed and thorough investigation of this incident by creating a story of eight incidents. It is all the clearer why such ridiculous contradictions arose among the new Greek witnesses: Captain Nikitas, Lieutenant Berovalis, Private Sotirios A. Balis, and the peasant Hadzopulos.

MADE LIARS OF THE GREEK GOVERNMENT

The worst of it is that the Greek officers, Captain Nikitas and Lieutenant Berovalis, declared and confirmed before the Commission of Investigation that they personally had given the order to their units to shoot at the Yugoslav frontier posts during the so-called incident.

On one hand, they made liars of the Greek government and the Greek General Staff, who spoke about opposite orders to the Greek Army; but, on the other hand, something more has been shown, and that is, that the Greek government insisted on its claim that these incidents occurred, even at the expense of being accused of provoking incidents.

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The heard Yugoslav witnesses, frontier guards Private Kiro Jordanovski, and Corporal Djordje Ilijevski, who, on the very day of the battle of the Greek Partisans against the Greek army, stood guard at just those places from which Yugoslavs allegedly fired, and to which the Greek Partisans allegedly retreated-declared openly and soberly:

That they observed the battle from a distance of a few kilometers, and heard the firing; that, at a certain moment during the battle, a Greek officer with a platoon of soldiers approached them, with the request that they be allowed to make, from the Yugoslav territory, an encircling maneuver, and that they did reject that request; finally, that, with this, the matter was finished, and that neither did anybody shoot at them, nor did they fire upon anybody. This is fully in accord with the quoted communique of the headquarters of the Third Army Corps of the Greek Army.

THE INCIDENT
AT SKRA

In this alleged incident, the Partisans supposedly came from Yugoslavia and launched an attack upon Skra, while the Greek General Ioannou declared before the Commission that Yugoslavs also took part in the attack. Furthermore, the Greek government asserts that the Partisans, after the action, allegedly left for Yugoslavia, while General Ioannou declared before the Commission that the Partisans retreated to a "hill over Skra".

In the Document handed to the Commission by Greece, there was even the allegation that Yugoslav officers commanded the operations.

Before the Commission, nobody was able to say anything of an arrival of Yugoslav soldiers. The witness, Kouris, himself challenged the allegation about the participation of Yugoslav soldiers. As to the commanding of the operations, Lieutenant Kouris declared that that was only his personal opinion, because only Yugoslav officers could have organized such a good operation.

As to the arrival of Partisans from Yugoslavia, not a single witness of the Greek Government was able to say anything. In the same way, not a single witness confirmed the retreat of Partisans units to Yugoslavia.

In connection with this incident, witnesses Lieutenant Kouris and Andreadis were heard. Lieutenant Kouris not only failed to confirm the Greek allegations, but did, as a matter of fact, challenge them. Then was heard the witness Andreadis, a peasant who, from a distance of seven kilometers, allegedly observed the movements of masses of people, including men under arms, and cattle in the Yugoslav territory and, may I stress, on a hilly terrain, upon which such an observation is, of course, incredible and impossible.

The third witness heard in this connection was Tsembis, who was, on that occasion, allegedly taken up to the frontier by the Partisans, and kept for four days in the Greek territory, and nothing else.

THE INCIDENT
AGHIA PARASKEVI

According to Greek allegations, this incident consisted of an attack, on July 24, 1946, with automatic arms upon Greek frontier post number fifty-five, from the Yugoslav territory, and in an attack of the Partisans on the same night upon the Gendarmerie Station in Kato Klinai and Aghia Paraskevi. The Partisans allegedly then retreated to Yugoslavia and were received and assisted by Yugoslav frontier guards.

Furthermore, on August 7, 1946, during the night, thirty Partisans, with the assistance of Yugoslav frontier guards, allegedly fired upon Greek frontier post number fifty-five, attacked on the same night the Gendarmerie Station in Kato Klinai and Aghia Paraskevi, and then openly retreated to Yugoslav territory.

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Witnesses Lieutenant Stefanidis and soldier Tsirigos were the only witnesses produced to prove the Greek charge. Neither of them confirmed with a single word, the Greek allegations, or even mentioned that the Greek frontier post number fifty-five was attacked from the Yugoslav territory; or that the Greek Partisans, after the battle of July 24, 1946, retreated to Yugoslavia with the help of the Yugoslav frontier guard; or that groups of Partisans, after the attack of August 7, 1946, retreated to Yugoslavia.

The witness, Tsirigos, concretely stated, "It was night. I saw people approaching; I shouted 'Halt!'; I didn't know who they were. Perhaps they were civilians working in the fields."

Upon the question as to whether they were in uniform, he answered: "How could I see whether they were in uniform or not?"

Upon the question whether he knows the place where the Partisans crossed the frontier, he answered: "Frontier guard number fifty-five could tell you that."

Unfortunately - I don't know whether by chance or not - the Greek delegate did not invite anybody from that frontier post, in order to inform the Commission, nor did he take the members of the Commission to see the frontier post. Is this avoidance of hearing eye-witnesses not strange?

Upon the question as to where the agressors retreated after the battle, the Greek witness, Tsirigos, answered: ".....About four in the morning, they separated into two groups - one group left for Ethnico, and the other one for Aghia Paraskevi."

That is all, literally all, that the key Greek witness is able to say of this incident. May I still stress that he is also the only so-called direct witness and eye-witness in this incident.

The second witness, Stefanidis, was only able to say that, at the moment of the retreat of the Partisans, he heard one rifle-shot from their side and immediately following, one shot from the side of the Yugoslav frontier post. This is the most important and the only thing, in connection with this incident, that this witness was able to tell the Commission of Investigation.

However, with this, the question of the incident of Aghia Paraskevi and Kato Klinai is not terminated. This question is not terminated simply with the fact that the investigation did, in fact, belie the Greek allegation. In this question, there is another side to the picture, which is of the greatest and prime interest for the explanation of the real character and background of the whole action of the Greek Government with so-called border incidents.

ROLE OF THE BRITISH VICE-CONSUL

It is the following:
A considerable number of witnesses who were either in Greek prisons or, if not in prisons, living under conditions which no doubt impart to their declarations the greatest value - I repeat, a considerable number of those witnesses produced, upon their own initiative, before the Commission of Investigation, data as to how the Greek military and police authorities organized raids. The role of the British vice-consul in Florina, Mr. Hill, and of the personnel of the Consulate, will be seen in subsequent expositions. These Greek authorities organized, through armed balists (Albanian fascists and notorious collaborators) and chetniks, systematic, terroristic raids against the democratic population in the district of Florina, and along the Greek-Yugoslav frontier - exactly at the times and places when and where the Greek-alleged incidents of Aghia Paraskevi and Kato Klinai were occurring.

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ATTACKS ON YUGOSLAVIA

The interned Greek citizens, Ifantis and Apostolos Vitaniotis, handed the group of the Commission of Investigation, on February 20, 1947, in Ikarija, a memorandum containing also the following data: "1) Armed balists, who crossed the frontier, were received by the Greek authorities. The authorities did not disarm them. They walk, armed with revolvers, through the city and squares of Florina. 2) Armed chetniks, coming from Yugoslavia, often cross the border. They regularly walk freely, in groups, and bearing arms..... These groups participated in controlling the district in cooperation with the gendarmes."

In another part of this memorandum, it is stated: "That on the Greek-Yugoslav frontier in Aghia Paraskevi, there are gendarmes, together with balists. Once, they started to fire on the villages. They surrounded whole villages, ransacked the houses, arrested and maltreated the population....."

These statements are in full accord with data delivered to the Commission of Investigation in the memorandum of the District Committee of EAM for Florina. I quote: "Balists and chetniks who escaped the rage of the people by fleeing to Greece, found both arms and refuge. Mr. Hill gathered them and put them at the disposal of the Greek authorities for night-patrolling in Florina and in villages along the frontier, that is, Kato Klinai, Cratero, Ethnico, etcetera....."

The District Committee of NOF for the same district, in the memorandum handed to the Commission of Investigation, says literally: "In July and August, 1946, in Kajmakcalan, there was a frontier post in which were placed twenty-two balists. They used to cross to the Yugoslav territory, and terrorized the population of the village of Ahlada, which fled to the mountains. In the village of Kato Klinai, balists, together with Greek gendarmes, carried out night patrols and terrorized the population.

"In the village of Cratero, there was a group of balists for the purpose of assisting Hill's agents to cross the border and assist refugees from Yugoslavia."

TOLD TRUTH - EXECUTED !

These data were fully confirmed by the testimony of Dr. Efthimios Ioannidis, who was recently executed by the Greek authorities, for just such testimony.

These data were confirmed from the prison in Salonika, in a letter dated March 14, 1947, addressed to public opinion and to the Commission of Investigation, by the imprisoned teacher, Mihail Servinis.

These same data were confirmed by the witness, Papadopoulos Pashalis, a Greek refugee in Buljkes, in his memorandum addressed to the Commission of Investigation.

The same data were confirmed by the testimony of the witness, Nazmi Emini Azemi, and by the testimony of other witnesses heard by the Commission of Investigation Yugoslavia.

In this analysis of the state of facts, one has to bear in mind that the Greek Government selected and proposed for the investigation just the most important and the biggest incidents, so that the results of the investigation of these incidents, presented as typical incidents, would be generally applied to all other alleged incidents which have not been examined by investigation. As a matter of fact, the Commission of Investigation conceived the problem in this way. Meanwhile, we did see in what the investigation of these selected incidents resulted. This investigation showed that there were no incidents. We must conclude therefrom, that there were no incidents either in the alleged cases which were not examined. Incidentally, we did assert, from the very first, that all these incidents were invented by the Greek Government.

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FALSE GREEK WITNESS

In order to prove the non-existing facts, the Greek Government, during the work of the Commission of Investigation, and in general, as well as in cases of this instance, bolstered its thesis with false witnesses. We reserve the right to return, to the extent necessary, to the question of the credibility of the Greek witnesses.

It was asserted before the Commission, in regard to the witnesses:

That they were systematically instructed as to what to say; that they were exposed to physical torture and moral pressure; that the majority of the witnesses were recruited from among persons who had been in the hands of the Greek police force or under trial. Regarding some witnesses, it was asserted that they were professional murderers, that among them were war criminals, traitors, quislings, etc, etc. Therefore, it is quite natural that during the work of the Commission of Investigation it was established, as regards a great number of written depositions submitted, that they were false and fabricated by the Greek authorities. The remaining depositions were full of contradictions, obviously false statements and absurdities.

It is a fact that the conclusions of the majority of the Commission avoided the central question of the investigation, that is, incidents involving aid to Greek guerrillas. How is this to be explained? There is only one possible explanation. This is an indirect admission by the majority that, after the results of the investigation, they did not have anything to say concerning this question. That means that there is no problem of incidents involving aid to Greek guerrillas, as such incidents never occurred. Our conviction is supported by the fact that the majority of the Commission of Investigation, also, in its conclusions (Section 6, No. 9), quotes all fifty-seven incidents announced by the Greek Government in the category of mere military frontier incidents and not in the category of incidents involving aid to Greek guerrillas. One is unable to explain, in any other way, the place and part which are dedicated to this problem in the conclusions of the majority. We naturally would not have any objection to the attitude adopted by the majority in the conclusions. On the other hand, the majority tries to avoid a direct conclusion on so important a question, by an incidental reference in its formulation, and by an indirect conclusion. In this indirect formulation, the majority has tried to take another attitude. It mentions these incidents in order to prove that Yugoslavia has given assistance to the insurgents in Greece, although it is contrary to the results of the investigation. It has done this contrary to its objective admission. This is reflected in its avoidance of a direct conclusion in this category of incidents.

BORDER PROVOCATIONS

In addition to the category of incidents with which we have been dealing until now, there was before the Commission of Investigation, a problem of incidents of another category. These are military-border provocations, by the Greek Government against Yugoslavia, and other Greek neighbors. Seventy-nine such incidents were brought by Yugoslavia, for the period from May, 1945 until December 1945, before the Commission of Investigation.

Yugoslavia proposed that the following be investigated:

1. The attempts of forced passage from Yugoslavia into Greece by a group of fifteen chetniks on May 18, 1946, on the Mountain of Belasica.
2. The ambush set up against Yugoslav patrol by eight Greek soldiers on July 23, 1946, on the slopes of the Mountain of Kozuh.
3. The attack by machine guns on the Yugoslav frontier post of the Mountain of Kozuh by Greek air force on November 20, 1946.
4. The attack by machine guns and bombing of another Yugoslav frontier post on the Mountain of Kozuh by Greek air force on November 20,1946.

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From the Greek side, not a single incident was presented as such, or proposed for investigation. The Commission of Investigation did not accept the Yugoslav request for the investigation of a single one of the incidents which had been proposed for investigation. Therefore, as to the Yugoslav-Greek border, this problem was brought up only by Yugoslavia, but was not investigated.

Nevertheless, let us see the conclusions to this question.

Volume I, Part III, Chapter I, Section C, under the heading: "Frontier violations not involving aid to Greek guerrillas", reads: "The Greek Government charged that Albania, Bulgaria and Yugoslavia were deliverately provoking incidents on their common frontier. Albania, Bulgaria and Yugoslavia made accusations against Greece. In each case, a substantial number of witnesses were heard by the Commission, as well as extensive documentation to support the charges."

WHITEWASHING THE GREEK GOVERNMENT

The majority of the Commission, as we see, asserts, first, that Greece charged Yugoslavia also for these incidents of a military nature, and secondly, that the Commission examined also the incidents of such character. But, as it appears from what I have said, with respect to Yugoslavia, neither the one nor the other is true. But, after this error, the majority of the Commission, quite naturally, committed another error, even more serious. Without having received any Greek allegation in this respect, but not having considered any of the Yugoslav requests, although there were seventy-nine incidents enumerated, and investigation for at least four of them requested, not having heard any of the witnesses, the Commission asserts:

".....No evidence of probative value was introduced which tended to indicate that the frontier violations not connected with guerrilla activities were deliberately provoked, either by the governments of the northern neighbors or by that of Greece, or that there was any policy of systematic provocation on either side, or that the incidents themselves were evidence of the aggressive intentions of either country."

The only aim of the whole exposition of the Commission of Investigation, on three full pages - an unfounded exposition, and full of serious contradictions - this aim is to becloud and confuse the issue, and to save the Greek government from the justified accusations made by her northern neighbours.

It goes, therefore, without saying, that the following conclusion emanates: the treatment of this subject is not yet finished. The conclusions cannot be accepted so lightly, particularly since we have reason to state that the examples quoted of superficial and incorrect examination, were not exceptions. The conclusions of the majority, as a whole, are of such character. To better illustrate this assertion of ours, I quote one more example of unfounded conclusions by the majority of the Commission.

"EVIDENCE" RE-ARMING GUERRILLAS

Volume I, Part III, Chapter I, Section A, point 2a alleges that Greek guerrillas were being supplied with arms in Yugoslavia. The same assertion is repeated in point (c). It is not necessary to waste too many words on the importance of this problem. If it is asserted that Yugoslavia has provoked the civil war in Greece, and that the battles which now involve whole regions of Greece are a consequence of Yugoslavia's interference, then the question whether Yugoslavia supplied Greek guerrillas with arms, is one of the main questions. What did the Commission bring out in this respect?

Volume I, Part II, Chapter I, Section C, Point 15a, III states: "Supply of arms. The witness Theodorou Vassilov stated that he had been issued with a Sten gun in Yugoslavia

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by a certain Lazaros before re-entering Greece, (GWB-I, pp 104-105) and this evidence was restated before Team 1a at Florina on March 11th. Valtadoros stated that when he was on Greek territory, "the commander of his groups proposed that the witness should go to the nearest Yugoslav post and get ammunition." This proposal was not carried out but the witness added that another group-leader "Prossos" told him that many times he used to go to the Yugoslav frontier posts and get ammunition there." The Yugoslav national Kosta Cuparikov stated that "The chief of his own brigade was transporting munition into Greece." May we complete these allegations by recalling that Vassilov, according to his own statement, received the rifle in order to protect himself from wolves.

CONCLUSIONS OF THE MAJORITY UNJUSTIFIED

That is the whole material which the Commission was able to bring up in this question. Of course, nobody can blame the Commission for having registered also such material, as this material was delivered by the Greek Government. But, the majority of the Commission should not have, and was not authorized to base its weighty and categorical conclusion - accusing Yugoslavia of having supplied the Partisan movement in Greece with arms - on such unfounded, unverified, and insignificant testimony. Even if what the Commission registered as testimony of witnesses were true, even in that case, this does not represent the basis which would justify the conclusions made by the majority of the Commission. Nevertheless, the majority of the Commission calls it a considerable amount of evidence by testimony and by deposition. Indeed, here is not only a lack of logic, but also of impartiality.

We consider that we are fully justified in making the final conclusion that, on the part of Yugoslavia, on the Greek-Yugoslav frontier, there were no border incidents and no activity whatsoever, in connection with the arming of the Greek Partisan movement. We are most deeply convinced that anybody who would endeavor to study the material and the report of the Commission of Investigation would come to this natural and simple conclusion.

After all that, we have to refer to the last statement of the Representative of the United States on this question. The Representative of the United States has, on one hand, on the most important questions, literally repreated just those formulations from the conclusions of the majority which we proved today are not founded in the least degree. Suffice it to refer to the passage regarding the arming of Greek Partisans by Yugoslavia.

On the other hand, in the speech of the Representative of the United States, we meet the same attitude towards the central question of the investigation, I mean towards the question of incidents in general, which we find in the conclusions of the majority of the Commission, and which we have discussed at such length in our statement of today.

INACCURATE ASSERTIONS BY USA DELEGATE

This is manifested in the speech of the Representative of the United States, even when he quotes the name and the tasks of the Commission of Investigation. The Representative of the United States, for instance, does not quote that according to the Resolution of the Security Council the first task of the Commission was "of elucidating the causes and nature of the border violations and disturbances."

On the contrary, he inaccurately asserted that the Commission received the task as he asserts "To ascertain the facts relating to the situation complained of by the Greek Government." He forgets that the Commission was directed to investigate the question, not only on the basis of the Greek assertions, but on the basis of the assertions of Yugoslavia, Albania and Bulgaria, as well. In these discrepancies contained in the statement of the representative, there is not only the question of changing conventional terms, but a tendency to change the character of the whole question which is under discussion today.

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Since the border incidents and armament have not been found, and could not have been found, the Representative of the United States was compelled to give another definition of the idea of using force against the territorial integrity of another state, an idea different from that which has been generally accepted until now. He found the formula of infiltration, intimidation and subterfuge.

Who among the Yugoslavs, except traitors, Quislings and war criminals during the last two years infiltrated into Greece from Yugoslavia, Albania and Bulgaria? It is a well-known fact that there is still today intensive infiltration from other sides into the whole structure of Greek life, which fact even the Commission of Investigation has noted.

INTIMIDATION - YES
BUT BY WHOM?

We agree that most recently there exist in international relations methods of intimidation - not only concealed intimidation, as stated by the representative of the United States - but even open intimidation. In any event, Yugoslavia is the last country which could be accused of intimidation. But as to intimidation, the Balkan countries can tell much.

By such vague formulations, to which subterfuge belongs, the basic facts which have been elaborated can not be concealed. These and other formulations of this kind only confirm that on the Yugoslav side there were no frontier incidents nor were supplies given to guerrillas.

There is, in addition, one reason more why we consider it so essential that a thorough and conscientious analysis of the report of the Commission be made by discussing each question separately, in order to establish a complete and unequivocal picture of the true state of affairs. That is - that the interest of peace, the prestige of the United Nations and the honor of my country demand it.

Therefore, we address the Security Council with a formal proposal to institute a discussion in this sense.

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YUGOSLAV NEWSLETTER

No. 2 July 15, 1947.

WHY YUGOSLAVIA REFUSED PARTICIPATION AT THE PARIS CONFERENCE?

There are several reasons why Yugoslavia refused to participate in the conference convened by Great Britain and France in Paris on July 12.

In the first place, the Yugoslav Government informed the two sponsoring powers on June 28, that Yugoslavia wishes to take part in the preliminary talks which will decide the principles and the form of organization. However, those decisions were made by Great Britain and France alone. The Yugoslav Government in its second note, dated July 9, states that such action "violates the cooperation among the sovereign states" and expresses the amazement that they should ignore in such a way the states which suffered most during the war.

PROGRAM ENDANGERS INDEPENDENCE

Yugoslavia could neither accept the program as stated in the letter of the sponsoring powers on July 4, because it enables some powers to interfere in the internal economic life of other participating countries to such an extent that it can endanger their economic and political independence.

Furthermore, Yugoslavia considers that this program will also endanger the economic clauses of the peace treaties and the agreement concerning Germany, including the obligations arising from those treaties and the agreement, especially if Great Britain and France should insist on the inclusion of the western zone of Germany in the plan.

YUGOSLAVIA BUILDS BY OWN EFFORTS

"The Yugoslav Government has concluded long term agreements for economic cooperation with several countries",- states the Yugoslav reply, - "and has done much by its own efforts for the reconstruction of its war torn economy. Therefore, it cannot accept as a program for Europe's reconstruction the program which denies the most devastated countries the right to express their own opinion, and which would in practice retard the rebuilding of their economic life".

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TANJUG'S COMMENT

Following commentary on Paris Conference was written by Foreign Editor of the Yugoslav news agency TANJUG on July 9:

In order to see the real aims and the character of this "conference" it is necessary to point out certain facts. In the first place Britain and France or to be more precise Bevin and Bidault have already established an organization or "working committee" with the task of drafting "the general European economic plan" and submitting it to United States as basis upon which she will extend

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her aid to Europe. In view of that the Paris meeting on July 12 is not a conference where the invited countries will have full right of discussion and decision. On the contrary, the task of this "conference" is merely to formalise the participation of other countries in an organization already set-up and headed by Britain and France, who are acting as trustees for the American businessmen.

The other participating countries will be a sort of decoy with the purpose of giving the "conference" and the organization a democratic face. As is well known from the British and French stand at the recent Paris conference of the three Foreign Ministers, this organization or committee is to manage the economic life of the European countries. According to the British and French plan the committee will have so far reaching power that it can order each individual country what to produce and how much to spend. In other words, the committee will have the power of dictating the economic development of the European countries, which in the final analysis means not only interference in their internal affairs, but also the curtailment of national sovereignty and independence.

Expecially conspicious is the haste with which Messrs. Bevin and Bidault are calling this "conference". Why are these gentlemen in such a hurry? Better than all their phrases about "the mutual aid" and "Marshall's generosity" that question is answered by the British Conservative organ, the Yorkshire Post, which writes that "Great Britain and France and other European countries are faced with a catastrophe which can be avoided only by quick use of the offered American aid."

The haste is even more significant when it is known that the American economic circles and the American Government are asking for speedy adoption of "the general European economic plan". The American businessmen and their press do not hide their wishes for haste. Certain American papers are saying openly that it is in the interest of the American economy to get a quick solution of the "European aid" question. Why? The American economy is faced with a crisis. In order to avoid or at least temporarily forestall the crisis, the United States is looking for new markets. Europe with over 200 millions of population can be a very good market for the American products. But in order to be able to purchase the American goods Europe needs the American dollars with which to make payments. The United States is ready to loan these countries the dollars for that purpose, as in the end the Americans will get back their dollars plus interest. But there is also another catch in it, namely, the United States is willing to grant loans only to those European countries which accept the Bevin - Bidault "working committee", which is to dictate the development of the European economy and through it, naturally, the political life of those countries. So what we have here is an attempt by the United States to better her own position at the expense of war torn Europe. The American monopolists, the real bosses of the "working committee", will gain enormous profits. But for many European countries the "aid" signifies the loss of their economical and political independence and sovereignty. Of course, for such countries as Turkey, Portugal and others which co-operated until a short time ago with the German fascism, it is not hard to sacrifice their problematical independence, and the governments a la Tsaldaris and the like, which always worshiped the dollar diplomacy, will not hesitate to put their countries at the mercy of the American businessmen. But that is not the case with the countries and the peoples which gained their freedom and independence through the struggle and the blood of millions of their freedom and independence for the sake of few dollars, which will eventually end in the pockets of the American capitalists. Among such countries is Yugoslavia, which during the war in Hitler's "Europe Fortress" stood at the forefront of resistance, and which today is building a new and happier life, based on the full freedom and independence. The Yugoslav peoples cannot and will not give up their political and economical independence for any price.

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LB/SR
25.9.47

MEMORANDUM FOR THE PRIME MINISTER

Agrément of Mr. Mato Jaksic, Envoy Extraordinary and Minister Plenipotentiary of Yugoslavia in Canada

At my request, the Yugoslav Chargé d'Affaires, Mr. Lukin, came to my office this morning, and Mr. Watkins of the Second Political Division and I received him.

I told him that I was glad to hand him the formal notification of agrément by His Majesty the King to the appointment of Mr. Jaksic as Yugoslav Minister to Canada. I then went on, speaking to him almost word for word as follows:

"You are aware of the reasons for the delay, which were outlined by the Under-Secretary orally to you on the 15th July. In the light of the conversation at that time you may realize (or appreciate) that the Canadian Government wished to be cautious. It was feared that the appointment would be a source of controversy in Canada.

It is the view of the Canadian authorities that controversy may still take place. Your Government has, however, felt itself obliged to proceed with the nomination of Mr. Jaksic and therefore is apparently willing to take the risk of a controversy arising. There has been some criticism in the press of this nomination. How the press became aware of it is not known.

In the event of controversy the Canadian authorities might well be unable to modify or stop it. At the same time, naturally, Mr. Jaksic would take every precaution to avoid taking part in such a controversy, in view of his appointment as the diplomatic representative of the Yugoslav Government.

I wish to refer in this connection to the position of foreign language groups in Canada. It is desired that such persons who have come to Canada with the intention of remaining here and making this country

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their home, should dissociate themselves from internal political issues in their country of origin and should participate as fully as possible in the life of the community where they have made their homes. (They can maintain of course the fullest possible knowledge of their cultural traditions). The Canadian authorities assume that the new Minister will be prepared to support this attitude in regard to persons of Yugoslav origin.

I can assure you of the earnest desire of the Canadian Government to entertain with your Government the best possible relations to the mutual advantage of our two countries."

Mr. Lukin said he was thankful to receive this notification of agrément, and that the Yugoslav Government would wish to do everything possible to improve relations with the Canadian Government. As regards the question of controversy, he put forward the query as to what was exactly meant by this question of controversy.

Mr. Watkins and I mentioned again that we meant press controversy, in view of the fact that there had already been some criticism in the press of this nomination. Mr. Lukin said that this criticism had come from a newspaper of Croatian thought, which was trying to impair good relations between Canada and Yugoslavia.

The Yugoslav Government have, therefore, been warned twice of the dangers in this case, first before the agrement was granted, when we suggested to the Chargé d'Affaires that the Yugoslav Government might wish to withdraw this particular nomination, and second immediately after the notification of agrement had been given.

Laurent Beaudry

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C267815

GOVERNMENT OF CANADA

PRESS RELEASE

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 65

For immediate publication.

Ottawa, November 27, 1947.

The Department of External Affairs today announced that a translation of the text of a summons concerning the conversion of pre-war Yugoslav State Internal Debts has been received. The summons calls on all legal and physical persons who have not yet submitted owners' declarations in respect of State papers of value which they have deposited with former banking institutions to submit declarations to the National Bank of Yugoslavia as soon as possible in order that the bank may hand such declarations to the State Investment Bank (Debts Directorate) at the latest by December 31st, 1947.

The declarations should read as follows: "In connection with the Law regarding the Conversion of Pre-war Internal State Debts and Liabilities of July 30th, 1946 (Official Gazette of FNRJ No. 61/46) I submit within the meaning of Article 7 of Regulations regarding the Execution of the said Law (Official Gazette No. 73/46) the following registration for papers of value (State bonds) which I have deposited in due time (state the institution with which former papers of value have been deposited) and which contain the following details."

(1) Specify what papers (State securities) are with the Bank and for what amount.

(2) It should be stated whether any other papers of value, or alternatively certificates (i.e., receipts for papers of value) will be deposited on the owner's behalf by another institution (which institution, and for what amount) or by himself personally and for what amount.

(3) Indicate whether a declaration is also being submitted under Article 6 of the Regulations concerning claims against the State (name which State Institution) which have originated up to the 18th April 1941 inclusive.

(4) State whether property has been confiscated.

Declarations should be completed in duplicate and in legible form and must be signed with the full name (patronymic and family name) of the applicant and/or owner, place of residence, street, house number, and also, in the case of villages, the county.

The bank has issued a warning that declarations will not be received after December 31st, 1947, and that if declarations are not submitted before that time the deposited papers of value will become State property.

The names of the former banking institutions which are given are The Co-operative and Agricultural Bank (formerly the Privileged Agrarian Bank), the Artisan Bank, the Yugoslav Bank, and the Postal Savings Bank.

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DATE OF MINUTE
July 22nd, 1948

INITIALS OF AUTHOR
B.A. Wallis/EMC

DEPARTMENT OF EXTERNAL AFFAIRS SECRET

MINUTE

Yugoslavia

ON Despatch No. 1353 of July 17th, 1948, from the High Commissioner for Canada in the United Kingdom on the Yugoslav-Soviet crisis. C267816

Insert particulars of despatch, memorandum or other attached document.

CIRCULATION

The High Commissioner reports that the Foreign Office believes that a static period is likely to set in in the Yugoslav-Soviet crisis at least until after the Yugoslav Communist Party Congress on July 22nd. The Foreign Office considers that there are three possible moves that Moscow can make:

(a) Stalin may receive Tito back into his good graces. (This, however, in the opinion of the High Commissioner, would mean a rebuff to Zhdanov and Malenkov, to the Communist Party of the Soviet Union, and to the satellite Communist Parties, and would be a setback for Soviet policy in the Balkans.)

(b) Moscow may force Yugoslavia to submit, by all means within its disposal - by economic sanctions, by stirring up revolt, by military pressure, etc. (Economic sanctions, however, would cut across the Soviet schemes for reconstructing the orbit countries and moulding their economies to that of the Soviet Union.)

(c) Moscow may simply sit tight and wait until the majority of Yugoslav Communists realize that Yugoslavia cannot continue as a Communist state in isolation from Moscow. Pressure may appear from below to remove Tito.

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DEPARTMENT OF EXTERNAL AFFAIRS

MINUTE

ON C267817

Insert particulars of despatch, memorandum or other attached document.

CIRCULATION

The Foreign Office considers this the likeliest Soviet policy.

2. The Foreign Office believes that Albania would not have attacked Tito so vehemently unless Hoxha had received prior approval and support from Moscow.

3. According to information reaching the Foreign Office, there has yet been no visible sign of opposition to Tito in Yugoslavia. There have been indications that the Yugoslav crisis has had a disturbing effect on the Roumanian Communist leadership, who know that their grip on Roumania cannot be consolidated unless there is a long period of peace. In Hungary, Rakosi, in violation of his solemn promises to the peasants over the past year, has bluntly announced that collectivisation of the land would be completed in two years. In Czechoslovakia, the Communist Party has announced that it does not intend to press for collectivisation. On the other hand, the Party has decided, in accordance with other aspects of the Cominform communiqué, to reduce the Party from a "mass" Party to a "cadre" Party and to conduct a "campaign of ideological clarification". The Polish Communist Party seems to have been proceeding more cautiously than the

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MINUTE

ON

C267818

Insert particulars of despatch, memorandum or other attached document.

CIRCULATION

others, although it was announced that the Party would be setting up village cooperatives.

4. The Foreign Office is inclined to believe that the crisis may lead Moscow to follow a tough line in Berlin because the Kremlin cannot afford to lose face in Berlin as well as in Belgrade and because of the belief that a threat of war might lead the Yugoslav Communist Party to submit and return to the fold.

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SECRET

C267819

Office of the
HIGH COMMISSIONER FOR CANADA,
CANADA HOUSE,
LONDON, S.W.1.
July 17th, 1948.

No. 1353.

Sir,

I have the honour to refer to my telegram No. 1093 of the 13th July and other correspondence concerning the expulsion of the Jugoslav Communist Party from the Cominform. I do not propose to examine in detail the documents in the case; that has been done admirably by Mr. Holmes in his despatch from Moscow, No. 269 of the 5th July. I have tried to keep you informed of the first reactions of the Foreign Office, and of public opinion. In this despatch I should like to give you the latest ideas of the Foreign Office on the subject and add a few of our own reflections.

2. The Foreign Office believe that a static period is now likely to set in and that no important development is to be expected in the immediate future, or at least until after the Jugoslav Communist Party Congress on the 22nd July. Wallinger, head of the Southern Department of the Foreign Office, thinks that there are three possible moves which Moscow can make:

(a) Stalin may still, at this comparatively late date, come down out of the clouds, rebuff the Cominform and receive Tito back into the good graces of the Kremlin. In support of this hypothesis is the fact that the Soviet press has made the minimum of publicity out of the affair; that the satellites seem to have been encouraged to take the initiative in attacking Tito, making it almost appear like a quarrel between them and Jugoslavia; and that the Jugoslav press has not in the last week or so attacked either the Soviet Union or the All-Union Communist Party. It has in fact gone out of its way to differentiate between the "unworthy" action of the neighbouring Communist Parties and the great Soviet Union. Despite this evidence I am inclined to think it unlikely that Stalin would intervene from above the battle because this would mean a sharp rebuff to Zhdanov and Malenkov, the Communist Party of the Soviet Union and to all the Communist parties in and out of the Cominform which have severally and after varying intervals endorsed its commination against the Jugoslav Communist Party. Furthermore, even the Russians are not likely to expect Tito and his henchmen to be taken in by any soft words now, as past history has shown pretty clearly the fate which would eventually be in store for them even given a temporary reconciliation. Finally, such a move would represent a set-back for Soviet policy in the Balkans and an admission of failure to coerce a recalcitrant satellite.

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The Secretary of State for External Affairs,
Ottawa, Canada.

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(b) The second move open to Moscow is to attempt by all means at its disposal to force Jugoslavia to submit. These would include the combined hostility of the international Communist world, economic sanctions, attempts to infiltrate "sound" Communists into Jugoslavia to stir up revolt, political assassination, and perhaps as a last resort military pressure. Economic sanctions, however, it should be pointed out, would cut across all the schemes for reconstructing the orbit countries and for moulding their economies to that of the Soviet Union.

(c) Finally there is the alternative of just sitting tight and letting relations between Moscow and Belgrade become static. Wallinger thinks this is the policy that the Russians are most likely to adopt and to justify it he argues that if the Russians allow the sting of some of their more stupid accusations to be forgotten. (i.e. the accusation that the Partisans were unimportant in freeing Jugoslavia) then the patriotic sentiment aroused by the controversy will die down, and with time the majority of Jugoslav Communists will come to realise that they cannot continue as a Communist state in isolation from Moscow and the rest of the Communist world. Then pressure will appear from below to remove Tito and his supporters as the sole obstacles to their return to the bosom of Mother Church. In such a struggle Wallinger thinks Moscow would eventually win. In this argument, however, I think the Foreign Office is acting on the assumption that the Russians are logical people who have never heard of Henry the Eighth. I cannot see how Moscow can permit the present stalemate to continue over a long period in the hope that eventually the Jugoslavs will return to the fold. The longer Jugoslavia remains independent of Russia, the lower Soviet prestige in the Balkans will sink, and the more difficult it will become to maintain that absolute control which it seems to have been Moscow's aim to secure by precipitating the crisis with Tito.

3. One of the most puzzling aspects of the affair has been Albania's part in the quarrel. In view of Albania's military and economic dependence on Jugoslavia, the Foreign Office is inclined to think Hoxha would not have attacked Tito with such abandon unless he had received the previous approval of Moscow plus an assurance that his economic necessities would be forthcoming from Russia. On the other hand, the Albanian reaction is a natural one in view of the detestation the Albanians have always had for the Serb, and the restlessness of Hoxha under the tutelage of Tito. In fact one can almost imagine the Cominform indictment being received as a sort of "coup de joie" in Tirana, with the resulting moves. To complicate the affair further, the Communist Party of the People's Republic of Macedonia has issued a statement violently accusing Bulgaria and Albania of aggressive nationalism, of following anti-Macedonian policies which have done incalculable harm, and warning them that the Communist Party of the People's Republic of Macedonia will continue to fight mercilessly against these efforts. One source from inside Jugoslavia claims that the real reason for the whole dispute lies in the desire of the Cominform to set up an independent Macedonia headed by Markos. Bulgaria, it is claimed, had agreed to cede her portion but Tito had refused to follow suit. The Foreign Office is treating this story with some reserve. The Times suggests that here we may have one of the keys to the whole quarrel, inasmuch as the Macedonians will probably only be satisfied with a Balkan Federation in which they can play an adequate role.

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4. Some interesting information has just come to light on the history of the Balkan Federation which seems to be one of the major factors in the quarrel between Tito and Moscow. In December, 1944, the United Kingdom Embassy in Moscow received a note from the Soviet Foreign Office to the effect that Tito and Dimitrov had asked for Moscow's blessing on a plan to form a federated South Slav State. In view of the United Kingdom's interest in the matter, the Narkomindel wished to know what attitude London would take towards such a move. The United Kingdom Embassy eventually replied that it was the view of the United Kingdom Government that this question should be left in abeyance until after the end of hostilities when the respective governments of Jugoslavia and Bulgaria would then be in a better position to commit their peoples to a merger of sovereignty. So far as the United Kingdom is concerned, nothing more was heard of the matter until this winter when the question was again raised in the Balkans and resulted in a public denouncement of the scheme by Moscow.

5. Wallinger told Ford that a Bulgarian Communist who recently left the party, and Bulgaria, has informed them that the movement towards a Balkan federation originated during the war among the partisan movements in Jugoslavia and Bulgaria. The intention was to create a federal state with Tito as president, Dimitrov first vice-president and Subasic as second vice-president. They were suddenly informed one day by Moscow that the United Kingdom Government disapproved of the scheme, and as the Soviet Government could not proceed without the consent of its ally, therefore it would be best to forget plans for a federation. It is now obvious that Moscow used the excuse of the United Kingdom note on the subject to put the brakes on a scheme which it was not prepared to condemn outright itself. I have the impression this must have been only one facet of the whole question of Eastern European political cooperation and/or federation which came up during 1943-4.

6. Information reaching the Foreign Office is that inside Jugoslavia there has been as yet no visible sign of opposition to Tito, and in this connection I am sending you copies of three interesting articles by Alexander Werth, who is now the Manchester Guardian's special correspondent in Belgrade. From the other satellite capitals there come conflicting reports. A member of the Bulgarian Legation here, who is friendly to the west, reports that a recent courier from Sofia carried stories of considerable unrest among the peasants, and also a good deal of feeling favourable to Tito within the Government ranks. This does not mean that there is any likelihood of an overthrow of the Dimitrov regime, but is interpreted as an indication that Tito's stand is not without some sympathy in Bulgaria.

7. There have been indications similarly that the Jugoslav crisis has had a disturbing effect on the Roumanian Communist leadership. According to information available here there have been for some time past signs that the party is suffering from serious strain in its attempt to control the Roumanian people and that at present it disposes of only the slenderest means of making its rule successful or attractive. There is, of course, no chance of the regime being openly opposed, let alone overthrown from within, but

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it appears that the Communist leadership is nervous because it knows that its grip on the country can be consolidated only if a long period of relative peace permits it to pursue its policies of communisation undisturbed. Any large scale crisis,military or economic, would so inflate its problems that it might hardly be able to cope with them. Since many of the ideological accusations hurled against Tito might also be applied to Bucharest, the nervousness in Roumanian circles is not surprising. There has been no disclaimer of the intention to collectivise agriculture, and at the same time the Party has indicated that the example of the Communist Party of the U.S.S.R. must be followed more closely.

8. As Mr. Holmes suggests, the lead in keeping up the attack on Tito seems to have been entrusted to Mr. Rakosi and the Hungarian Party, which was probably not unhappy, in any case, to indulge in the ancient Magyar sport of jumping on the Serb. In addition Rakosi has bluntly announced that collectivisation of the land would be complete within two years. This is in flagrant contradiction to a number of most solemn promises he has made over the past year to the peasants. I am attaching a number of these statements in case you may wish to use these contradictions as background for the press, or in some other way. This about face on the part of Rakosi seems to have come as a real shock in Hungary and torn away the last illusions that compromise with Communism is possible. On the other hand it does not seem likely that Dinnyes or the other remaining Small Holders will resign, but that, apparently paralysed by fear of the Communists, they will wait dully to be finally pushed out when their usefulness is over.

9. The Foreign Office is of the opinion that in spite of brave appearances there is a certain amount of concern in Communist circles in Budapest. The Government already has on its hands a serious quarrel with the Catholic Church to which has now been added the hostility of the peasants. Under present circumstances, obedience to the will of Moscow was inevitable but if Tito should stand firm and continue to receive the whole-hearted support of the Jugoslav Communists, and particularly if signs should develop of Communist wavering elsewhere, there is a possibility of an interesting situation developing in Hungary.

10. In Czechoslovakia, the Communist Party has announced that it did not intend to press for collectivisation, but on the other hand the Presidium of the Central Committee of the Czech Communist Party has, I understand, decided to act on other aspects of the Cominform 'communique, to reduce the party to a "cadre" party and to conduct a "campaign of ideological clarification". The Presidium announced that some Party organisations had accepted new members in violation of the Bolshevik principle of verifying the suitability of each individual application for membership and resolved:

(a) that mass recruiting of party members has to cease;

(b) that there must be strict adherence to the principle of individual verification and acceptance;

(c) that the regulation requiring the candidate for the party to account for his past and be sponsored by two members of not less

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than two years standing who have to give oral evidence before the party committee concerned must be adhered to;

(d) that should a candidate be considered insufficiently familiar with the principles and aims of the party or if he has not worked actively in some mass organisation he will have to work for half a year or year in an extra-party organisation like the Union of Czech Youth, the Czechoslovak Soviet Friendship League or a Co-operative or Trades Union etc. during which time he will be watched and guided;

(e) that preference should be given to members of the working classes and care exercised not to accept opportunists or persons from the remnants of the capitalist class.

The Foreign Office thinks the other satellite parties will probably take similar steps to change from "mass" parties to "cadre" parties, to purify themselves ideologically, and in general to imitate slavishly the Communist Party of the Soviet Union.

11. The Polish Party seems to have been proceeding more cautiously than the others though it was announced on the 13th July that a main political aim of the party would be the setting up of village co-operative networks.

12. In general the Foreign Office is not yet prepared to hazard a guess as to what effect the quarrel with Tito may have on Soviet foreign policy. They are inclined to believe that it may lead Moscow to follow a tough line in Berlin and elsewhere for two reasons: firstly, because Moscow cannot afford to lose face in Berlin as well as in Belgrade; and secondly, in the belief that a seeming threat of war may lead the Jugoslav Communists to close ranks against the Imperialist powers and forget doctrinal differences in the face of a greater threat from the West.

13. I am sending copies of this despatch, with enclosures, to our missions in Paris, Berlin, Rome, Moscow, Athens, Belgrade, Prague and Warsaw.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd.) N.A. Robertson
High Commissioner.

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EXTRACT FROM "THE MANCHESTER GUARDIAN", July 9th, 1948.

YUGOSLAVIA UNDISMAYED

NO INTERNAL OPPOSITION TO TITO

From Alexander Werth

Belgrade, July 6.

It all looks extraordinarily different from here than from outside. There is no atmosphere of alarm or even anxiety.. There is, however, a distinct feeling of injury at what is considered a grave injustice towards Yugoslavia on the part of the Soviet Central Committee of the Communist party - not the Soviet Union or the Soviet Government, which are being studiously and consciously kept out of the whole affair as though it did not concern them. But at the same time there is, as far as one can judge, virtually complete unanimity behind Marshal Tito among the rank and file of the Communist party and all the local Communist organisations, and if there is any dissent it is only on a small scale and on the plane of academic discussions.

The stories one heard in Prague about the possibility of a civil war in Yugoslavia between Titoites and anti-Titoites are complete fantasy. There is no organised or even unorganised anti-Tito opposition inside the Communist party, still less anything that could start civil war. The Yugoslav nation appears to be more united to-day than ever before. It is believed, however - and the Yugoslav reply to the Cominform resolution clearly alludes to it, - that the Russians tried to organise some such opposition, and the indictment of Hebrang and Zujovic, who have been expelled from the Central Committee of the Yugoslav Communist party and will be tried by a tribunal, probably openly for sabotage, is widely thought to have had something to do with it.

FIRM REPLIES.

The newspapers of Belgrade are full of resolutions from all over the country supporting the present Central Committee in its stand- with Tito, Kardelj, and Gjilas at their heads. The party congress meets on the twenty-first, and it is generally believed that Tito will receive about 100 per cent support. Yugoslav replies to polemics by the Communist parties other than the Russians are marked with condescension and sarcasm bordering on contempt, the keynote being, "Who are you to tackle the Yugoslav Communist party like that?" And if the argument that Rakosi, Gottwald, and others spent the war years in Moscow while Tito and other Yugoslav leaders fought inside Yugoslavia carries little weight in Moscow (where, no doubt, it is said that they could not have learnt much about Marxist dialectics in the wilds of Bosnia), it carries enormous weight with the Yugoslav people.

At the same time there is unquestionably great regret at the Russian attitude, and the line officially taken is that it is most regrettable and deplorable that the Russians are so misinformed on the real state of Yugoslavia. They must have been misinformed by people like Herbrang and Zujovic and Professor Yudin, the editor of the Cominform paper which has now

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been moved to Bucarest. But the truth of the matter is that the Yugoslavs feel they can afford to take this independent stand, being economically little dependent on Eastern Europe, least of all, perhaps, on Russia. Also they are geographically better placed to resist any kind of pressure. The Yugoslavs are certainly not in a state of jitters and are expecting the Russians sooner or later to change their tune. The fact that Dimitrov commissioned some underlings to attack Yugoslavia while himself rather sitting on the fence is considered a good sign.

The contrast between Belgrade as seen from here and from outside is truly comic. I came from Prague by train by way of Hungary. At Budapest all the passengers left the carriage except myself and a Belgian business man who said he had not read any papers for a fortnight. The Czech guard remarked, "People are scared to go into Yugoslavia." Yet nothing was calmer and more routine-like than the passport examination at the Yugoslav frontier or more casual than the Customs examination. As through the boundless Hungarian plains so also through the rich farmlands of Northern Yugoslavia, where the wheat is already cut and the maize high (though not high enough, owing to cool rainy weather), the train travelled normally, arriving at Belgrade on the dot. There were crowds at all the stations, with Tito slogans everywhere. There were no signs of any trouble (as reported abroad) at Novy Sad. Belgrade is lively with posters of Tito and other posters promoting the present internal loan, which is a great success. The streets and cafes are busy. Generally speaking, however, the food situation is rather difficult and this year's harvest, owing to an excess of rain, hail, and thunderstorms, will probably be worse than was expected some time ago. Manufactured goods are also short and, when sold without rations in "commercial shops" after the Russian model, they are most expensive - a cotton shirt costing £4. "The successful conclusion of the Five-year Plan means good living to you all," the slogans say. And Yugoslavia has not been getting enough from Eastern Europe greatly to facilitate the progress of the Five-year Plan. This does not mean that Yugoslavia has gone "anti-Russian." On the contrary, the Yugoslav press still publishes Tass news items debunking the Marshall Plan and even articles attributing penicillin to a Russian scientist. But there is clearly no desire on Yugoslavia's part to have her hands too closely tied by the East in economic matters. Also she wants to treat with Russia and the other Cominform countries on a level of complete equality.

A HAND-PICKED PARTY.

There has been some misconception abroad about the nature of the Yugoslav Communist party. It is not a mass party in the sense that the Rumanian and Czechoslovak parties have become mass parties. On the contrary, it is numerically much smaller and, with just under half a million members, it has about the same proportion to the population as the six millions of Russian Communists. The proportion of "cadre" members in the party is very high. Tito to the Yugoslav Communists is very much what Stalin is to Russian Communists, and the Yugoslav Communists may be said to be the most hand-picked party of all the East European parties and with probably universal allegiance to Marshal Tito.

The Yugoslavs do not think a Communist campaign of denunciation throughout Eastern Europe would shake the Yugoslav people, and they doubt whether the Russians can afford it. They think

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it much likelier that the Soviet Government will realise that the Cominform "experiment" in putting pressure on Yugoslavia has failed, and will take a more reasonable view of their future relations with the Yugoslav Government and the Yugoslav Communist party. In short, the Yugoslavs hope that the Russian Government will patch things up, and that the Cominform will have, to some extent, to eat its own words. But whether the Yugoslavs are readmitted or not into the Cominform seems to be the least of their worries. Judging from some of their outbursts against the minor members of the Cominform, such as Rakosi, they do not seem to think it is such a very respectable bunch of people to be seen with anyway. But although Stalin, as a member of the Central Committee of the Soviet Communist party, naturally had much to do with the Cominform step neither the nor Molotov are considered "directly" involved, and Stalin's picture is still displayed in many places in Belgrade.

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From THE MANCHESTER GUARDIAN, July 12th, 1948.

C267827

THE COMINFORM'S THREAT TO WORKING-CLASS UNITY

How Yugoslavs View the Split

From Alexander Werth

Belgrade, July 11

The Yugoslav Communists are now, more strongly than ever, taking the line that the Cominform has blundered, and that it is playing a game which may "endanger the whole unity of the working-class movement of the world". It is on this note of severe warning that Mr. Pijade concludes his article in "Borba", entitled "The unprincipled struggle for so-called principles."

Far from being "neutral", as observers abroad seemed to believe, Pijade has come out with a slashing attack on the Cominform. This is all the more important because Pijade's verdict was awaited with great interest, 68-year-old Pijade being the great Marxist theorist of the Yugoslav Communist party, the translator of Marx and Lenin. In the true sense an "old Bolshevik", he spent fifteen years in prison and has a party record far longer than Tito's.

"Libels" on Yugoslavia

Here are some of the main points the "grand old man" of the Yugoslav Communist party makes:

1. What exactly do the Cominform people want? What were they hoping to result from their attacks? Obviously what they were hoping for has not come off.

2. The Communist papers abroad, such as "Humanite", have already started reproducing with relish "De Gaullist" libels on Yugoslavia to the effect that Yugoslavia wants to become a Marshall country. This is a lie. But, if "Humanite" believes this, why does it not concentrate on the "outrageous" facts that Poland and Czechoslovakia asked for and received loans from the International Bank, and that Poland is doing a large amount of business with Britain? In short, the whole argument that Yugoslavia is looking to the West more than Czechoslovakia and Poland are doing has not a leg to stand on. But there is no reason why she should not look to the West for part of her trade.

3. The Cominform attacked Yugoslavia for being boastful and conceited. It was not Yugoslavia but Yugoslavia's present prosecutor, Professor Yudin, of the Cominform, who wrote last February that Yugoslavia "was achieving such successes in Socialist development that before long she would surpass Great Britain". The Yugoslavs never made such silly boasts. The Cominform accused Yugoslavia of employing Turkish terrorist methods. Is it not the Yugoslavs in Hungary who are being put in prison to-day for not subscribing to this Cominform condemnation of the Yugoslav Communist party? Is it not a member of the Yugoslav minority who has just been expelled from the Hungarian Parliament? Who then are the Turkish terrorists?

4. The Yugoslav Communist party has followed more closely than any other in the footsteps of the Soviet Communist Party and it is now a Rumanian, George Dej, who has the effrontery to attribute to the Yugoslavs the idea that "they can do without close collaboration with the East European countries and the Soviet Union".

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"The resolution of the Cominform", says Mr. Pijade, "also appealed to so-called healthy working-class elements in Yugoslavia to rebel against the party and State leadership." He adds with significant sarcasm: "This is done to please some of those leaders of the new democracies who reached their countries in aeroplanes, smoking their pipes, after talking to their people over the radio for four years instead of doing what the Yugoslavs did. These fought for the freedom of their country and met the Red Army as one Allied army meets another, both with a five-pointed star on their caps."

And finally, comes this severe warning to the Cominform - to stop pursuing a path which can only lead to the destruction of the international working class movement. "At present", he says, "it is hard to suppose that they will stop. But it must happen, and we are not losing faith and patience."

Yugoslav Unity

His line, it may be assumed, will be fully endorsed by the Yugoslav Communist Congress when it meets next week. The unanimity of the Yugoslav Communists and people is very striking indeed. Even assuming that one would not hear of any dissenting voices inside Yugoslavia - the numerous working class people I have talked to are certainly all for Tito without exception - there is not a single piece of evidence of any Yugoslavs abroad disowning Tito.

Most impressive are the messages published to-day from the Yugoslav students of the three military academies in Moscow, where, heaven knows, they must have been put under considerable pressure to jump precisely the other way. Their condemnation of the Cominform is complete, and they consider the Cominform statement all the more unfair as they think of all their comrades "who died with the names of Stalin and Tito on their lips."

A strong note running through all the comments is that the Yugoslav Government is a Government of the people and not a Government, such as one finds elsewhere, which was "brought there in aeroplanes" after the fighting was over. The general feeling here is that the Kremlin will have to think very hard because, if Yugoslavia is to be ostracised by the Eastern Powers, the stand she is taking now will have far-reaching results inside these countries, where at heart many people agree with the main points of Jilas's proposals last week.

1. The problem is not whether, but how, to co-operate.

2. Account must be taken of the degrees of development in each particular country and of its particular traditions.

3. Co-operation must be on a basis of mutual confidence and of voluntary agreements.

4. The pre-eminence of the Soviet Union is not denied, but there must be no interference, and the degrees of co-operation must be mutually agreed upon. Yugoslavia is thus not a vassal State but an equal partner, and it is recalled that this idea of equality and sovereignty was whole-heartedly endorsed by Stalin himself in his speech to the Finnish Government delegation in Moscow recently.

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W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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The inference of many of the comments is that Russia is less to blame than the Communist leaders of some of the neighbouring countries, who grossly misinformed the Russian Communists on the state of affairs in Yugoslavia: these were Rumanians and Hungarians, especially, who want to be crystal pure in the eyes of the Kremlin.

Thorough Answers

The Yugoslavs are certainly going out of their way to answer the Cominform charges thoroughly. "Borba" to-day publishes a very detailed article answering the charges that the Yugoslav Government is encouraging the growth of capitalism in the villages and showing exactly how, with a steep progressive scale of taxation and fruit deliveries going up to 85 per cent of a farm's output, a class of Kulaks, or "capitalist peasants", has no chance whatsoever of developing; also the maximum acreage allowed to each farm in Yugoslavia is much smaller than in Poland and Czechoslovakia.

On the other hand everybody here realises that collectivisation in the Russian sense would at the present stage throw the country into a state of chaos.

As regards the towns, the feeling here in Belgrade is that the Government has, if anything, proceeded too drastically over the nationalisation of small shops, with unfavourable effect on distribution.

What, then, if Moscow does not admit its errors? One suggestion is that there may be strong infiltrations over a certain period of "Cominform agents" into Yugoslavia who would try to crystallise some kind of Left-Wing opposition to the Government. In this connection it is perhaps significant that the papers should publish prominently a long statement showing how in Croatia numerous gangs of displaced Chetniks, Ustashi, and other terrorists were all held up in recent months and arrested at the frontier as they were trying to cross - the suggestion being that the Yugoslav intelligence service will be able to cope adequately with any infiltration tactics.

The impression one has is that there is in Yugoslavia, as in all countries, a certain riff-raff element which would co-operate with anybody - just as they co-operated with the Germans, Italians, and Quisling Governments in Croatia and Serbia. But the people of Yugoslavia, though tired and overworked after the stupendous amount of work done in the last three years and not too well fed (indeed badly fed in the towns), and at times even very discontended, are, according to all indications, now solidly behind the Government. Even with the malcontents who consider themselves more or less disinherited by the regime Tito has now gained new prestige as a national leader.

It is recalled that in a statement in 1945 Tito said that although Yugoslavia had the deepest friendship for the Soviet Union which had grown even stronger during the war, there was nothing exclusive about it and "if it were it might easily be suicidal", and he added that Yugoslavia would never become "a satellite of the Soviet Union". The Russians can scarcely have liked this statement even though it fits in precisely with what Stalin recently said to the Finns.

....

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The next question is: How, if at all, will or can the Russians turn on the heat on the eve of the Communist Congress of the 21st?

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C267831

From THE MANCHESTER GUARDIAN, July 13th, 1948.

KEEPING FOREIGN OPINION OUT OF YUGOSLAVIA

The Country United for Tito

From Alexander Werth

Belgrade, July 12.

The central streets of Belgrade were thronged last night with thousands of people who waved and cheered as the six or seven thousand Yugoslav athletes back from the Sokol rally in Prague paraded through the streets singing partisan songs in praise of Tito and scanning the words, "Tito Partija, Tito Partija." - that is, Tito and the Communist party.

The athletes were preceded by detachments of Yugoslav marines in spick-and-span white uniforms, and at the head of the procession young men carried a gigantic portrait of Tito decorated with flowers. It must be said, however, that the cheering was "routine" and did not portray any exceptional or unusual depths of emotion. The athletes to whom I spoke were reticent about the atmosphere in Prague, except that President Gottwald, they said, had been very amiable and friendly to all the foreign delegations at the Sokol rally.

No Criticism of Russia.

As before, the Yugoslav press is not saying anything against Russia or even against the Soviet Communist party, and when it attacks the Cominform it nearly always singles out the junior non-Russian members of the Cominform for abuse and criticisms.

To-day's press publishes a significant resolution by the central committee of the Communist party of Macedonia, in which the whole war record of the Bulgarian Communists is painted in colours far from attractive. Thus, it is claimed that while in 1942 the Bulgarian Communists had called for the withdrawal of the Bulgarian troops from Serbia, they failed to demand their withdrawal from those areas of Macedonia which were, and are again, part of Yugoslavia.

The resolution also suggests that the Bulgarian Communist party has not finally abandoned territorial claims and ambitions on parts of Macedonia belonging to Yugoslavia. The Macedonian Communists express complete solidarity with the Yugoslav Communist party.

A curious aspect of the situation here is that little or nothing at all is able to disturb, or in any way undermine, the existing feeling of national solidarity. In a way, a sort of vacuum has been created round Yugoslavia in the sense that few outside voices, which would perhaps arouse some doubts, penetrate from outside. "We are all behind Tito on the issue" is something that is so obvious to the mass of the people that no doubts arise spontaneously and no scepticism is allowed to be created artificially by foreign sources.

Communists Not Informed

Letters and airmail from abroad are exceedingly slow to come, wireless sets are not numerous, and foreign

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REPEAT
REPETER

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papers are almost impossible to obtain in Belgrade. In the last week or so, Russian newspapers have become extremely hard to come by - why exactly is not stated. The vast majority of Yugoslavs, and even the majority of the Communist party members, are therefore totally unaware of the violent war of nerves conducted against their country by Moscow radio.

Whether this Russian agitation will have any effect on the Yugoslav Communist party congress next week remains to be seen, but it seems doubtful at present. With Hebrang, and especially a strong personality like Zujovic, in prison, the rallying-point for an anti-Tito opposition, which would be more amenable to the desires of Moscow, seems for the present to have been eliminated.

There continues to be no confirmation of economic sanctions being taken against Yugoslavia by the East European countries.

A question which seems to be causing some concern and annoyance to the Yugoslav Government is the wild rumour-mongering about all sorts of alleged conflicts inside Yugoslavia that is being done in centres like Vienna. This is attributed largely to displaced Yugoslavs. Hence absurd stories such as the story of Tito's assassination and the like.

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SECRET

5th July, 1948.

Recent statements by Communist and other leaders of Hungary promising not to collectivise the land:

1. Rakosi at Saraspotak April 4th: the new farmers' ownership of land must be recorded in land register so that he may really feel that the land is his own private property. The Communist Party is doing everything so that land may safely and securely remain in his hands and develop into a prosperous holding."

2. Rakosi to small holders party's Congress April 17th: "reactionaries keep on threatening our peasants with 'tale of Kolkhoz'. They say that after nationalisation of industry the turn of the small-holdings has come. I take this opportunity to stress that no leader of our Hungarian democracy has anything like that in mind. On the contrary, our Communist Party has repeatedly emphasised that it will not brook any action against the peasants' holdings."

3. Rakosi at Mezohegyes April 25th after inveighing against the rumour-mongers scaring the farmers about nationalisation: "as Secretary General of the Communist Party I use this opportunity to refute these rumours and reassure everybody that in future also we shall defend by means the land and private property of the working peasant."

4. Veres, the Minister of Defence and leader of the National Peasant Party to party congress on April 4th: "The question of ownership of land has been definitely settled. Everything belongs to the people now and for ever. The land reform has been completed, the land register made. Now holdings must be effectively protected through legislation.....".

5. Bognar Mayor of Budapest, Smallholders' Party Congress April 18th: "Our democracy is in the service of 'the small people' and their properties. This system made it possible for us now to have 600,000 peasants with private holdings. It is a friend to private property and confessedly aims to have as many small people as possible with private properties."

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DATE OF MINUTE

July 22nd, 1948.

INITIALS OF AUTHOR

B.A. Wallis/EMC

DEPARTMENT OF EXTERNAL AFFAIRS

Yugoslavia

MINUTE

ON Despatch No. 269 of July 5th from the Canadian Embassy, Moscow, regarding the estrangement between Yugoslavia and the Soviet Union. C267834

Insert particulars of despatch, memorandum or other attached document.

CIRCULATION

The significance of the Yugoslav schism lies in the fact that it is not confined within the borders of one country (as was the case with the Communist heresies of the past, whether of the so-called Left, i.e. Trotsky, Kamenev, Zinoviev, or of the so-called Right, i.e. Rykhov and Bukharin), but that it is a struggle between two Nationalist Communist Parties. The attack on Marshal Tito in the Cominform communiqué reveals that the basic guide to policy for all the Communist Parties must be the Short History of the Communist Party (Bolsheviks), which sets out the basic Communist theory as expounded and interpreted by Stalin. It would appear that no deviation from strict Russian Communist orthodoxy is to be permitted.

2. The Chargé d'Affaires considers the fundamental charge against Marshal Tito to be the charge of nationalism. It is almost certain that Tito differed from the Kremlin on questions of foreign policy, such as Trieste, Austrian Carinthia, relations with General Markos, the position of Macedonia and Albania, and the question of a Balkan Federation.

3. The Chargé d'Affaires considers the ideological differences to be of secondary importance in explaining the causes of the dispute. Soviet policy appears to be always to hurl abuse at its enemies or rivals. The terms of abuse employed are not always consistent with one another. For example, the Yugoslav heretics are accused of Trotskyite errors, i.e. of Left-Wing diversion, and at the same time, of Bukharinist opportunism, i.e. of Right-Wing diversion. When the Yugoslav Communist Party is accused of not taking a sufficiently revolutionary view of what is required in economic policy, it would appear that the charge is Right-Wing diversion; but the Yugoslav Communist Party is also charged with passing hasty Leftist measures - i.e., Left-Wing diversion. Marshal Tito is attacked for having dismissed Hebrang and Zujovic, but it is not clear whether these men were dismissed for Left-Wing insistence on revolutionary measures against the kulaks and capitalists or for Right-Wing caution about the Leftist nationalization measures passed recently by the Yugoslav Government. Further evidence that the basis of the trouble is not the outraged orthodoxy of the Cominform but national differences, is to be found in the fact that the ideological criticisms made against Yugoslavia could equally well be applied to other Communist Parties. For example, the necessity of domination of the Popular Front by the Communist Party could be directed to other Eastern European states.

4. A further charge against the Yugoslav Communist Party is insubordination. The communiqué reveals that the Communist Party of the Soviet Union is not merely first among equals but is regarded as unique and dominant. The true nature of the Cominform is also made evident. In fact, Section 7 of the Resolution passed at its first meeting in Poland refers to the "indisputable premise" of the Cominform "that any Party must account of itself to the Information Bureau".

5. In agrarian policy, the Yugoslav Communist Party appears to have deviated from orthodoxy in its attitude to the prosperous peasants. The prescribed agrarian policy for satellite countries would appear to be a slow but

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DEPARTMENT OF EXTERNAL AFFAIRS

MINUTE

ON

C267835

Insert particulars of despatch, memorandum or other attached document.

CIRCULATION

deliberate advance towards collectivization through such transitional stages as the expropriation and dividing up of the large estates followed by the establishment of co-operative societies. In this, the support of the poor and medium peasantry must be sought and a wedge driven between them and the rich peasants or kulaks. Tito may have refused to accept the premise that the kulaks must be liquidated. On the other hand, he is accused of too hasty measures in the attempt to liquidate the capitalist elements and kulaks. It would appear that the Yugoslav Communist Party is accused of aiming to liquidate kulaks before the necessary groundwork for such measures has been laid. If, on the other hand the charge is one of moving too slowly towards collectivization, it should be levelled against the other satellite states as well.

6. The Chargé d'Affaires trusts that there will be no hasty inclination to assume that Soviet power in Eastern Europe is disintegrating. It is also to be hoped that the Western powers will not court Tito by crude methods, for any indication that Yugoslavia might become an "imperialist" base would provoke drastic action by the Soviet Union. It is also to be hoped that those who called Tito a tyrant when he was shooting down American 'planes do not now discover that he is a genial father of his people.

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CONFIDENTIAL

CANADIAN EMBASSY

MOSCOW, July 5th, 1948.

No. 269

Sir:

I have the honour to enclose* a translation of the Communique published in Pravda of 29th June on the conference of the Information Bureau of the Communist Parties in Bucharest dealing with the policy of the Communist Party of Yugoslavia. There is no question that this is one of the most important documents in the history of the Communist Party and that it will be a long time before we have fully comprehended its implications. In this despatch I propose merely to make preliminary comments, many of which may be out of date before this despatch reaches you. Any comment from Moscow at this time must be cautious because of the scarcity of information. What has appeared in the Moscow papers has been of a limited nature. The only news we have received of developments in Yugoslavia itself and of the relations between Yugoslavia, Albania and Bulgaria have been brief reports on the B.B.C., and I shall avoid for the time being, therefore, comment on the international implications.

2. The way in which this subject has been treated by the Soviet press is perhaps not without significance. There was no warning whatsoever to the Russian people that there was trouble with Yugoslavia, although the absence of news about Yugoslavia had probably not remained unnoticed. The Communique itself was published only in Pravda, the organ of the Communist Party of the Soviet Union. Much of the Communique must have been and still remains unintelligible to the Soviet reader, for it assumes some acquaintance with correspondence between the Communist Party of the Soviet Union and the Communist Party of Yugoslavia, the contents of which have not been revealed. Since the 29th June Pravda has published each day a summary of statements by foreign Communist parties and opinions expressed by foreign Communist newspapers on the Communique. Only on one day has this summary appeared in papers other than Pravda. On July 2nd all papers reported that the Central Committee of the Communist Party of the Soviet Union, having heard the report of its delegates at Bucharest, had approved the results of the work of the conference and the resolution concerning the Yugoslav Communist Party. It is noteworthy, however, that there has been no editorial comment whatsoever by Pravda or by any other Soviet paper, although Communist papers in other countries have been free to express their opinions. These opinions, as reported by Tass, seem to be nothing more than reaffirmations of the arguments in the resolution. They are even more parrot-like than usual and suggest both timidity and ignorance of the "score" on the part of the editors. The

* Not attached.

The Right Honourable
The Secretary of State
for External Affairs,
Ottawa, Canada.

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satellite editors have concentrated on the "nationalism" of the Yugoslav Communist Party and the "conceit" of Tito. They also criticize frequently the Yugoslavs' claim that they had played the major role in their own liberation, a claim which was not specifically mentioned in the Communique of the Cominform. Presumably the authorities in Moscow think it better that the satellites rather than they themselves should condemn the Yugoslavs for their ingratitude to the Soviet Army. The satellite Communists pay less attention in their comment to the embarrassing question of the deviations from orthodoxy of the Yugoslav leaders.

3. In the absence of comment in the press there is no way of knowing anything about the Russian response to these developments. Among the diplomats in Moscow there has been considerable excitement. Few, however, are prepared to talk rashly as yet about Belgrade as the "new Byzantium", a term which has been used by the United Kingdom Ambassador in Belgrade. The Yugoslav Ambassador in Moscow, General Popovich, left Moscow on June 16th, and it has been assumed that he is in Belgrade. He is believed to have been a member of Marshal Tito's entourage, and there is much speculation as to whether he will return to Moscow. The first occasion after the publication of the communique on which the Diplomatic Corps assembled was at the July 1st reception in this Embassy. Unfortunately I was not in a position to do more on that occasion than mutter politely, but some of my United Kingdom colleagues reported interesting conversations. They said that the Yugoslav Charge d'Affaires spoke quite frankly and bitterly about the action of the Cominform. In his view the Yugoslavs had been let down by Moscow. The Polish Ambassador, not surprisingly, took an orthodox line. The views of the Yugoslav Charge d'Affaires have since been affirmed as strongly by the Yugoslav First Secretary in a talk with the New Zealand Third Secretary, who has been on friendly terms with him.

4. There is no doubt that this blunt action by the Cominform came as a surprise, even though the fact that there was trouble with the Yugoslav Government was an open secret. On second thought, however, this breach in the Communist front is not surprising. It is by no means the first breach in the Communist Party, which has been rent by schism since its earliest days. This split is, in fact, along conventional lines. It may be compared with the schism which troubled the Communist Party of the Soviet Union in the 'twenties'. The position of the so-called oppositionists of those days, led by Trotsky and joined later by Kamenev and Zinoviev, is in some ways not unlike that of the Yugoslavs. What is interesting, however, is that the criticisms now levelled by the Cominform against the Yugoslavs are the criticisms which Trotsky levelled against Stalin. Trotsky, you will recall, complained of the excessive bureaucracy in the Communist Party and of the absence of democracy. He complained of the adulation of the leader. It was he who, towards the end of the N.E.P. period, complained that Stalin was making a fatal error in seeking to conciliate the kulaks. Trotsky also pressed for careful economic planning and "super-industrialisation". There is a similarity also between Trotsky's view that socialism would not be established in one country and the Cominform's criticism of Yugoslavia for thinking they would achieve socialism by their own exertions. The fact that these are the arguments now used by Stalin and his Cominform seems less extraordinary if one remembers that Trotsky had no sooner been expelled from the Communist Party than Stalin himself launched the first Five Year Plan and set out to liquidate the kulaks, as Trotsky had advocated.

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Schisms both of the so-called Left, i.e. Trotsky, Kamenev and Zinoviev and later of the so-called Right, i.e. Rykhov and Bukharin, and divergencies between Moscow and Leningrad Communists, continued until the purges of 1936-8 established discipline and at least a facade of unity by the brutalest of measures.

5. Heresies and schisms are implicit in the nature of the Communist Party, and there is no reason to believe that they have ceased since 1938, just because they have not been made public. Even if the acknowledged goal is the same, there will always be a divergence between those who are temperamentally opportunists and those who are temperamentally theorists. Diversionaries in the Soviet Union have been both of the Right and of the Left, and the actual policy of the Soviet Communist Party has been formulated by a mixture of theory and opportunism. When the Yugoslavs are now accused of being disloyal to the principles of Marxism-Leninism, they are not necessarily any more disloyal than was Trotsky or Bukharin. What is now called Marxism-Leninism is, in fact, a kind of ex post facto rationalisation of Stalin's policy as set out in the Short History of the Communist Party and other gospels. This new orthodoxy represents an amalgam of wisdom derived from the Russian experience with Marxism. That it is necessarily applicable without considerable room for deviation to other Communist states is questionable. Officially the Communists here admit frequently the validity of the Leninist principle that there will be local variations in interpretation and differences in timing. In fact, it appears that the fanaticism associated with the name of Zhdanov is prevailing and that other Communist states will be forced to follow a strict line of Russian orthodoxy. One has only to read the Belgrade Cominform Organ to realise that the basic guide to policy must be the history of the Communist Party of the Soviet Union. Herein seems to lie the seed of much trouble. A basic principle of Bolshevik policy, for instance, has been the militant alliance of workers and peasants, with the proletarian workers always in the dominant position. Such a relationship may have been possible in the Soviet Union where the industrial proletariat, although greatly outnumbered by the peasantry, had some basis of strength. It is questionable, however, whether it has much chance of success in countries like Bulgaria, Albania, or even Yugoslavia, where the industrial proletariat is infinitesimal. At the other end of the scale it is equally questionable whether an advanced industrial country like Czechoslovakia will be able to accept the Russian pattern of agrarian policy throughout.

6. The significance of this schism as compared with previous schisms is that it is not confined within the borders of one country, but is between two national Communist parties. There have previously been differences between national Communist parties, but this is the first time that so much dirty linen has been washed in public - and in which the heretic has shown so little sign of submission. Aside from Trotsky, the Russian heretics recanted once or several times, and not only when in the shadow of the firing squad. The reasons for these recantations are much disputed, but one probable explanation is that they were made in obedience to a kind of higher patriotism. Whether that patriotism was to international Communism or to Russia is hard to say. Students of Russia and

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particularly of Russian religion have pointed out that this desire to submit oneself to the common will rather than to live outside one's own "congregation" is deeply embedded in the Russian character. Foreign Communists have often in the past shown a similar disposition to bow to the will of Moscow, but these questions of higher loyalties become more uncertain when the national interests of two proud peoples are involved.

7. The fundamental charge against Marshal Tito and the Yugoslav Communist Party is, I think, the charge of nationalism. The first criticism listed in the Resolution is that of pursuing a policy unfriendly to the Soviet Union and the C.P.S.U. and an unworthy policy of vilifying Soviet military specialists and discrediting the Soviet Army. Tito, according to recent editorials in the Belgrade Cominform Organ and in subsequent comment of Communist papers, is considered to have ideas too big for him. He is, after all, the only Communist leader in a satellite country who could be said to have fought his own way to the top and not to have been infiltrated into control by Moscow. He is a rival power. He has a strong personality and popular appeal, and has even been adored in other satellite countries as second only to the great Stalin. It is almost certain, furthermore, that he has differed with Moscow on questions of foreign policy, for example, over Trieste and the Danubian conference (my letter of June 25th to Mr. Pearson). There is much speculation here in Moscow as to the differences which there have probably been also over relations with General Markos, the position of Macedonia, the position of Albania, and the question of Balkan federation, but no one with whom I have come in contact has any concrete information on this subject. The Greek Charge d'Affaires, when I talked to him, admitted that he could do no more than speculate. That Moscow has disapproved of Balkan federation, or at least of the public proclamation of this as an ultimate goal, was made clear when Pravda rebuked Dimitrov last winter (my despatch No. 75 of February 5th, 1948). Nevertheless, Dimitrov on June 2nd of this year said to a United Press Correspondent in Sofia that the Bulgarian and Yugoslav peoples were preparing a federation of their People's Republics, the final realisation of which would take place when the two Governments considered the question ripe in all respects. These words were published without rebuke and presumably with approval in the Moscow papers. The relationship between Tito and Dimitrov on this and other issues is an important question on which I regret that I can shed no light. One might take for granted that the Yugoslavs have been in favour of federation with Bulgaria because they would no doubt dominate such federation. One might also take for granted that two such strong personalities as Tito and Dimitrov would not be on the best of terms. On the other hand, one is inclined to suspect that both Tito and Dimitrov, being the most famous Communist leaders outside the Soviet Union, are viewed with some suspicion by Moscow and that there would be a temptation, therefore, for the two of them to work together, at least in conditional alliance, towards a Balkan federation which would strengthen their own independent base. My impression, from reading the Moscow press and the Belgrade Organ, is that the favourite son of the Kremlin is now Rakosi, whose role seems to be to interpret the pure doctrine on behalf of his Moscow masters.

8. The impudence of the Yugoslavs is best shown in their spying upon Soviet representatives in Yugoslavia. No aspect of this affair has been the cause of more gratification

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and amusement among foreigners in Moscow. As for the situation here, we have assumed that our colleagues from the satellite countries were treated by the M.V.D. very much as we ourselves. All the evidence seems to suggest that the satellite diplomatic missions receive few, if any, special privileges. Soviet citizens do not seem to be allowed to associate with them much more than with Westerners, and they have the same difficulty getting out their Soviet wives. All this is, I think, indicative of what seems to be the crass stupidity of the Russians in handling their brothers. There is rarely the slightest concession to the legitimate national pride of these countries. They, like the Uzbeks and the Ukrainians, may continue their own folkways, but they must always acknowledge that the Russians are greater and better than they. Never, on May 1st or on any other occasion, have I seen a Polish, a Yugoslav, or a Czechoslovak flag in Moscow, except in very small and limited quantities at railway stations when visiting statesmen are expected. It is only arrogance, stupidity, or insensitivity that leads the Russians to humiliate so proud a people as the Yugoslavs by forcing them to admit that their own partisan activities during the War were of minor importance. Here, it seems likely, is the root of the present trouble and, one should expect, the root of further trouble. The prospects of the Russians holding the loyalty of these people by love rather than by force seems small.

9. Although the implications of the ideological comments in the Communique are extremely interesting, their importance in explaining the causes of the dispute are probably secondary. The purist will find it difficult to classify the ideological basis of the Communique. The Yugoslav heretics are accused of Trotskyite errors - in other words of Left Wing diversionary thoughts. At the same time they are accused of the errors of Bukharinist opportunism - in other words, of Right Wing diversion. In addition they are called petty bourgeois nationalists, and one of the French Communist leaders has called them Bonapartists. The only charge they seem to have escaped is that of formalism. The explanation, I think, is that it has always been Soviet policy to hurl names indiscriminately at an enemy. If one studies the Short History of the Communist Party, one finds it very difficult to disentangle from the epithets the threads of Trotskyite or Bukharinist thought. All the enemies are lumped together and are called anything from "fascists" to "capitalist revivalists". There is, of course, a basis of truth in that, in their opposition to Stalin, the Right Wing and Left Wing in the Soviet Union did at times work together, and if any credence whatsoever is to be placed in the evidence of the Moscow trials, with fascist agents abroad as well. All this, I think, points to the conclusion that ideological differences are not nearly so great as the strength of the language used would suggest. Many reputable students of Soviet affairs state that they can find no important ideological variation between the views of Stalin and Trotsky. The popular view is that Trotsky was in favour of more drastic measures in the Soviet Union and emphasised the necessity of world revolution, whereas Stalin favoured an opportunistic policy at home and argued the possibility of building socialism in one state. In fact, after Trotsky's expulsion, Stalin pressed on with a drastic industrial and agrarian policy, and he never ceased to work for world revolution. It is not suggested that the many arguments

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over policy were meaningless, but rather that they were secondary to personal differences.

10. Looking at the situation from Moscow and without at present much information on the situation in Yugoslavia, it is difficult to decide whether Tito's is a Right Wing or a Left Wing diversion. Our understanding, before the Communique, was that Hebrang and Zujovic had been dismissed from the Yugoslav Cabinet for wanting to go slow in economic policy. The Cominform resolution, however, seems to accuse the Yugoslav Government of not taking a sufficiently revolutionary view of what was required in the way of economic policy. By criticising the dismissal of the two Ministers, it seems to identify them with the Left and Tito with the Right. It is not clear, however, whether these men were dismissed for a Left Wing insistence on revolutionary measures against the kulaks and capitalists, or for a Right Wing caution about the extreme and hasty Leftist measures which the Yugoslav Government are accused of having passed recently. One's first impression of the document is that the charge against Tito is of Right Wing opportunism. It is possible, however, to read the charge as one of haste and carelessness, of not fomulating a sound long-term plan and of not initiating long-range measures in order to lay a firm basis for socialism. If, as we sometimes hear, the economic situation in Yugoslavia is deteriorating, the Cominform may thus be putting itself in a position to argue that it is not socialism which has failed in Yugoslavia, but those who have wrongly applied the principles of socialism.

11. Further evidence that the basis of the trouble is not the outraged orthodoxy of the Cominform, but rather national differences between Yugoslavia and the Soviet Union is to be found in the fact that the ideological criticisms which are made against the Yugoslavs could be applied equally well to other Communist Parties. It is true that the principles proclaimed in the Resolution are all currently orthodox. The Cominform Organ and the Moscow press for months have been harping on the necessity for more democracy within the Party, for the need to strengthen the alliance between the workers and the peasants, and for the necessity on the part of the Communist Party to maintain domination within a coalition. The argument against the Popular Front and the necessity of domination by the Communist Party is one which, in particular, could be directed towards other Communist leaders. Most of the other Communist parties in the satellite countries are, of course, working swiftly to eliminate their allies, and it may be that the complaint against Tito is that he has not been taking similar measures. On the other hand, the Communist parties in many countries, for example Italy and Canada, are still working hard to maintain, or at least to forge an alliance with Left Wing Socialists. The fact that the Communist leaders can now come out in the open as to the real role of the Communist Party in coalition, may well be an indication of their confidence that the transitional stage has been successfully passed and that their domination is now so complete in the satellite countries that they need not worry about the Social Democrats any longer. On the other hand, they might have been more considerate of the unfortunate Signor Nenni in Genoa and of Tim Buck in Toronto.

12. The complaint of bureaucracy and an absence of democracy in the Yugoslav Communist Party seems the most preposterous of all the charges, coming as it does from quarters not distinguished for their democratic methods. It is monstrous that the Soviet Communist Party, which has

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not held a Party Congress since before the War, should complain that the Yugoslav Communist leaders had set themselves off from the people. It is true, nevertheless, that the Soviet Party press has been carrying on a long campaign for more "democracy" within the Party and accusing local Party leaders of losing touch with the people. No theme in all Communist publications is more constantly emphasised than that of the need for criticism and self-criticism. What this means is hard to say. It is not all camouflage. Such propaganda is in accordance with the continued emphasis on the education of Party members and the need to sustain their interest and alertness. During the War in this country, and shortly after the War in the satellite countries, the membership of the Party increased much too rapidly. The emphasis now is everywhere on weeding out the faint-hearted and unreliable and disciplining the minds of those who remain. What the Communist leaders seek to achieve, when they call for more democracy, may be simply to excite the enthusiasm and the ambitions of all Party members without, however, disturbing the fundamental basis of Party authority, which, in fact, flows out from rather than into the centre. The reason, however, for making this charge against the Yugoslav leaders may be a good deal simpler. The Communique ends with what is virtually a call for rebellion on the part of the members of the Communist Party in Yugoslavia. One of the best ways of encouraging rebellion is to persuade the members that they have been shabbily treated by their leaders.

13. A further charge against the Yugoslavs, in addition to nationalism, unorthodoxy and undemocratic habits, is insubordination. The initiative in this matter was taken not by the Cominform, but by the C.P.S.U. Such an initiative may have been justified if the principal charge was anti-Soviet activity, but not if the principal charge was diversion from the principles of Marxism-Leninism. Throughout the Communique and in the comments on it by satellite Communists there is little attempt to pretend that the C.P.S.U. is merely primus inter pares; it is unique and dominant. From the point of view of Communist propaganda this is perhaps the most damaging aspect of the affair. The ruthless treatment of a member who shows signs of independence is bound to shock anyone who was not impressed by the Prague coup. On this subject the final chapter remains to be written. We shall not know just how ruthless the Soviet Communists are determined to be until we know whether Tito is allowed to get away with his behaviour. One thing, however, has become clear, and that is the true nature of the Cominform. In the preliminary editorials in the "Belgrade Organ" reference was made to the fact that the French and Italian Communist leaders had had the error of their ways pointed out at the first Cominform meeting, had duly confessed and promised a new life. Section 7 of the Resolution refers to the "indisputable premise" of the Cominform "that any Party must account of itself to the Information Bureau". I need not labour the implication of such a revelation at a time when the propaganda of the Soviet Union is directed toward proving their respect for the sovereignty and equality of nations and alleging interference and domination of the crudest kind on the part of the United States.

14. For the student of Communist policy the most interesting section of the Communique is undoubtedly that which deals with agrarian policy. This is worthy of closer examination, not only because of its intrinsic interest as an indication of agrarian policy, but also because it reveals most clearly the way in which the Soviet Union is determined to impose its own methods on its satellites. In order to

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understand wherein the Yugoslavs have erred, it is necessary to recall the developments of agrarian policy within the Soviet Union. These were roughly as follows:-

(1) 1917-21. The dividing up of big estates and the establishment of poor and needy peasants on them;

(2) 1921-27, New Economic Policy. Encouragement of the enterprising farmer or kulak to produce and sell as much as possible;

(3) 1927-30. The encouragement of collectivisation and a policy of "restricting" the kulaks;

(4) 1930 on. Drastic measures to assure collectivisation and the "liquidation" of the kulak.

These developments in the Soviet Union were the results of twists and turns, the application of theory at one time and opportunistic decisions at another to achieve an end which was prescribed from the beginning. Now, the separate steps are all set out pat in the Short History of the Communist Party, as a guide for "new democracies". The history is, of course, not objective history. It is, insofar as possible, an account of what would have happened if the Bolsheviks had always known as much as they know now. The N.E.P. period, for instance, is dismissed somewhat apologetically and the implication is that this stage may be minimised or missed entirely by those setting out anew on the path.

15. The prescribed agrarian policy for satellite countries, if one may judge from many statements by Cominform leaders, is that they should proceed slowly but deliberately towards collectivisation as an eventual goal. The first stage of expropriation and dividing up the big estates has been completed. The present stage is one of the development of co-operative methods in order to train the peasants in habits which will lead them to accept collectivisation. Lenin, as quoted in the Short History of the Communist Party, speaks of co-operative societies "as a means of transition - a means within the reach and understanding of the peasant millions - from small individual farming to large-scale producing associations or collective farms". Co-operative institutions of all kinds have been established in the satellite countries, but except in isolated cases and for special purposes there seem to have been no collective farms. The exact difference between a "co-operative" and a "collective" is not entirely clear, but the co-operative seems to be, at least ostensibly, a more voluntary organisation. To judge, however, from descriptions by Communist leaders themselves and in particular from an eye-witness report of a Yugoslav farm by a British expert in the Spectator of June 25th, the satellite Communist parties are endeavouring to develop, in the guise of a co-operative farm, something very similar to a kolkhoz - including even the familiar cultural and propagandist features of the latter. The Communist leaders have been careful to avoid the term "collective farm" in order not to frighten the Eastern European peasants, but no one with any knowledge of the history of Communist policy in the Soviet Union could have the slightest doubt as to what is eventually intended. There is nothing more clear in Marxist-Leninist-Stalinist doctrine than the belief that the individual peasant farmer will prove a last-ditch capitalist and must be eliminated if socialism is to be secure.

16. It is in their attitude to the prosperous

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peasant that the Yugoslav Communists seem to have gone wrong. According to what evidence is available, including the article in the Spectator mentioned above, the Yugoslav Communists have endeavoured, like the Communists in other satellite countries, to develop co-operative enterprises and educate their peasants in the advantages of large-scale farming. In this they seem to have moved quite as fast towards the ultimate goal as any of the other satellite countries. It appears, however, that they have departed from one basic thesis of Stalinist doctrine on this subject. Orthodox Communists are prepared to conceal from the kulak for a time his ultimate fate, but they must not abandon their long-range endeavour to drive a wedge between the kulak or rich peasant on the one hand and the so-called "poor and medium peasants" on the other. The "poor" peasants are considered the only reliable allies of the working class, and the "medium" peasants as allies who may be won over. The kulak, however, is a hopeless case and must be destroyed. The Russians themselves encouraged the kulak to grow food during the years of hardship after 1921, only to exterminate him later. Tito, it would appear from the Communique, has refused to accept the premise that the kulak is inevitably an enemy. In a country like Yugoslavia he may well feel that the industrial proletariat is scarcely strong enough to fight the kulak and by no means confident of the support in such a struggle of the "poor and medium peasant" who, as often happened in the Soviet Union, tends to identify his interests with those of other peasants, whether rich or poor.

17. The evidence in the Communique, however, is conflicting. There is some reference to hasty measures against the kulaks taken by the Yugoslav leaders after the criticism by the C.P.S.U. This intention to "liquidate the capitalist elements in the present conditions of Yugoslavia and consequently the kulaks, too, as a class", is described by the Cominform as "adventurous and un-Marxist". There is an apparent contradiction here, as Tito seems to have been accused earlier of not being sufficiently ruthless towards the kulaks. In the first place, one must admit the possibility that the Cominform is genuinely concerned about what seem to them unwise policies which would not only fail in Yugoslavia but which would discredit socialism elsewhere. They seem to be complaining that the Yugoslavs are mixing up their stages and setting out to liquidate the kulaks before stage 4 (as in the Soviet Union) has been reached. Contrary to what seems to have been a first impression abroad, the Communique does not state that the Yugoslavs should speed up collectivisation. It demands only that they should proceed with the "long preliminary, preparatory work with regard to restricting capitalist elements in the countryside, consolidating the union of the working class and the peasantry under the direction of the working class, developing socialist industry capable of organising the production of machinery for the collective method of agriculture." The Yugoslavs are, in fact, accused of inordinate haste rather than tardiness, their recent measures indicating their intention to liquidate the kulaks as in stage 4, when they are still only in something which might be called the early phases of stage 3. The Communists know only too well from their own Russian experiences the terrible cost of violent agricultural changes before the ground has been suitably prepared, and they do not wish the Yugoslavs to make similar errors. If this were all that the Cominform had on its mind, a sensible enough case could be made out for their arguments.

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18. If the charge, on the other hand, is one of moving too slowly towards collectivisation rather than of deviation from the pattern, then it could surely have been levelled against other satellite countries, in particular Poland, Czechoslovakia, and Hungary. The Czech Communist leaders, so far as I am aware, have never admitted that collectivisation was even their ultimate aim. I tried several days ago to get a little information about agrarian policy in Czechoslovakia from the new Czechoslovak Ambassador in Moscow, who is generally believed to be a good follower of the Party line. I approached the question ingenuously enough - from the weather to the harvest prospects, to the organisation of Czech farming. When I merely said that I assumed they had been developing co-operatives in Czechoslovakia since the War, Mr. Lastovicka was roused to categorical denial. I had deliberately used the word "co-operative" and not the dangerous word "collective", but I was told that nothing whatsoever had been done about furthering co-operative measures; the Czechs had simply divided up the land, too much of which had belonged to big landowners and the church. When I pressed, it was admitted that machine-tractor-stations had been set up, and the Ambassador finally said that perhaps sometime, eventually, there would be "co-operatives". I note that the Czechoslovak Prime Minister is reported by the B.B.C. to have denied that collectivisation of farms would be proceeded with in Czechoslovakia. According to the B.B.C., the Prime Minister said that the land in Czechoslovakia would for all time belong to those who till it. This is indeed a sinister phrase for the peasant farmer, because it is exactly the same phrase which was used as a slogan in the early days of the Soviet Union. It is not considered incompatible with collectivisation, because the Communist theory is that the kolkhoz does, in fact, belong to those who till it.

19. This subject is too large to be dealt with at once, and I assume that we shall be examining its implications in all phases of Soviet policy for some time to come. The above comments are preliminary, and I expect to be writing further when more information is available about the state of affairs in Yugoslavia itself. Little evidence has yet reached us of the attitude of the Western public to these events. I trust that there is no hasty inclination to assume that Soviet power is disintegrating or the Eastern bloc breaking up. The breach in the Cominform could seriously weaken international Communism, but it is much too early to take anything for granted. It is to be hoped also that the Western powers do not court Tito by crude methods, for any indication at this point that Yugoslavia might become an "imperialist" base would provoke drastic action by the Russians. For the sake of our moral cause it is also to be hoped that those who called Tito a ruthless tyrant when he was shooting down American 'planes do not now discover that he is a genial father of his people.

20. I am sending copies of this despatch (without enclosure) to London, Paris, Belgrade, Prague and Warsaw.

I have the honour to be,
Sir,
Your obedient servant,

(signed) J.W. Holmes

Charge d'Affaires a.i.

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DS/YS

NAR/ET
31 July, 1942

MEMORANDUM FOR THE PRIME MINISTER:

C267846

Mr. Gavrilovic, the new Counsellor of the Yugoslav Legation, who has just arrived after a year as Yugoslav Consul-General in South Africa, called at the Department this afternoon. He spoke very warmly of the courtesy and cooperation he and the Yugoslav Ministers had received from Dr. Laureys while they were in South Africa on their roundabout journey to this continent. I have written Laureys conveying the Yugoslavs' appreciation of the assistance he was able to give them.

Mr. Gavrilovic asked me to give you a personal message from M. Nintchic, who greatly appreciated a personal letter he had received from you on his return to New York. Mr. Nintchic left for the United Kingdom very shortly after receiving your letter. He told Mr. Gavrilovic that he is looking forward to writing to you from London.

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NAR/SR
21.12.42

MEMORANDUM FOR THE PRIME MINISTER

C267847

The fire, reported in this morning's papers, in the Yugoslav Legation was not in the Minister's residence on Laurier Avenue but in the house they have rented for their Legation offices at 259 Daly Avenue. I understand from Mr. Gavrilovic, the Charge d'Affaires, that their official papers were saved, thanks to the quick work of the local firemen, and that damage to the property is quite limited.

Dr. Cankar, who has been in England consulting his Government, is expected back within a few days.

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DS/Yugoslavia LBP/SR
9.9.47

C267848

MEMORANDUM FOR THE PRIME MINISTER

You will recall that there has been some difficulty and delay over the request for the agrément for Mr. Jaksic, who has been nominated by his Government as Yugoslav Minister to Canada. The difficulties in this matter were increased by a report from Belgrade, which appeared some time ago in the press, that Mr. Jaksic's appointment had been confirmed. Mr. Lukin, the Yugoslav Chargé d'Affaires, however, has informed us that this report was entirely unauthorized, and must have been the result of a leakage in Belgrade; that they are still waiting to hear from the Canadian Government whether Mr. Jaksic's appointment would be acceptable.

I have talked over the whole matter with Mr. St. Laurent, and he feels that, in the circumstances, it would now be desirable to accept this appointment; especially as we have now asked the Yugoslav Government to accept Mr. Emile Vaillancourt as the first Canadian Minister.

There are obvious disadvantages in this course, but those disadvantages would, I think, be even greater if we refused, formally, the request for agrément (something which has been very rarely done in diplomatic history), and then accepted another appointment, which would probably not be any improvement over Jaksic.

L.B.P.

Read
12-F-47

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Memorandum re Meeting of the Prime Minister with Deputations - Requests for Interviews P-100-C 1944

JWP/JMC
7.4.44.

C267849

Memorandum re Meeting of the Prime Minister with a delegation of the Canadian Palestine Committee, held in the Prime Minister's Office, East Block, Ottawa, on Friday, March 31st, 1944 at 10.30 a.m.

The following represented the Canadian Palestine Committee:

Robert Fennell, K.C., President, Board of Trade, Toronto

A. R. Mosher, Esq., Canadian Congress of Labor, Ottawa.

P. R. Bengough, Esq., Canadian Trades and Labor Congress, Ottawa.

Senator Cairine Wilson, Ottawa.

Miss Catherine Mackenzie, B.C., Principal, Montreal High School.

Arthur Roebuck, Esq., K.C., M.P., Toronto.

Rev. Dr. D. L. Ritchie, Emeritus Principal, United Church Theological College, Montreal.

M. J. Coldwell, M.P.

J.H. Blackmore, M.P.,

Henry Janes, Esq., Toronto, Secretary, Christian Council on Palestine.

H. A. Mowat, Esq., Toronto, Executive Secretary, Canadian Palestine Committee.

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Volume Meeting - Delegation re Palestine P-100-C
1944

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Reading Room
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The delegation was supported by a committee representing the Zionist Organisation of Canada, composed of the following:

S. J. Zacks, Esq., Toronto, Co-President.

Mrs. David Dunkelman, Toronto, Chairman of Youth Immigration, representing Hadassah, Women's Zionist Organization.

Harry Batshaw, K.C., Montreal Vice-President.

E. E. Gelber, Esq., Toronto, Vice-President.

The delegation was introduced by Mr. Arthur Roebuck, M.P., and a verbal presentation made by Mr. Herbert A. Mowat, Executive Secretary of theCanadian Palestine Committee in the absence of Mr. B. K. Sandwell, who had been detained in Toronto by the pressure of editorial duties.

The delegation undertook to submit a detailed written brief which was received at the Prime Minister's Office on April 6th, 1944. This brief contains an accurate summary of the verbal presentation and the Prime Minister's reply.

J.W.P.

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Mr. King - Requests for Interviews re Palestine

OFFICE OF THE PRIME MINISTER

MEMORANDUM

C267851

R-100-M 1945

R-100-H 1945

R-100-R 1945

R-100-Z 1945

For the Prime Minister.

(3)

Mr. Herbert A. Mowat telephoned from Toronto to ask if on Wednesday of next week or the following Monday you could see Mowat, with Sir Ellsworth Flavelle, Mr. Roebuck, M.P., and Mr. Zacks of the Zionist organization, to present a memorandum dealing with Palestine. The purpose would be that, if you saw fit, the memorandum could then be forwarded for consideration at the forthcoming meeting between Churchill, Roosevelt and Stalin.

Mr. Mowat hopes to have some word from you during the course of Monday, at Adelaide 8797.

W.J.T.

January 20, 1945.

P-200 V.L

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Confidential

RGR:MCK

C267852

2-10-G

1948

(3)

Memorandum for the Prime Minister:

Mr. David Croll, M.P., approached me a day or two ago with regard to the possibility of arranging an interview with you for Dr. Nahum Goldman, who is the chief liaison officer in Washington for the Jewish Agency. Dr. Goldman would like to come to Ottawa at any time that would suit your convenience.

I spoke to Mr. Pearson with regard to this matter, and he has had the attached note prepared on Dr. Goldman and on the probable purpose of his interview. I understand that Dr. Goldman was an originally one of the moderate Zionists and rather pro-British but has of late become more extreme in his views and somewhat anti-British, although he is still among the less extreme elements in the Zionist Group.

You might perhaps wish to speak to Mr. Pearson further about this.

I understand Mr. Croll wishes to see him
If he is to see anyone J.L.I.
it should be Mr. Pearson

13-2-48 lc

13th February, 1948.

Canadian Foreign Policy
Mr King - Interviews
Palestine

Feb. 16. 48

for copy
see 4-25-10

Same date.

I suggested Croll should see Pearson & suggest Pearson get in touch with Goldman & let me know.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 381, pages C267261-C267855

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Epreuve illisible

R-10-4
1948

February 12, 1948.

NOTE ON DR. NAHUM GOLDMAN

Dr. Goldman is an active member of the Jewish Agency Executive. His mission to Ottawa is presumably for the purpose of winning Canada's support for the programme now being put forward at Lake Success by Mr. Moshe Shertok, spokesman for the Jewish Agency before the United Nations. The three most urgent demands put forward this week by Mr. Shertok have been:

(a) Arms for Palestinian Jews and their denial to the Arabs;

(b) Immediate creation of a Jewish Provisional Council of Government in Palestine;

(c) Security Council authorization of an international army to support the U.N.Commission while it proceeds with the partitioning of Palestine.

Dr. Goldman has presumably been selected by the Jewish Agency to contact Canadian officials because for some time he was the Jewish Agency's representative in London and he is better able than some of his colleagues to speak a language members of the British Commonwealth would understand.

For copyright
4-12-60

12.2.17(NS)

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REPEAT
REPETER

P-10-g
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For copy sent 4-2-48

12.2.17(HS)

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10.11.41
W.H.M.

C267854

Confidential

file

MEMORANDUM FOR THE PRIME MINISTER

EMPRESS ZITA

Government House are using the following title:

Her Imperial Majesty the Empress Zita.

Empress Zita was born in 1892 in Italy, Princess of Bourbon de Parme. She was one of seventeen children.

In 1911 she married Charles of Hapsburg, who in 1916 succeeded his grand-uncle Francis Joseph, as Emperor of Austria.

Empress Zita has eight children of whom the Prime Minister has met, I think, the eldest son, Prince Otto of Hapsburg (29) and probably Prince Felix (25) who have visited Ottawa several times. She has established herself at Quebec where some of her children are attending Catholic schools.

Prince Otto has been busy in United States and Canada organizing the so-called Free Austrian Movement, which has ~~is~~ anti-Nazi, aims, but naturally is not indifferent to the eventual restoration of the fortunes and ~~rules~~ throne of the Hapsburg dynasty.

Another of Empress Zita's sons, Archduke Robert, is active in this movement in the United Kingdom. Mr. Massey has reported that the Foreign Office do not object to the activities of the Hapsburg Archdukes. In a recent despatch Mr. Massey said:

"The Archdukes themselves seem sensible and reasonably moderate in their views, but the Foreign Office add a word of caution about Empress Zita who is apparently not particularly sensible, very far from moderate and apt to be a general nuisance".

Empress Zita is a widow. Her husband, Emperor Charles died in Madeira in 1922.

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One of Empress Zita's nine brothers married Charlotte, Grand-Duchess of Luxembourg. His name is Felix; his title is the Prince of Luxembourg(this Felix should not be confused with Zita's son Felix aged 25).

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Austria

OFFICE OF THE PRIME MINISTER

MEMORANDUM

C267855 A

For the Prime Minister

re Empress Zita

Mr. Measures understands that as the Empress herself entertains great pretensions to the throne for her family she would probably most like to be addressed as

Her Imperial and Royal Highness

However, when Mr. Measures some years ago asked Baron Silvercruys about this particular matter it was suggested that although the Empress might prefer such a form of address, in these days such a form appears rather ridiculous if not fantastic, and if circumstances suggest the use of any title the word

"Highness" might be considered both harmless and convenient. "Your Highness" in the present circumstance might, therefore, appropriately be used.

- - - - - - - - -

Mr. Measures understands also that the Apostolic Delegate is to be present tonight

The address of Excellency would be appropriate (being the form agreed upon by the Canadian government).

DR

June 19, 1945

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Memoranda and Notes

1940-1950

MG 26 J 4 Volume 382

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W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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FILE: C267856

MILITARY CO-OPERATION WITH UNITED KINGDOM

A I R T R A I N I N G

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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COLOURED PAPER
PAPIER DE COULEUR

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
Earnscliffe,
OTTAWA.

516X/52

10th January, 1939

My dear Prime Minister,

In your letter of the 31st December, 1938, you were good enough to inform me of the views of the Canadian Government on the revised proposals which I communicated to you on behalf of the Government of the United Kingdom, in my letter of the 9th December and its enclosure, regarding the training in Canada of pilots for the Royal Air Force. I reported these views at once to the United Kingdom Government from whom I have now received a reply.

I should like at the outset to refer to a point arising out of the suggestion made in your letter of the 9th December that the revised proposals mentioned above amounted to a reversal of the idea as originally broached during the visit of the Weir Mission in the spring of last year. At that time, as you will recall, stress was laid by the United Kingdom authorities on the great assistance which would be afforded by a scheme for training pilots for the Royal Air Force in Canada through the relief which would thereby be given to the existing training facilities in the United Kingdom which have become subject to continually increasing pressure and congestion. This consideration has throughout been present in the minds of the United Kingdom authorities. In framing the proposals set forth in my letter and memo-

randum/

The Right Hon. W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
OTTAWA.

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COLOURED PAPER
PAPIER DE COULEUR

C267858

randum of the 9th December they were actuated by the belief that the pressure could be relieved directly, and thus with advantage to all concerned, if it could be arranged that, before proceeding to the United Kingdom, all candidates from Canada for a period of commissioned service in the Royal Air Force under existing schemes would be given at least certain stages of training in Canada, under the auspices of the Department of National Defence.

The United Kingdom authorities note with regret that the proposals which they had drawn up with a view to proceeding on this basis are unacceptable to the Canadian Government, but at the same time they have given careful consideration to the procedure which, it is stated in your letter of the 31st December, commends itself to the Canadian Government as being the most appropriate and effective. The basis of this procedure consists of a renewal of the offer of the Canadian Government, originally put forward by you in the House of Commons on the 1st July, 1938, to afford facilities, as far as practicable, for the training in Canada, under either Canadian or United Kingdom instructors, and under the final direction and control of the Minister of National Defence, of pilots recruited in the United Kingdom for the Royal Air Force. You referred moreover in your letter to the two further schemes already in operation. Under the first of these, 15 candidates of Canadian origin are trained each year in Canada to take five-year commissions in the Royal Air Force. Under the second scheme, as the result of arrangements reached early last year, the Canadian Government have agreed to test the

fitness/

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PAPIER DE COULEUR

C 267859

fitness, from medical and other aspects, of Canadians applying for entrance into the Royal Air Force up to the number of 120 annually, these candidates then proceeding at once to the United Kingdom for training. Both these schemes would, it is understood, remain in force.

I am now in a position to inform you that the United Kingdom authorities are most grateful for the renewed offer of the Canadian Government made in your letter of the 31st December. They will be happy to avail themselves of it and to discuss definite arrangements for giving effect to it on the basis of the immediately preceding paragraph of the present letter. For this purpose they would, I understand, desire in the first place to receive further information on certain detailed points, and I assume that it would be in accordance with your wishes that I should discuss these questions with the Minister of National Defence and the officials of his Department. If so, perhaps you will be good enough to let me know.

Yours sincerely,

Vincent Massey.

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PAPIER DE COULEUR

COPY

C 267860

TELEGRAM

FROM: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER London, September 4, 1939

No. 343

No. 343. Secret. Wing Commander Heakes, Canada Air Liaison Officer, tells me that he has reason to believe United Kingdom Government will be proposing to Government of Canada recruitment and training in Canada of large numbers of pilots, possibly two thousand per year, in addition to air crews and maintenance personnel. He has communicated direct with his own Headquarters on this subject. Should such a proposal be actually made and favourably considered by the Canadian Government, I believe that Air Ministry would accept a plan which would maintain Canadian personnel as a distinct Canadian Air Force in the field, avoiding loss of identity which would be the case of Canadians joining the Royal Air Force as individuals. I understand that such a condition is being laid down in Australia in connection with arrangements being made for recruitment for Royal Air Force in that Dominion. I would be glad to have any instructions or information that you may care to send me in connection with this matter.

HIGH COMMISSIONER .

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COPY

C267861

FROM: THE SECRETARY OF STATE FOR DOMINION AFFAIRS

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

SECRET

CODE

No. 63

LONDON,
September 6, 1939

No. 63. Secret. Your telegram 31st August No. 52.

Air Ministry gratefully accept offer to give advanced flying training to ten officers who have completed their intermediate training; it will accordingly not be necessary for these officers to proceed to England until their advanced training is completed.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd. Ottawa: 4.50 P.M., D;S.T.

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MG 26 J 4, Volume 382, pages C267856-C268549

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R

Air Training release

C 267862

Extract from Memorandum, enclosed with letter of September the 6th, from High Commissioner for the United Kingdom

MEMORANDUM

SECRET AND IMMEDIATE

(c) Air Force

16. A general reconnaissance squadron of eastern air command to co-operate with forces at Halifax. (see paragraph 7 above)

17. The United Kingdom authorities anticipate real difficulty in meeting personnel requirements if, as seems likely intensive air operations develop in Western Europe. It is suggested therefore that the best way way in which Canada could assist would be to concentrate first on the individual training of pilots, observers, and particularly air gunners and W/T operators, rather than by forming and training complete units for despatch to Europe (Canadian expeditionary force units excepted). When sufficient officers and personnel were available in England and France the aim would be to form a Royal Canadian Air Force contingent.

18. If this suggestion is acceptable the first step would be to adopt an intensified war training scheme with existing resources with a view to an immediate increase in existing output of 120 pilots a year.

19. Further steps:

(a) the rapid expansion of present training facilities using civil aerodromes with the aim of 2,000 pilots a year.

(b) the training of as many observers and air gunners as possible perhaps by using existing service squadrons.

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C 267863

(c) the immediate enlistment of skilled mechanics both for Canadian expansion and for Royal Air Force.

(d) at a later stage it may be desirable if possible to transfer at least 4 Royal Air Force flying training schools to sites in Canada.

20. Supplies. The technical mission from the United Kingdom now on its way to Canada (some members of which left September 2nd) has full details. The most important items are aero-engines and alloys.

Generally speaking, and where points contained in this memorandum are acceptable to the Canadian authorities, Departments in the United Kingdom would like to get into direct touch with Canadian services as regards further details.

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C 267864

CANADA

MINISTER OF NATIONAL DEFENCE

September 10, 1939.

The Department of External Affairs, Canada. SEP 11 1939

Secret.

Dear Dr. Skelton,

With reference to the despatch of the 6th September from the High Commissioner for the United Kingdom, and particularly to that part of the memorandum, attached thereto, dealing with the Air Force, it is suggested that a communication in the sense of the following should be despatched to the United Kingdom authorities indicating in broad outline the plan which it is thought could be put into effect if acceptable.

"The rapid expansion of Royal Canadian Air Force training facilities for officers and airmen is being put in hand immediately with the object of providing the maximum possible numbers of trained pilots, observers, air gunners, W/T operators and tradesmen.

"A number of Canadian Officer pilots with considerable flying experience on civil types but untrained in service duties, plus a number of newly enlisted airmen of various trades, can be made available for despatch to the United Kingdom within six weeks. These Canadian personnel, if desired, can be made available on loan for supplementing Royal Air Force Establishments. Indications of the numbers of personnel available for early despatch will follow.

"It is the desire of this Government that Canadian Air Force units be formed as soon as sufficient trained personnel are available overseas for this purpose, such squadrons to be manned by and maintained with Canadian

Dr. O.D. Skelton,
Under Secretary of State
for External Affairs,
Ottawa.

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personnel at the expense of the Canadian Government. Owing to the shortage of service equipment in Canada, Canadian squadrons overseas would require to be completely equipped by the United Kingdom authorities, at Canada's expense.

"The reaction of the United Kingdom authorities to these proposals would be welcomed. Should they prove acceptable, it is recommended Air Ministry officials be authorized to get into direct touch with the Chief of the Air Staff, Royal Canadian Air Force."

Yours very truly,

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Air. T. Scheme

"R"

TELEGRAM

C267866

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

LONDON, September 26th, 1939.

NO. 428.

No. 428. With reference to secret unnumbered telegram today on air matter from Prime Minister to Prime Minister, part two follows in my immediately following telegram.

MASSEY

Received Ottawa 4.10 p.m. E.S.T.

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air-training scheme

TELEGRAM

C267867

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

UNNUMBERED

LONDON, September 26, 1939.

PART 2 (Part 2 of D.O. Unnumbered Message of September 26, 1939.)

Part 2.

Unnumbered Message. I have been requested by technical authorities here to bring to your attention certain questions of detail upon which it is thought the Canadian Government might be good enough to provide information pending their decision on the larger issues involved. It is felt that if information could be secured at once on these questions and other similar ones which may later be submitted, much valuable time would be saved if the Canadian Government accepts the programme suggested.

The points which I have been asked to bring to your attention, and on some of which information may be already available, are:

(1) How many civil aerodromes in Canada already exist suitable for service training, bearing in mind civil traffic requirements? Could any aerodromes not now suitable be made so by improvements and extensions and, if so, at what cost.

(2) Could a survey be made of existing service training and operational aerodromes to see whether these could take further training units in their present state? If not, what improvements or extensions are necessary and at what cost?

(3) Could provisional sites already earmarked in Canada as aerodromes for future use be investigated, and where possible, could preliminary steps be taken for the acquisition of land and laying it out before winter arrives.

(4) If the above steps do not produce an adequate number of aerodromes for the 25 advanced schools suggested and such of the elementary schools as Canada is likely to require, could further survey be made for the purpose of selecting new sites.

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TELEGRAM

C 267868

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

(5) Could an industrial survey be made of material available for quick hangars and technical accomodation and housing for personnel after a decision has been reached as to the form construction should take, with due regard to need for economy and speed. It is suggested that there should be a standard station lay out in order that building work, supervision and purchasing should be centralized and standardized as far as possible.

(6) Could a survey be made of personnel to see to what extent instructors outside the Royal Canadian Air Force were available? Is there a roster of such instructors with a view of their undertaking instruction work when required?

(7) Could a survey of available ground personnel be made? Are there ground engineers who could be diverted from civil aviation, always having regard to present and future calls of aircraft construction on skilled personnel?

(8) Could a census be made of aircraft mechanics who served in the last war and who are at present otherwise employed with a view as to earmarking those likely to be useful as mechanics after a refresher training.

Read 6 Nov Board of Trade Sept 28.

MASSEY

Rec'd Ottawa 8:30 P.M. E.S.D.

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Air T.

"R"

TELEGRAM C 267869

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

MOST SECRET AND PERSONAL

CYPHER

UNNUMBERED

LONDON, September 26th, 1939

Unnumbered Message. Most Secret and Personal. Following for Prime Minister from my Prime Minister. Begins:

I am sure that you will agree that the scheme outlined in the following message is of first importance. For this reason, and because it invites cooperation with Canada to a very special degree, I want to make a special personal appeal to you about it. I feel that so far reaching a project will strike your imagination particularly as it concerns an all important field of war activity in which Canada has already made so striking and gallant an individual contribution. May I therefore ask that the matter should receive very urgent attention?

1. During the last few days the War Cabinet have been considering the whole problem of future requirements in air strength and the nature of the effort likely to be required. The conclusion reached is that the problem is one of vital importance especially in the light of the success obtained by the German air force in helping to achieve the rapid subjugation of Poland. It is now abundantly clear that an overwhelming air force will be needed in order to counter German air strength and, in combination with other military measures and economic pressure, to bring ultimate victory.

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COLOURED PAPER
PAPIER DE COULEUR

TELEGRAM

C267870

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

LONDON.
LONDON,

2. With this in view the War Cabinet have sanctioned immediate measures here directed to further expansion of aircraft production and training. Objective is to build up gradually and maintain in continuous operation a greatly enlarged air force. In view of the unfortunate fact that wastage rate of air force when engaged in continuous heavy operations is exceedingly high it is expected that there would be required not less than 20,000 pilots and ~~another~~ 30000 personnel of air crews annually for maintenance of this enlarged force. To provide for these, it is estimated that about 90 elementary and advanced flying training schools with some subsidiary air crew and ground schools would be necessary.

3. In this respect we find ourselves under a grave disability in that the training organization now required is more than twice the entire training capacity available in the United Kingdom, having regard to limited space, operational restrictions and vulnerability to air attack.

4. It seems to us that this is a problem in the solution of which the overseas parts of the Empire may well be able to play a decisive part. If about one half of this vast training organization, say fifty flying training schools (of which twenty-five would be for advanced training) with some subsidiary

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COLOURED PAPER
PAPIER DE COULEUR

LONDON,

schools could be built up elsewhere than the United Kingdom, it would be, in our judgment, of inestimable value to the common cause. We have therefore been thinking over lines on which such an effort might be realized and venture to put forward for the consideration of Your Government a scheme of which the following is an outline.

5. Schools for elementary training would be established in each Dominion according to its capacity. Whilst all Dominions enjoy equal immunity from the risk of enemy interference, Canada has special advantages of nearness to the United Kingdom, greater potentialities for manufacture of service type of aircraft and proximity to the vast resources of the United States of America. For this reason the conception of the scheme involves general agreement on the part of all Governments concerned that advanced training for trainees from elementary training schools should be centred in Canada. There would be a continuous flow of trained personnel from elementary training schools in Canada to theatres of operations. It would also be our intention that a number of those who have completed elementary training in the United Kingdom should receive their advanced training in Canada.

6. We appreciate that any such scheme of nationalized training must depend on adequate provisions for training types and advanced service types of aircraft. It is our hope that existing resources of

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PAPIER DE COULEUR

TELEGRAM C267872

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

LONDON,

the Dominion for production of trainers and their engines will be fully utilized and expended to meet the requirements of elementary schools as determined by the extent to which each Dominion may decide to participate in the general scheme of training. It would not be the intention to retard or interfere in any way with projects already embarked on for Dominion production of service types. We are working out numbers and types of aircraft, both training and advanced, that we think would be required and we should be in a position to let you have particulars at an early date.

7. We should wish to do everything in our power as for example by the loan of personnel, to help in the building up of the organization outlined above.

8. It is of course contemplated that the first call on Dominion personnel who had received their training in schools under scheme would be for such air force units of Dominions as the participating Dominion Governments might be prepared to provide and maintain.

9. If a scheme on the above lines is acceptable in principle to your Government we suggest

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PAPIER DE COULEUR

TELEGRAM C 267873

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

LONDON,

as a first step joint discussions between experts. We think that these discussions might most conveniently take place in Canada. We ourselves are ready at very short notice to send to Canada a mission of high standing specially qualified for this particular purpose and we hope that it might be possible for it to discuss questions of fact with similar missions from other Governments concerned.

10. We hope that you will agree as to the immense influence which the development and realization of such a great project as that outlined in this telegram may have upon the whole course of the war; it might even prove decisive. We trust therefore that this co-operative method of approach to the problem will appeal to your Government. The knowledge that a vast air potential was being built up in the Dominions where no German air activity could interfere with expansion, might well have a pyschological effect on the Germans equal to that produced by the intervention of the United States in the last war with its vast resources.

11. It would be most helpful if you could let me know at the earliest possible moment whether your Government approved the suggested scheme in principle and whether they are agreeable to joint discussions in Canada in order that immediate arrangements may be made to that end.

12. I have conveyed the substance of the above scheme to the Prime Ministers of Australia and New Zealand also. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

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PAPIER DE COULEUR

"R"

TELEGRAM

C267874

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET AND PERSONAL LONDON, September 26th, 1939.

CYPHER

UNNUMBERED.

Unnumbered Message. Most Secret and Personal. Following for Prime Minister from my Prime Minister, Begins:

I am sure that you will agree that the scheme outlined in the following message is of first importance. For this reason, and because it invites cooperation with Canada to a very special degree, I want to make a special personal appeal to you about it. I feel that so far reaching a project will strike your imagination particularly as it concerns an all important field of war activity in which Canada has already made so striking and gallant an individual contribution. May I therefore ask that the matter should receive very urgent attention?

1. During the last few days the War Cabinet have been considering the whole problem of future requirements in air strength and the nature of the effort likely to be required. The conclusion reached is that the problem is one of vital importance especially in the light of the success obtained by the German air force in helping to achieve the rapid subjugation of Poland. It is now abundantly clear that an overwhelming air force will be needed in order to counter German air strength and, in combination with other military measures and economic pressure, to bring ultimate victory.

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CANADA

COLOURED PAPER
PAPIER DE COULEUR

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

2. With this in view the War Cabinet have sanctioned immediate measures here directed to further expansion of aircraft production and training. Objective is to build up gradually and maintain in continuous operation a greatly enlarged air force. In view of the unfortunate fact that wastage rate of air force when engaged in continuous heavy operations is exceedingly high it is expected that there would be required not less than 20,000 pilots and ~~anchor~~ 30,000 personnel of air crews annually for maintenance of this enlarged force. To provide for these, it is estimated that about 90 elementary and advanced flying training schools with some subsidiary air crew and ground schools would be necessary.

3. In this respect we find ourselves under a grave disability in that the training organization now required is more than twice the entire training capacity available in the United Kingdom, having regard to limited space, operational restrictions and vulnerability to air attack.

4. It seems to us that this is a problem in the solution of which the overseas parts of the Empire may well be able to play a decisive part. If about one half of this vast training organization, say fifty flying training schools (of which twenty-five would be for advanced training) with some subsidiary

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PAPIER DE COULEUR

TELEGRAM C267876

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

schools could be built up elsewhere than the United Kingdom, it would be, in our judgment, of inestimable value to the common cause. We have therefore been thinking over lines on which such an effort might be realized and venture to put forward for the consideration of Your Government a scheme of which the following is an outline.

5. Schools for elementary training would be established in each Dominion according to its capacity. Whilst all Dominions enjoy equal immunity from the risk of enemy interference, Canada has special advantages of nearness to the United Kingdom, greater potentialities for manufacture of service type of aircraft and proximity to the vast resources of the United States of America. For this reason the conception of the scheme involves general agreement on the part of all Governments concerned that advanced training for trainees from elementary training schools should be centred in Canada. There would be a continuous flow of trained personnel from elementary training schools in Canada to theatres of operations. It would also be our intention that a number of those who have completed elementary training in the United Kingdom should receive their advanced training in Canada.

6. We appreciate that any such scheme of nationalized training must depend on adequate provisions for training types and advanced service types of aircraft. It is our hope that existing resources of

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COLOURED PAPER
PAPIER DE COULEUR

TELEGRAM

C 267877

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

the Dominions for production of trainers and their engines will be fully utilized and expended to meet the requirements of elementary schools as determined by the extent to which each Dominion may decide to participate in the general scheme of training. It would not be the intention to retard or interfere in any way with projects already embarked on for Dominion production of service types. We are working out numbers and types of aircraft, both training and advanced, that we think would be required and we should be in a position to let you have particulars at an early date.

7. We should wish to do everything in our power as for example by the loan of personnel, to help in the building up of the organization outlined above.

8. It is of course contemplated that the first call on Dominion personnel who had received their training in schools under scheme would be for such air force units of Dominions as the participating Dominion Governments might be prepared to provide and maintain.

9. If a scheme on the above lines is acceptable in principle to your Government we suggest

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PAPIER DE COULEUR

TELEGRAM

C 267878

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

as a first step joint discussions between experts. We think that these discussions might most conveniently take place in Canada. We ourselves are ready at very short notice to send to Canada a mission of high standing specially qualified for this particular purpose and we hope that it might be possible for it to discuss questions of fact with similar missions from other Governments concerned.

10. We hope that you will agree as to the immense influence which the development and realization of such a great project as that outlined in this telegram may have upon the whole course of the war; it might even prove decisive. We trust therefore that this co-operative method of approach to the problem will appeal to your Government. The knowledge that a vast air potential was being built up in the Dominions where no German air activity could interfere with expansion, might well have a psychological effect on the Germans equal to that produced by the intervention of the United States in the last war with its vast resources.

11. It would be most helpful if you could let me know at the earliest possible moment whether your Government approved the suggested scheme in principle and whether they are agreeable to joint discussions in Canada in order that immediate arrangements may be made to that end.

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COLOURED PAPER
PAPIER DE COULEUR

TELEGRAM

C 267879

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

12. I have conveyed the substance of the above scheme to the Prime Ministers of Australia and New Zealand also. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Received Ottawa 3.15 p.m. E.S.T.

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Air T. Scheme

~~C 267880~~ C 267880

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON

TELEGRAM Ottawa, September 28th, 1939

UNNUMBERED

MOST SECRET AND PERSONAL

CYPHER

Unnumbered message of September 26th. Most secret and personal. Following for Prime Minister from Prime Minister. **Begins.**

1. I have received and discussed with colleagues the situation outlined in your telegram under reference. ~~We are fully conscious of the vital importance of the questions raised and have therefore given them immediate attention.~~

2. We have noted the conclusion of the War Cabinet that a greatly enlarged air force, in combination with other military measures and economic pressure, is of vital importance for victory over Germany. In view of the experience of the Polish campaign and the situation created by the subjugation, neutrality or hostility of the various Eastern countries which were counted upon to give aid against Germany, we can realize the force of this conclusion. We appreciate also the serious difficulties that would be met if an air force of the dimensions indicated had to be trained solely in the United Kingdom.

~~5.~~ 3. ~~We~~ I have therefore given immediate consideration to ~~the question of~~ to the part Canada could play in recruiting and training pilots and other personnel on the co-operative plan proposed. I can say at once that our Government fully agree that Canadian co-operation in this field would be particularly appropriate and probably the

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C267881

most effective in the military sphere which Canada could furnish. We would therefore be prepared in principle to accept the scheme.

4. There are necessarily certain important points which would have to be considered ~~before a definite conclusion could be reached.~~

5. The first requirement to ensure maximum effectiveness is the provision of sufficient planes to permit training the large numbers contemplated. This hinges in the first place on the availability of United States equipment. We understand that the Administration at Washington is confident that in spite of the increased vigor of the opposition the embargo will be repealed in a few weeks. Even so, United States plants are engaged far ahead with domestic and foreign orders, and some recent quotations indicate eighteen months as the minimum time for delivery of new orders. We believe this could be speeded up, but it is necessary to consider alternatively what planes, particularly for intermediate and advanced training, the United Kingdom could provide, and what expansion of Canadian production could be effected, possibly by the transfer of United Kingdom plants to Canada. Examination is being made here of the possibility of speeding up the establishment of engine-building plants here but the views of the United Kingdom Government on the above points would be very helpful.

6. As to instructors available here, full details will be sent very shortly. It is however plain that the number at present available is far below what would be necessary for rapid and effective execution of the project, and that the loan of personnel from the United Kingdom at the outset would be ~~cumulatively helpful~~ essential in ensuring the training of maximum numbers in minimum time. Particulars on this point would therefore be of great assistance. The facts as to existing and potential aerodromes

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C267882

and training stations are being collected and will be furnished shortly.

7. A third point of importance is the financial aspect. After full consideration of the financial and other factors involved, our Government drew up last week a programme indicating the direction and extent of the military and economic co-operation which it considered Canada could offer in the coming year. ~~This programme was announced in general terms.~~ In order to decide ~~what further participation Canada could undertake~~ it would be necessary to be informed in general terms what financial basis your Government have in mind for the air training scheme.

8. We are entirely in agreement as to the desirability of joint discussions in Canada between experts at the earliest possible date. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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air training scheme file

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

TELEGRAM Ottawa, 28th September, 1939.

UNNUMBERED

MOST SECRET AND PERSONAL

CYPHER

C267883

Unnumbered message of September 26th. Most secret and personal. Following from Prime Minister for your Prime Minister, Begins:

1. I have received and discussed with colleagues the situation outlined in your telegram under reference.

2. We have noted the conclusion of the War Cabinet that a greatly enlarged air force, in combination with other military measures and economic pressure, has become of vital importance. We have therefore given immediate consideration to the scheme outlined in your telegram and in particular to the part Canada could play in recruiting and training pilots and other personnel on the cooperative plan proposed.

3. I can say at once that our Government fully agree that Canadian cooperation in this field would be particularly appropriate and probably the most effective in the military sphere which Canada could furnish. We would therefore be prepared to accept the scheme in principle.

4. There are necessarily certain important points which would have to be considered in determining what on our part may be possible.

5. The first requirement to ensure maximum effectiveness is the provision of sufficient planes to permit training the large numbers contemplated. Canadian aircraft production is only just beginning to expand and

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cannot hope to provide the aircraft necessary for home defence and the initial supply of intermediate and advanced training aircraft in time for the scheme to develop quickly. Therefore these initial aircraft for this scheme must come from Britain or the United States. Canadian production could probably look after subsequent replacement aircraft. Canada can provide a surplus of elementary trainers which would be available for other Dominions. Engines are not available in Canada at present and must be supplied from Britain or the United States. Canadian manufacture of engines, if started now, could hardly produce useful results in less than eighteen or twenty months. It would be desirable to consider whether it would be possible to expand Canadian production by the transfer of some United Kingdom plant to Canada.

As regards the United States, it is unlikely to provide either airframes or engines in large quantities for quick delivery, except by diversion to Canada of aircraft now ordered by Britain. In the event of the repeal of the arms embargo, United States plants will still be engaged far ahead with domestic and foreign orders, including orders from neutral countries. Some recent quotations indicate eighteen months as the minimum time for delivery of new orders, though we believe this could be speeded up.

The views of the United Kingdom Government on all the above points would be very helpful.

6. As to instructors available here, full details will be sent very shortly. It is however plain that the number at present available is far below what would be necessary for rapid and effective execution of the project, and that the loan of personnel from the United Kingdom at

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C 267885

the outset would be essential in ensuring the training of maximum numbers in minimum time. Particulars on this point would therefore be of great assistance. The facts as to existing and potential aerodromes and training stations are being collected and will be furnished shortly.

7. A third point of importance is the financial aspect. In order to decide the possible extent of our participation in the proposed air-training plan, and in the light thereof to review the plans already made for military and economic cooperation, it will be necessary to be informed in general terms what your government has in mind as to the distribution of costs of the air-training scheme among the several co-operating governments. I should perhaps mention that the question of financing British purchases in this market, to which reference was made in our telegram No. 82 of September 21st, is still unsettled, though we hope that Treasury representatives will be able to discuss it with us in the course of the next few days.

8. We are entirely in agreement as to the desirability of joint discussions in Canada between experts at the earliest possible date and would be pleased to receive the mission from the United Kingdom suggested in your telegram, and also similar missions from other members of the Commonwealth. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

Read by Cowell Aff'rs IC

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COPY

C 267886

FROM THE SECRETARY OF STATE FOR DOMINION AFFAIRS

TO THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER LONDON 29th September, 1939

UNNUMBERED

Unnumbered. Most Secret. Following from Prime Minister for Prime Minister, begins:

We deeply appreciate speedy and sympathetic consideration which you and your colleagues have given to proposals set out in my telegram of September 28th, and are very gratified to learn that they are acceptable in principle.

We will examine at once detailed questions raised and will communicate as soon as possible with you on these points and also on question of date for arrival of suggested Mission.

In the meantime, it would be most helpful if other Prime Ministers concerned could be informed of attitude which Canadian Government are adopting. Would you prefer to do this yourself or would you like me to do so? Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Received Ottawa
7:50 p.m.

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Air T. Scheme

C 267887

Ottawa, September 28th, 1939.

MEMORANDUM FOR THE PRIME MINISTER IN COUNCIL:

Mr. Campbell and Mr. Vaughan of the War Supply Board have been conferring with Air Vice Marshall Croil and officials of the Department of National Defence, concerning air co-operation, and will be sending along, shortly, a memorandum of their suggestions with respect to the answer which might be sent to Mr. Chamberlain's message.

Dr. Skelton feels that it would be well to hold the draft telegram in reply, until we have seen what the memorandum from the War Supply Board and the Department of National Defence suggests, in this respect.

A. D. P. H.

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Air training scheme

C 267888

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS CANADA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON

Ottawa, 29th September, 1939

Telegram

Unnumbered

Most Secret and Personal

CYPHER

Our unnumbered message of September 28th. Most Secret and Personal. Following from Prime Minister for your Prime Minister. Begins.

In the event of our finding it possible, as we hope, after examination of the financial and time factors, to participate in an air-training scheme on a scale to be agreed upon, and in the event of the Governments of Australia and New Zealand coming to a similar conclusion, we consider it would be advisable that an announcement of this fact should be made at the earliest possible moment thereafter. We assume the British Government would desire to state that the air-training plan was the most effective form which cooperation could take in the light of the developments which have already taken place and probable future developments, We assume that the time and terms of such a statement would be agreed upon in advance.

Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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C 267889

DEPARTMENT OF FINANCE

OTTAWA, Sept 30 1939

MEMORANDUM FOR

outline of co-operative measures by Canada ~~already made~~ announced

Copy of which was sent to Dom. office

represented an outlay which after the fullest ~~consideration~~ and most careful consideration to Canada's ~~would tax our~~ financial resources.

C 267890

DEPARTMENT OF FINANCE

OTTAWA, ... 193.....

MEMORANDUM FOR

represented the very maximum which Canadian resources could encompass without serious, and it was feared irreparable weakening to the economic fabric of the country as ~~to conduct~~ for the Continuance

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C267891

DEPARTMENT OF FINANCE

OTTAWA,.....193.....

MEMORANDUM FOR

~~What is~~ increased and effective participation ~~in what it is to be based~~ ~~is to be vital~~ which seems most vital. Consequently readjustment of plans must be within financial limits

C267892

DEPARTMENT OF FINANCE

OTTAWA,.....193.....

MEMORANDUM FOR

~~Already~~ encouraged by plans already outlined.

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MEMORANDUM C 267893 1st file

Department of External Affairs

Air Personnel Ottawa, Sept 11

Draft letter based on Mr Mackenzie's letter.

S.

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Air Training

ODS/HMP.
September 29th, 1939.

MEMORANDUM FOR THE

PRIME MINISTER -

C 267894

AIR TRAINING SCHEME

The Canadian Government have indicated acceptance of the United Kingdom scheme in principle. We have pointed out the difficulty in obtaining at an early date an adequate number of training craft and instructors, and have stated that in order to decide the possible extent of our participation in the proposed air training plan, we should like information as to distribution of costs of the air training scheme.

The question arises how far we can inform the British Government of our definite acceptance even in principle or have any statement made to the public, before there has been further consideration as to its feasibility. There is no doubt ~~question~~ that one of Canada's most effective and decisive contributions can be made in the air - whether in recruiting airmen, training them, or maintaining an air force at the front. But in deciding upon the present British scheme it is necessary to consider:-

(1) Is the size of the British training project, namely, the training of "not less than 20,000 pilots and 30,000 personnel of air crews annually", a fixed and essential feature, the minimum which the British Government considers is required for achieving victory over Germany?

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C 267895

2. If this is the British view, the next question arising is the general one of war objectives and war policy. The same British authorities planned six months ago to stop Hitler by forming an East Europe coalition against him. There was no doubt about the desirability of stopping Hitler; there was grave doubt as to their wisdom in trying to stop him in Poland. Their efforts completely failed; a European war was made more rather than less certain and in the event of war coming it was clear there was no certainty of any effective anti-German action from the Eastward. The events since the war have made the failure plain and even more complete than could have been forecast. Now it is admitted France and Britain are not equal to Germany in the air. They have not and are not likely to have that overwhelming strength on land necessary for a successful offensive in the existing circumstances. Fortunately they have overwhelming strength at sea. They have much greater economic staying power. They have the moral sympathy of most free countries. Now they call on the Dominions to take the place of the United States in the last war and of Poland, Russia, Rumania, Greece, Turkey etc., etc., in the present war, by sharing in a colossal air attack. Should not there be consultation on objectives and policy, and not merely instructions as to how to help them in a policy they have formed?

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C 267896

3. Time factor.

What would be the minimum time, with most advantageous conditions as to provision of aircraft and instructors, in which a scheme such as is envisaged could be carried out?

4. Money factor.

What would be the total training cost? Cost of providing aerodromes and ground equipment? Cost of training planes? Cost of maintenance and instruction? etc. What would be the cost involved under most favourable conditions in, say, the first six months, the first year, the second year? It will clearly be huge; 4000 or 5000 training planes alone would run well over a billion dollars, I would guess. Of course a great part of this total cost will be borne by the United Kingdom, Australia and New Zealand. The total cost and the distribution cannot be known until a reply is received from Britain and perhaps not till after the missions arrive and go into it, but if any statement is to be made before they leave, it is clearly essential to have some rough idea of how many hundred millions are involved. It is also necessary to bear in mind that if Britain needs Canadian credits for buying wheat, she will ask for credits for her air expenditures here: some offset could be secured from purchase of equipment and Canadian force expenditures in England.

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C267897

Again, it is not merely an air training scheme. It is an expeditionary air force scheme on a colossal scale.* It would be difficult to train tens of thousands of Canadians as pilots and gunners, etc., and then restrict ourselves to sending over a dozen squadrons. We would be ~~led into~~ faced with trying to maintain in France a Canadian Air Force ~~of thousands of planes~~. What would be the cost of this?

The purpose of this note is merely to emphasize what is undoubtedly in the Government's mind - the necessity of an immediate study by National Defence and the War Supply Board and possibly Finance, of the expenditures involved, so that there would be some approximate idea of what acceptance of the plan would mean before a definite commitment or announcement was made.

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* See paragraph 8 of Dominions Office telegram: "It is of course contemplated that the first call on Dominion personnel who had received their training in schools under the scheme would be for such air force units of Dominions as the participating Dominion Governments might be prepared to provide and maintain."

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COLOURED PAPER
PAPIER DE COULEUR

"R"

Air T. Scheme

TELEGRAM C267898

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

UNNUMBERED

LONDON, 29th September, 1939

Unnumbered. Most Secret. Following from Prime Minister for Prime Minister, Begins:

We deeply appreciate speedy and sympathetic consideration which you and your colleagues have given to proposals set out in my telegram of September 26th, and are very gratified to learn that they are acceptable in principle.

We will examine at once detailed questions raised and will communicate as soon as possible with you on these points and also on question of date for arrival of suggested Mission.

In the meantime, it would be most helpful if other Prime Ministers concerned could be informed of attitude which Canadian Government are adopting. Would you prefer to do this yourself or would you like me to do so? Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

Received Ottawa
7:50 p.m.

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"R"

C 267899

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON

TELEGRAM

UNNUMBERED

MOST SECRET

CYPHER

Ottawa, September 30th, 1939.

Following from Prime Minister to your Prime Minister, Begins:

1. I wish to thank you for your message of appreciation regarding our telegram of September 28th. I note that the detailed questions raised are being examined and that you will shortly communicate with us further. We are continuing to make a similar examination here and when all the information is available, hope to be in a position to decide promptly on what scale we could cooperate in any joint plan that might be agreed upon.

2. We had already in mind the desirability of communicating with the Governments of Australia and New Zealand and have today informed them of the substance of my telegram of September 28th. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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sent/s C 267900

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON.

Ottawa, 30th September, 1939

TELEGRAM

UNNUMBERED

MOST SECRET

CYPHER

Following from Prime Minister to your Prime Minister. Begins.

1. I wish to thank you for your message of appreciation regarding our telegram of September 28th, ~~and~~ note that the detailed questions raised are being examined and that you will shortly communicate with us further. We are continuing to ~~give~~ make a similar examination here and when all the information is available, hope to be in a position to decide promptly on what scale we could cooperate in any joint plan that might be agreed upon.

2. We had already in mind the desirability of communicating with the Governments of Australia and New Zealand and have today informed them of the substance of my telegram of September 28th. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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Mil. Co-op Air T. Scheme
"Air" ODS/ET
30 Sept. 1939

MEMORANDUM FOR THE
PRIME MINISTER:

C 267901

29 Sept. Attached is another air proposal from the United Kingdom, also a draft of a letter which I thought might be sent immediately, mainly for the purpose of underlining the fact that our acceptance in principle of the air training scheme left us free to decide in the light of the facts on the scale on which we could participate. As regards the present proposal, it would apparently be feasible to draw upon Canadian airmen now in the Royal Air Force.

Hall Camp Head 28/30.
agreed a letter may
send campbell & Hall
at once
before dept & Parl. sessions
Yukon matter in Sept. &
end of Ceremonial. &c
K.
Sept 30-39.

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C 267902

TELEGRAM

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON

SECRET

CODE

UNNUMBERED

Ottawa, September 30, 1939.

Your telegram unnumbered September 26th.

The questions submitted by United Kingdom technical authorities have been considered by Department of National Defence. The replies hereunder are numbered to correspond with the queries raised.

(1) Bearing in mind civil traffic requirements, available civil aerodromes may require some further development to be suitable for service training. In explanation, it is stated that requirements have been judged to be runways of 4000 feet with clear approaches.

Canadian aerodromes are normally developed only to provide 3000 foot runways. At least fifteen such aerodromes, presently lacking accommodation and services, are judged to be available, the aerodrome surfaces of which could be extended and improved at an average cost of $210,000 per aerodrome, buildings and services extra. No estimate can be given of the cost of providing for an air firing and bombing range adjacent to these aerodromes, but in most cases cost of land will not be large.

(2) A survey of existing service training and operational aerodromes indicates that none could take further training units in their present state. Only one could be improved and extended at a cost of $250,000 plus buildings. Accommodation available consists of one hangar only, size 75' x 225'. Further accommodation would have to be provided.

(3) Yes. Certain provisional sites could be investigated, laid out and acquired provided requirements are known at an early date.

(4) Yes, but survey would be restricted by the arrival of winter conditions.

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CANADA

C 267903

(5) A general industrial survey of material available can be undertaken. A standard station layout has been drafted and costed on a basis of temporary frame construction and has been estimated to cost an average of $998,000 per service training aerodrome for accommodation.

(6) A survey of instructors outside the Royal Canadian Air Force has been completed and a roster is maintained. Practically all are qualified for elementary instruction only. Very few are unemployed. Those employed, generally speaking, are either instructors with Flying Clubs or commercial schools, or are occupying positions with the Department of Transport or with Trans Canada Airways. Those unemployed, for the most part, lack recent instructional experience.

(7) A complete list of all licenced air engineers in Canada is maintained. In round figures these total 700 of whom approximately 100 might be expected to be available for service.

(8) A census of aircraft mechanics who served in the last war and who are at present otherwise employed will be compiled by advertising and calling on them to report by letter or in person and indicating their availability for service. The number is not believed to be substantial.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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Sent O.S.

C267904

FROM: THE PRIME MINISTER OF CANADA OTTAWA

TO: " " Australia, Canberra

also to " " New Zealand, Wellington with variation in par. 4.

TELEGRAM

UNNUMBERED

Ottawa, 30th September, 1939.

SECRET AND PERSONAL

CYPHER

1. We have received from the Government of the United Kingdom a communication regarding the possibility of participation in a large expansion of training of air personnel. We understand a similar communication has been sent to you.

2. We have informed the United Kingdom that we consider that cooperation on our part in this field would be particularly appropriate and that in principle we would be prepared to cooperate in a scheme of training largely increased numbers of pilots and other air crews personnel. We have further stated that there are necessarily certain important points to be considered in determining what might be possible so far as we are concerned,

First, the question of obtaining promptly sufficient planes particularly for intermediate and advanced training.

Second, the availability of additional instructors, and

Third, the financial aspect, as to which we have indicated that in order to decide the possible extent of our participation in the plan and in the light thereof to review the plans already made for military and economic cooperation, we should like to be informed as to what the Government of the United Kingdom have in mind regarding distribution of costs of the scheme among the several cooperating Governments.

3. In the meantime we are examining these questions here, and when the necessary information is available, will be in a position to decide on what scale we could cooperate in any joint plan that might be agreed upon.

4. We agree as to the desirability of joint discussions by experts at earliest possible date and would be much pleased to welcome a mission from {the Commonwealth of Australia / New Zealand} if your Government decided to take this action.

5. We shall be glad to be informed of the view of your Government on the air training scheme.

PRIME MINISTER

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CANADA

Mil. Co-ops. Air T. Scheme "Air"

DRAFT.

MOST SECRET

Ottawa, 30th September, 1939

C 267905

My dear Sir Gerald,

I am in receipt of your letter of the 29th September, 1939, regarding Air Force proposals. It is noted the Air Council would welcome the formation of a Royal Canadian Air Force squadron overseas at the earliest possible date.

The proposal is being brought to the attention of the Prime Minister and the Minister of National Defence.

As you indicate, a comprehensive scheme for the training of an air force in Canada has been drawn up by the Government of the United Kingdom and is now receiving consideration. The Government have indicated their readiness in principle to join in a cooperative scheme for the training of an enlarged air personnel, and in the light of the examination now being made here and of the information expected from London as to availability of instructors and training planes, and the financial arrangements involved, they will be able shortly to decide on what scale they could cooperate in a comprehensive plan. This will obviously have a bearing on the present proposal, but I have no doubt the Government will wish to give immediate and simultaneous consideration to the latter suggestion.

Yours sincerely,

O.D. Skelton

Sir Gerald Campbell, K.C.M.G.,
High Commissioner for the
United Kingdom,
Earnscliffe,
Ottawa.

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R.

Air T.

Shelton's comments on Churchill statement for publication Oct

C267906

I could not let this occasion pass without reciprocating the courtesy of our London cousins by paying a tribute, in our turn, to the British statesmen whose sublime and effortless assurance, coupled with a gentlemanly vagueness on the sordid questions of finance and a unique eminence in diplomacy, which if in some slight measure not so completely successful as usual in the European field, has retained its full potency among the native tribes, has done so much to lead us to concur in this great undertaking.

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COPY

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON

C 267907

TELEGRAM

UNNUMBERED

MOST SECRET

CYPHER

Ottawa, September 30th, 1939.

Following from Prime Minister to your Prime Minister, Begins:

1. I wish to thank you for your message of appreciation regarding our telegram of September 29th. I note that the detailed questions raised are being examined and that you will shortly communicate with us further. We are continuing to make a similar examination here and when all the information is available, hope to be in a position to decide promptly on what scale we could cooperate in any joint plan that might be agreed upon.

2. We had already in mind the desirability of communicating with the Governments of Australia and New Zealand and have today informed them of the substance of my telegram of September 29th. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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Oct 2 Air Training

C 267908

MEMORANDUM TO MR. PICKERSGILL:

Re: Air force training, etc.

I can see that there is likely to be much discussion on the public platform and probably in Parliament concerning the Government's action with respect to the air force.

It is advisable, therefore, that at as early a date as possible, the exact facts with regard to this matter should be collected and made available in a form in which they can be either (a) used in debate, or (b) given to the public or to the press, as may be thought advisable. It would be well to have the date assembled in a ring binder, in which the material could be brought together in proper sequence.

The following material should be included:

(1) a brief history of the air force itself, its inauguration, appropriations with respect to the same, etc. prior to the coming into office of the Liberal Administration in 1921, and in the years of the Administration until 1930.

(2) The position of the force during the years of the Conservative Administration (under Mr. Bennett). There is much material in Hansard making clear the protest of the Liberal Opposition, in particular Colonel Ralston and myself at the cutting down of the air force.

(3) The development of the force since we assumed office in 1935.

Particular data in this connection as to amounts voted for necessary supplies, aircraft, with whom placed, length of time required for filling of orders, etc. should also be brought together. Mention might also be made of the intended purchase under the War Measures Act of planes in the U.S. at this time a year ago; the order was passed prior to the Munich Pact and after the pact, was cancelled.

In particular, all correspondence regarding the Air Mission which visited Canada a year ago should

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be brought together, and, in particular, the correspondence with Floud and the debate in the House of Commons on the last day of the Session. The question at issue which was a constitutional question, and the exact statement of the Government's position as given by myself. These papers are, I think, all together but should be assembled on the one file.

Press references now appearing which are significant should be pasted on individual sheets and kept in the ring binder.

I attach two clippings that are much to the point. They are from the "Citizen" of September the 30th.

W. L. M. K.

October 2, 1939

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"R" C267910 Air T. Scheme.

FROM: THE ACTING PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

SECRET AND PERSONAL

CYPHER WELLINGTON, October 3rd, 1939.

Secret and Personal. Your telegram unnumbered September 30th. Training of air personnel. Following telegram has been despatched today to Prime Minister of the United Kingdom, Begins:

His Majesty's Government in New Zealand approve in principle the suggestion that experts from the United Kingdom, Australia, Canada and New Zealand should meet in Canada to discuss the proposals outlined in your most Secret and Personal telegram of September 26th. The representatives from New Zealand can leave on October 16th by S.S. "Monterey" and will be available in Canada about November 4th. His Majesty's Government in New Zealand are prepared to cooperate in any scheme ultimately decided upon but suggest that a scheme must inevitably take some time before it can be fully implemented. In the meantime His Majesty's Government in New Zealand intend to push on the expansion of existing training scheme already indicated to His Majesty's Government in the United Kingdom. This organization can at a later date be modified without difficulty to fit in with any plan decided on as a result of the conference in Canada. Copies of this reply have been forwarded to the Prime Ministers of Canada and Australia. Ends.

FRASER

Received Ottawa 11.00 a.m. E.S.T.

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"R"

T. Scheme
air (in margin)

TELEGRAM C 267911

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET LONDON, October 4th, 1939.

CYPHER

UNNUMBERED

Most Secret. Following for your Prime Minister from my Prime Minister, Begins:

Thank you for your telegram of September 30th. With reference to your message of September 28th as to the air training scheme, we appreciate importance of points to which you refer as to provisions of aircraft and instructors necessary for the successful working of the scheme. Preliminary survey of these questions, which has been made here suggests, that in respect of aircraft requirements and of requirements in flying instructional personnel, it should be possible on the receipt of substantial assistance from United Kingdom resources, though in other respects the situation here seems to leave no alternative but to look to Dominion resources and other possible channels of supply. The Air Mission which is leaving this week will have full details of requirements in aircraft, instructors, ground personnel and aerodromes to be anticipated as the scheme develops and will be in a position to discuss the whole question. They will also be in a position to discuss financial aspect referred to in paragraph 7 of your message. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Received Ottawa 10.00 P.M. E.S.T.

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COPY

Air Mission

R.

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM

16X/88
SECRET

Earnscliffe,

Ottawa, 5th October, 1939

C 267912

My dear Dr.Skelton,

May I invite your reference to the correspondence which has recently been exchanged between the Canadian Government and the United Kingdom Government regarding the establishment in Canada of an air training scheme on a very wide basis?

I would refer in particular to the Canadian Government's telegram of the 28th September, in paragraph 8 of which it is stated that the visit of the proposed Mission from the United Kingdom on this subject would be welcomed.

I should now inform you that I learn that it is contemplated that this Mission should leave for Canada on October 6th or October 7th. I am informed that it will be headed by Lord Riverdale and that it will consist of about fourteen persons.

I am requesting further information from London about the probable date and port of landing in Canada and also about the names of the members of the Mission other than Lord Riverdale. I shall hope to communicate these details to you shortly with a request that the party may receive facilities similar to those so courteously accorded to the United Kingdom Purchasing Mission headed by Colonel Greenly and Sir James Rae.

I have at present no information whether it is contemplated that any public statement should be made in the United Kingdom at an appropriate moment about the Mission's departure for Canada but I am enquiring about this point also.

Yours sincerely,
(sgd) GERALD CAMPBELL

Dr.O.D. Skelton

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Air Min a/T

C 267913

Office of the High Commissioner
for the United Kingdom,
Earnscliffe, Ottawa.

6th October, 1939.

516X/88

SECRET.

My dear Dr. Skelton,

With reference to my letter of the 5th October (516X/8) about the Mission which is to come from the United Kingdom to discuss the establishment in Canada of air training on a very wide basis, I now learn that the Mission will be composed as follows:-

Lord Riverdale, K.B.E.

Air Marshal Sir Christopher Courtney, K.C.B., C.B.E., D.S.O.

Group Captain J.N. Hollinghurst, O.B.E., D.F.C.

Group Captain J.M.Robb, D.S.O., D.F.C.

Group Captain A. Gray, M.C.

Mr. Vann B. Abraham, C.B., Principal Assistant Secretary, Air Ministry.

Mr. Logan R. Howard, Principal, Air Ministry.

Mr. J. Smyth, Principal, Air Ministry.

Mr. A.D. Hayward.

Miss M.A. Wright, shorthand typist.

Miss V.Bennett, shorthand typist.

Mr. Joseph Milner, Private Secretary to Lord Riverdale.

Air Marshal Courtney's servant.

I understand that the foregoing party are sailing today in the S.S. "Duchess of Richmond" which is due at Montreal about the 15th October.

Dr.O.D.Skelton,
Under-Secretary of State for External Affairs,
O t t a w a.

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Epreuve illisible

It is expected that an expert in aircraft production (not yet selected) will probably sail by the next boat thereafter and that Air Chief Marshal Sir Robert Brooke Popham will be following later.

It will be greatly appreciated if the Canadian Government will be good enough to accord to the Air Ministry's Mission facilities similar to those which were accorded to the United Kingdom Purchasing Mission headed by Colonel Greenly and Sir James Rae.

I would add in conclusion that I have been promised very shortly a further telegram dealing with the question of a public announcement at the appropriate moment about the Mission's departure for Canada.

Yours sincerely,

(Signed) Gerald Campbell.

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COLOURED PAPER
PAPIER DE COULEUR

Air T. Scheme

C267915

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM.
Earnscliffe,
OTTAWA.

516X/89
SECRET & PERSONAL

7th October, 1939

My dear Prime Minister,

I have been asked to inform you that the Secretary of State for Air is anxious to arrange that Captain Harold Balfour, M.P., Parliamentary Under-Secretary of State for Air, should pay a short visit to Canada in the near future. Captain Balfour has special experience of air training and production problems and it is considered that it would be of great value that he should be able, if possible, to take part in the discussions which will be taking place between the members of the Air Ministry Mission headed by Lord Riverdale and the Canadian authorities concerned, as well as the corresponding Missions from Australia and New Zealand, on the subject of the establishment in Canada of an air training scheme on a very wide basis.

I should be very grateful if you would be good enough to let me know at the earliest possible moment whether such a visit by Captain Balfour would be welcomed by the Canadian Government and, if so, whether he could be given all appropriate facilities in connection therewith.

I may say that in that event it would be proposed that Captain Balfour should leave for Canada by the next available ship, probably some time next week.

Yours sincerely,

Malcolm Campbell

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

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C 267916

ODS/AH
Oct. 7,1939.
11.30

MEMORANDUM FOR THE PRIME MINISTER.

Sir Gerald Campbell has just brought in the attached communication regarding an air training announcement.

You will note that it is proposed to make an announcement on Tuesday, October 10th, as part of the Air Ministry's review of activities.

Sir Gerald said that his own view was that it lumped the Dominions too much together and did not give sufficient recognition to the much greater contribution which Canada would make under the plan.

At first glance three points present themselves:

1. No consideration has been given to the suggestion which Sir Gerald, I assume, passed on after the discussion which he had with you and also with myself on Thursday evening as to the necessity of making clear that air cooperation was definitely the most effective form of military cooperation.

2. It assumes that a plan on the great ~~scheme~~ scale suggested is going to be carried out. While a scheme of greatly increased training has been accepted in principle by

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Epreuve illisible

Canada and New Zealand (we have no word yet from Australia), the whole question of its feasibility as regards supply of airplanes and of the financial obligations involved remains to be determined. It implies that the task of the Mission was merely to discuss details of the execution of the plan which has already been accepted. It looks very much as if the Air Ministry is endeavouring to rush the public acceptance of ~~the~~ a plan involving "the taking on of airmen amounting to many thousands each month."

3. The announcement on Tuesday will in all probability precede a statement as to peace and war aims. Sir Gerald said, incidentally, that he assumed it was their intention to get this out before the reply was made to Hitler. Such a procedure is definitely open to the objection, to which I referred the other day, that it would be made to appear that "the Dominions" were taking the initiative in rejecting consideration of peace possibilities by putting forward a colossal air scheme at this particular moment.

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If an announcement has to be made before the British Air Mission arrives here, there is no reason why it could not be deferred until after a reply on the peace terms has been made and be made much briefer and less committal than this typical Air Ministry production.

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Office of the High Commissioner
for the United Kingdom
Earnscliffe
Ottawa.

7th October, 1939

516X/89
SECRET AND IMMEDIATE

Dear Dr. Skelton,

With reference to my letter of yesterday and previous correspondence on the subject of the despatch of the Air Ministry Mission to Canada, I have now been informed by the Secretary of State for Dominion Affairs that it is desired to make an announcement on the subject in the House of Commons at Westminster on Tuesday, the 10th October, at about 4 o'clock p.m. British summer time.

The text of the proposed statement is given in the enclosed memorandum and I am instructed to ask that I may be informed at the earliest possible moment whether the Canadian Government desire to make any comments upon it.

I may say for your own personal information and that of the Prime Minister that it is expected that the statement will be made by the Secretary of State for Air as part of a general review of air activities similar to that made by the First Lord of the Admiralty a few days ago.

I should add in conclusion that the United Kingdom Government would of course see no objection whatever to a simultaneous statement on similar lines being made in Canada if that is desired.

Yours sincerely,

(sgd) GERALD CAMPBELL

Dr. O. D. Skelton,
Under-Secretary of State
for External Affairs,
Ottawa.

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MEMORANDUM

I am glad to be able to announce today a development of great importance which I can confidently say is destined to make a most effective contribution to the successful prosecution of the war.

His Majesty's Governments in the United Kingdom, Canada, the Commonwealth of Australia and New Zealand have agreed on arrangements for rapid expansion on a co-operative basis of training organisation for pilots, observers and air gunners required first for considering the enlargement and then for the maintenance on the enlarged basis of the Air Forces of the respective countries. This will be combined with an expansive production of aircraft in the Dominions concerned.

By this agreement the many facilities and the great natural advantages for the training of the pilots and the other personnel and the production of aircraft which the Dominions offer in the areas free from any risk of enemy interference will be utilised to the fullest extent and to the best advantage.

Training schools will be established and maintained in each of these Dominions. The more comprehensive and technical facilities required for the advancement of training apart from those available and to be made available here will in the main be concentrated in Canada. Personnel from elementary training schools in Australia and New Zealand as well as a substantial proportion of young men passing out of similar establishments in this country will proceed to Canada to receive there with similar personnel from schools in Canada the advanced training which will fit them all for service in the line. The young men so trained will join either the Air Force squadrons main-

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tained by the respective Dominion Governments in the theatre of operations or our own Royal Air Force units; while those from this country who get their final training in Canada will of course come back to join the Royal Air Force squadrons in the field.

The House will form some impression of the magnitude of the plan when I say that as it develops the number of training schools, already large, will be ~~more than doubled~~ approximately trebled and we shall achieve an increased output of first line pilots, observers and air gunners to be counted not in hundreds but in many thousands each month as the war goes on. The aim, in short, is to achieve Empire Air Forces of overwhelming strength.

A Mission from this country - headed by Lord Riverdale, who will be aided by a specially selected technical staff - is already on its way to Canada to meet there corresponding Missions from Australia and New Zealand. These Missions will discuss with the Canadian authorities all further steps that are to be taken for the rapid execution of the plan, including provision of the necessary aircraft instructors, ground personnel and aerodromes.

I need not dwell upon the great significance and far-reaching effect of this development in an all-important field of war activity in which the Dominions have already made individual contributions of a gallant and striking character. It is a notable illustration of the manner in which free and equal members of the British Commonwealth can by discussion and collaboration bring to bear in concert the full weight and might of their individual resources to secure achievement of a common purpose and the success of a common cause.

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I am sure that the House will like to join the Government in paying a tribute to the vision and imagination of the Dominion statesmen who have done so much to help in realising this great conception and who will, I am confident, contribute notably to its achievement. We are most grateful too to the Dominion High Commissioners in London for their helpful co-operation.

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COLOURED PAPER
PAPIER DE COULEUR

"R"

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER LONDON, October 7th, 1939.

NO. 476.

C 267923

No. 476. Your telegram unnumbered September 30th, air training questions. Air Ministry have supplied following brief particulars with regard to aerodrome, etc. requirements.

1. An aerodrome of 1,000 yards square is considered sufficient for intensive flying training at advanced training schools or elementary training schools. It is preferable not to have runways so as to allow a larger front to be worked on. There is however no objection to runways if nature of soil necessitates them.

2. Hangar floor space required at each advanced training school is 225,000 square feet. Hangar floor space required at each elementary flying training school is 90,000 square feet. Doors of hangars should be not less than 20 feet high and 80 feet wide. In order to allow flexibility and interchangeability among stations so that each station is capable of housing the biggest operational aircraft it would be advisable to have door openings 120 feet wide. This however is not a definite requirement for a school.

3. Total accommodation required at each advanced training school is for 150 officers and 800 men; at each elementary school 115 officers and 620 men. These figures include trainees, instructors and maintenance personnel.

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COLOURED PAPER
PAPIER DE COULEUR

C 267924

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

4. To enable this large number of personnel to be trained in minimum time, the Air Ministry provide in addition to parent aerodrome two relief landing grounds for each advanced training school and one relief landing ground for each elementary school. These relief landing grounds may be slightly smaller if necessary than the parent aerodrome and require no buildings. The relief landing ground should not be closer than five miles from the parent station so as to avoid air congestion. As to runways confident that 3,000 feet adequate length.

MASSEY

Received Ottawa 4.04 P.M. E.S.T.

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Ottawa, October 7, 1939

MEMORANDUM FOR DR. SKELTON:

C 267925

Re Air Training Scheme and Mission

It will be necessary before the Air Mission arrives for Council carefully to consider the constitutional questions likely to arise in connection therewith. Ministerial responsibility will have to be carefully defined as between the several governments concerned.

In Sir Gerald Campbell's letter of October the 4th, regarding the conference of Ministers in London, Sir Gerald says:

> ".....There is and can be no question of departing from the well-recognised principle that executive responsibility remains with the several Governments individually."
>
> ".....This principle has been made abundantly clear by constitutional developments during the last fifteen years and by the passing of the Statute of Westminster. But the fact that this is the position only emphasises the need for constant consultation by all practicable methods, especially when vital issues are at stake and when member nations of the British Commonwealth are concentrating all their energies on a common task".

This quotation is from a communication being given to the press by the British Government. It might well, I think, be made a basis for clearer definition of exact responsibility upon United Kingdom, Canadian, Australian and New Zealand Governments as it may arise in connection with the Air Training Scheme. Before the Mission arrives I think a definite formula should be worked out and approved by the Cabinet which could be presented to and considered by the Mission the moment it arrives.

Speaking generally, I feel that the Canadian government will have to assume primary responsibility for whatever is done in Canada. By that I do not mean that we

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become immediately responsible but will have to assume responsibility for powers either delegated or not delegated. I should think that the obligation of each government would have to be clearly defined and agreed to by all concerned. Within the sphere of obligations thus set forth each government would be expected to operate. Shortcomings therein would be the fault of the government concerned - not of the government of Canada.

This matter should receive the careful consideration of Council on Tuesday.

W. L. M. K.

MK:MAC

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C 267926

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W. L. M. K.

MK:MAC

REPEAT
REPETER

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Air. T. Scheme

C 267927

ODS/SR
8.10.39

MEMORANDUM FOR THE PRIME MINISTER

You will note that I have indicated (attached) an alternative ending in the letter to Sir Gerald Campbell. I still have some apprehension that an announcement on Tuesday, dressed up as it will in any case be dressed up, might be interpreted as an indication that the Dominions were opposed to any consideration of peace terms even on such lines as you have suggested to Mr. Chamberlain. Announcement on Tuesday would, as you have indicated, be too late to affect the nature of "peace" terms offered by Hitler or his decision to make these proposals. If made later, the announcement should, of course, make clear that decision in principle had been reached last week.

O.D.

I would ask whether for a decision that a Tuesday announcement might be ~~for~~ to ease blame of Britain for continuance of war and a million unemployed Sufferings, at a moment when peace views were being canvassed. I point out views of ~~Simon~~ Lloyd George in the post-Chanak debate as a warning against attempt to reflect ~~(?)~~ in changing position of Britain in Hitler's mind. - I feel strongly announcement should be made, as soon as possible, - would have preferred having had it made before recent crisis arose ~~should~~ broke & Hitler.

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R

Draft (I have retained original)

D. of T.
ODS/SR

C 267928

Ottawa, October 8th, 1939.

SECRET
IMMEDIATE

Dear Sir Gerald:

I desire to acknowledge your letter of October 7th (your file 516X/89) stating that it is proposed to make an announcement regarding air training arrangements, on the lines of the memorandum enclosed in your letter, in the House of Commons at Westminster on the afternoon of Tuesday, October 10th.

Your letter and memorandum were at once brought to the attention of the Prime Minister.

I am instructed to state that in the view of the Canadian Government it would be desirable that any statement made should indicate the actual sequence of the discussions on the air training scheme, and should also emphasize the fact that this activity constitutes, in the opinion of the Government of the United Kingdom, the most essential and effective method of military cooperation open to Canada.

It is also considered desirable that it be made clear that no decision has yet been reached or could, under

Sir Gerald Campbell, K.C.M.G.,
High Commissioner for
the United Kingdom,
Ottawa.

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the circumstances, have been reached, as to the scale of the air recruiting and training which will be found feasible. The Canadian Government are convinced that a greatly increased measure of such training is practicable and desirable, and are determined to join to the fullest extent of their ability in a cooperative plan for carrying on intermediate and advanced training in Canada. It has, however, been indicated in the Prime Minister's telegrams of September 28th and September 30th that the question of the scale upon which this plan could be carried out would depend upon the examination of the technical conditions as to air stations, instructors and training planes, and upon conclusions as to costs and their distribution, which would require consideration in the light of the estimate of other expenditures and of credits in the supply fields to which reference was made. Mr. Chamberlain stated in his reply of October 4th that the Air Mission would be in a position to discuss both the technical and the financial conditions of the scheme. The proposed statement, however, particularly in paragraph 7, appears to assume that agreement has already been reached not only on principle but on the scale suggested in the initial telegram of September 26th. It is therefore the view of the Canadian Government that any statement made should include the following points:

1. Reference to the fact that the proposal was put

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forward by the Government of the United Kingdom, in September, in the belief that this activity constituted the most necessary and decisive effort which Canada could put forth in the field of military cooperation, and that it has been accepted in principle by Canada, Australia and New Zealand.

2. Outline of the plan of local elementary training in the United Kingdom, Australia, New Zealand and Canada, and advanced training in Canada, indicating that it would involve a great and rapid expansion of air training. (without indicating, until after the Missions have reported and the Commonwealth Governments concerned have reached agreement, the probable scale of the scheme to be adopted).

3. Reference to the coming to Canada of Missions from the United Kingdom, Australia and New Zealand to examine the detailed requirements.

Yours sincerely,

O. D. Skelton

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3. Reference to the coming to Canada of Missions from the United Kingdom, Australia and New Zealand to examine the detailed requirements.

As to the time of the announcement to be made, it is considered that under all the circumstances a slightly later date would be preferable.

Yours sincerely,

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Yours sincerely,

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Air Training -

"R"

THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA.

THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

C 267933

SECRET & PERSONAL

CYPHER

CANBERRA, October 9th, 1939.

Secret and Personal. I received your telegram of September 30th and my Government has been considering the question of possibility of participation in large expansion training of air personnel.

We approve aims of air training scheme and would be prepared to send air mission to Canada.

We are grateful for your cooperation and for facilities your country offers.

At present we are not in a position to speak with certainty as to the numbers which could be partly trained and sent away for further training but we may have a shortage of instructors and have a serious shortage of training machines.

On each of these matters we would require assistance, though we are taking immediate steps to examine the possibilities of building certain elementary types in Australia and possibly making purchases from America in the event of neutrality embargo being modified.

We have received an advance copy of a statement which will be made in the House of Commons on October 10th and I propose to make a simultaneous statement on similar lines.

The Australian personnel will be decided in the course of the next few days and as soon as it is available I will communicate it to you. Ends.

PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA.

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R.

Air T.

ODS/AH

MEMORANDUM FOR THE PRIME MINISTER. Oct. 9,1939.

C267934

Sir Gerald Campbell stated this morning that he had cabled last night the contents of our letter regarding air training, together with some points you had made in conversation with him yesterday.

H e stated that on his own initiative he had cabled some comments on Saturday night and had received a reply late last night. It was indicated in the reply that the background of the Air Ministry's statement was that with the collapse of Poland enemy aircraft might next turn to attacks upon British airplane factories and training fields. It is not even certain yet whether Russian aircraft might not join. It was, therefore, decided it was necessary to impress both the enemy and neutral countries by a statement implying that an air training scheme on a colossal scale was already under way. The effect would be spoiled if it were indicated that the scheme were still to be worked out.

I said to Sir Gerald that we were quite well aware of the probability of German attacks such as he mentioned. Those attacks if they did come would come in the next two or three months. The Germans knew quite as well as we did that no new training scheme could come into operation for a year at least.

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The announcement of a big scheme is just as likely to spur them on to get their bombing in first as it is to deter them. If they could be deterred by an announcement now, that could be done by referring to a "very largely increased training" scheme without trying, incidentally, to tie us down to an acceptance of the precise figures contained in the first London telegram on the subject.

Sir Gerald referred to the emphasis you had laid ~~down~~ on the actual historical sequence, namely, that the United Kingdom had initiated these proposals and that they had been set out as the most important contribution Canada could give. He added that the Air Ministry had apparently preferred to pay a tribute to the far-sighted wisdom of a Dominion statesman. ~~as a tribute~~. I told him that so far as Canada was concerned we preferred facts to soft soap.

OD

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R.

A.M.T.
ODS/ET
9 Oct.1939

MEMORANDUM FOR THE PRIME MINISTER:

C 267936

Enclosed is a copy of a letter and memorandum which Sir Gerald Campbell has just brought in, with a note covering a revised Air Ministry announcement regarding air training.

As regards paragraph 3 of the announcement, Sir Gerald said they had endeavoured to meet your point by putting in the word "comparatively" before the words "free of any risk of enemy interference", though their own judgment was the freedom under present circumstances was more than comparative.

In paragraphs 2 and 3 it will be noted they have met the historical sequence suggestion by indicating that the scheme was put forward by the Government of the United Kingdom, and that the Dominion Governments have agreed in principle to these arrangements.

In the last paragraph they had reluctantly omitted the tribute to "the vision and imagination of the Dominion statesmen", and will be quite ready to put it back.

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I told Sir Gerald that on hurried reading, these points seemed adequately covered, but that there were two matters on which our suggestions had not in any way been met. The first one was the desirability from our standpoint of including a statement to the effect that this was the most effective form of military cooperation. I reminded him that ~~that~~ this had several times been brought to their attention, and that it was the understanding on which the Government had agreed to this scheme in principle. He enquired whether I thought this was met by the first sentence in paragraph 6. I said I thought that was all right as far as it went, but that it did not cover the point, with which he frankly agreed. I suggested that it might be met if after the words "all phases of war effort" they should add "and which in the opinion of the Government of the United Kingdom would constitute the most essential and decisive effort that Canada could put forward in the field of military cooperation". Next, I pointed out that in paragraph 5, they had made no alteration whatever in their statement of the scale of the scheme, in spite of our lengthy analysis of the situation in this regard. Sir Gerald said they undoubtedly wished to make the statement as striking as possible. I said we quite recognized and sympathized with that desire, but that they must give some consideration

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not only to the enemy but to their allies. We had definitely made it clear from the beginning that while we approved a plan of greatly enlarged air training, we could not reach any conclusion on the scale to which we could commit ourselves until we had some careful and expert report on the technical feasibility of a scheme on the scale they had suggested, and particularly as to the financial commitments which had to be considered as part of the whole financial and credit arrangement on which we had been endeavouring for some time to get a complete picture. Further, it was apparent in the telegram from Australia just received this afternoon, that they did not feel they could commit themselves to these huge numbers. It was better from that standpoint not to commit ourselves to an objective which a brief period would show was quite impossible of attainment. If later it appeared that the scheme could be operated on this scale, that could be stated equally effectively when the Missions had made their report.

I did not suggest to Sir Gerald any alteration of this paragraph, but it might perhaps be varied somewhat as follows:

The House will form some impression of the magnitude of the plan when I say that as it develops it would result in a very great and rapid

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increase in the number of training schools, already large, and that we shall achieve an increased output of first line pilots, observers and air gunners to be counted not in hundreds but in many thousands as the war goes on. (or, to be counted not in hundreds but in thousands each month). (I am a little doubtful about the latter). The aim, in short, is to achieve an ~~air force~~ Empire air force of overwhelming strength.

There is a further minor point in paragraph 2, line 2, as to whether it is sufficient to say "recently put forward", or whether we should say "put forward last month".

Sir Gerald stated he would like to get a telegram off this evening. Perhaps it might be possible for you to telephone me when you have had time to examine the memorandum.

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P.S. It must be borne in mind that if we agree to an objective that we can later not attain, that will enable Senator Meighen to say that if the Government had accepted his recommendations last year and had started air training schools on a huge scale, we would now have been able to meet the United Kingdom demands. It must further be considered that while there are hundreds and thousands of young men in Canada who would make competent pilots and who are willing to volunteer for that purpose, the supply is not unlimited, and presumably it is not desired to introduce conscription for an air force any more than for a military force.

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C 267941

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM.

Earnscliffe,

OTTAWA.

516X/93. 10th October, 1939.

SECRET & IMMEDIATE

Dear Dr. Skelton,

As I said in my earlier letter to-day, I took the earliest opportunity of conveying to the Government of the United Kingdom the observations which, as stated in your letter of the 8th October, the Canadian Government desired to offer upon the draft statement which it is contemplated that the Secretary of State for Air will make on the 10th October, in the course of a general statement on air activity, regarding the Empire air training scheme now under consideration.

These observations have received the fullest and most sympathetic consideration of the United Kingdom Government, and I am now instructed to convey to you the enclosed copy of a redraft of the statement in question, which may be regarded as replacing the draft contained in my letter of the 7th October (516X/89), and which the United Kingdom Government earnestly hope will commend itself to the Canadian Government.

In communicating to me the amendments which have now been incorporated in the revised draft of the statement, the United Kingdom Government enquire whether the Canadian Government contemplate making a similar statement simultaneously, and I should be very grateful to learn as soon as possible what may be intended in this respect.

Yours sincerely,

(sgd) Gerald Campbell

Dr. O. D. Skelton,
Under-Secretary of State
for External Affairs,
OTTAWA.

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M E M O R A N D U M.

1. I am glad to be able to announce to-day a development of great importance which I can confidently say is destined to make a most effective contribution to the successful prosecution of the war.

2. His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland recently put forward for the consideration of His Majesty's Government in Canada, the Commonwealth of Australia and New Zealand an outline of arrangements for rapid expansion on a co-operative basis of training organisation for pilots, observers and air gunners required first for considering the enlargement and then for the maintenance on the enlarged basis of the Air Forces of the respective countries.—This will be combined with an expansive production of aircraft in the Dominions concerned.

3. The Dominion Governments concerned have signified their ready agreement in principle to these arrangements and as a result they and we have ensured that the many facilities and the great natural advantages for the training of the pilots and the other personnel and the production of aircraft which the Dominions offer in areas comparatively free from any risk of enemy interference will be utilised to the fullest extent and to the best advantage.

4. Training schools will be established and maintained in each of these Dominions. The more comprehensive and technical facilities required for the advancement of training apart from those available and to be made available here will in the main be concentrated in Canada. Personnel from elementary training schools in Australia and New Zealand as well as a substantial proportion of

young/

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young men passing out of similar establishments in this country will proceed to Canada to receive there with similar personnel from schools in Canada the advanced training which will fit them all for service in the line. The young men so trained will join either the Air Force squadrons maintained by the respective Dominion Governments in the theatre of operations or our own Royal Air Force units; while those from this country who get their final training in Canada will of course come back to join the Royal Air Force squadrons in the field.

5. The House will form some impression of the magnitude of the plan when I say that as it develops the number of training schools, already large, will be approximately trebled and we shall achieve an increased output of first line pilots, observers and air gunners to be counted not in hundreds but in many thousands each month as the war goes on. The aim, in short, is to achieve Empire Air Forces of overwhelming strength.

6. It will be seen that the special part to be taken by Canada will call from her for a contribution of a high order in line with that which she is making in all phases of war effort. A Mission from this country - headed by Lord Riverdale, who will be aided by a specially selected technical staff - is already on its way to Canada to meet there corresponding Missions from Australia and New Zealand. These Missions will discuss with the Canadian authorities all further steps that are to be taken for the rapid execution of the plan, including provision of the necessary aircraft instructors, ground personnel and aerodromes.

7./

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C 267943A

7. I need not dwell upon the great significance and far-reaching effect of this development in an all-important field of war activity in which the Dominions have already made individual contributions of a gallant and striking character. It is a notable illustration of the manner in which free and equal members of the British Commonwealth can by discussion and collaboration bring to bear in concert the full weight and might of their individual resources to secure achievement of a common purpose and the success of a common cause.

8. I am sure that the House will like to join the Government in paying tribute to the Dominion statesmen who have done so much to help in realising this great conception and who will, I am confident, contribute notably to its achievement. We are most grateful too to the Dominion High Commissioners in London for their helpful co-operation.

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AIR TRAINING

United Kingdom Statement as understood from Sir Gerald Campbell.

10.26 A.M.
October 10th,1939.

1. I am glad to be able to announce today a development of great importance which I can confidently say is destined to make a most effective contribution to the successful prosecution of the war.

2. His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland put forward in September for the consideration of His Majesty's Government in Canada, the Commonwealth of Australia and New Zealand an outline of arrangements for rapid expansion on a co-operative basis of training organisation for pilots, observers and air gunners required first for considering the enlargement and then for the maintenance on the enlarged basis of the Air Forces of the respective countries, this to be combined with an expansive production of aircraft in the Dominions concerned.

3. The Dominion Governments concerned have signified their ready agreement in principle to these arrangements and as a result they and we have ensured that the many facilities and the great natural advantages for the training of the pilots and the other personnel and the production of aircraft which the Dominions offer in areas comparatively free from any risk of enemy interference will be utilised to the fullest extent and to the best advantage.

4. Training schools will be established and maintained in each of these Dominions. The more comprehensive and technical facilities required for the advancement of training apart from those available and to be made available here will in the main be concentrated in Canada. Personnel from elementary training schools in Australia and New Zealand as well as a substantial proportion of young men passing out

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5. The undertaking is of great magnitude. Its development would result in a great and rapid increase in the number of training schools, already large, and achieve an increased output of first line pilots, observers and air gunners which, combined with our own output, would ensure the greatly increased requirements in trained personnel being fully met. The aim, in short, is to achieve (Empire) Air Forces of overwhelming strength.

6. It will be seen that the scheme involves a concentration of air training largely in Canada. With the facilities that Canada possesses, this cooperative effort may, in the opinion of the United Kingdom Government, prove to be of the most essential and decisive character. A Mission from this country - headed by Lord Riverdale, who will be aided by a specially selected technical staff - is already on its way to Canada to meet there corresponding Missions from Australia and New Zealand. These Missions will discuss with the Canadian authorities all further steps that are to be taken for the rapid execution of the plan, including provision of the necessary aircraft instructors, ground personnel and aerodromes.

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7. I should add that for various reasons the Government of the Union of South Africa do not consider this scheme of air training applicable to the circumstances of the Union, and that they consider their air force personnel should receive their full training at home. I am,however, authorized to say that the Union authorities intend to make their training as complete as possible and to expand their air forces to the fullest extent of their resources.

8. I need not dwell upon the great significance and far-reaching effect of this development in an all-important field of war activity in which the Dominions have already made individual contributions of a gallant and striking character. It is a notable illustration of the manner in which free and equal members of the British Commonwealth can by discussion and collaboration bring to bear in concert the full weight and might of their individual resources to secure achievement of a common purpose and the success of a common cause.

9. I am sure that the House will like to join the Government in paying tribute to the vision and imagination of the Dominion statesmen who so promptly recognized the importance of this great conception and who will, I am confident, contribute notably to its achievement. We are most grateful too to the Dominion High Commissioners in London for their helpful co-operation.

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R. AirT.

ODS/ LSG

Ottawa, 10th October, 1939.

MEMORANDUM FOR THE PRIME MINISTER:

C 267947

Attached is a revised copy of the press statement. I am sending a copy by hand to Mr. Rogers, with a note.

Sir Gerald Campbell telephoned your revision and said he thought himself it was satisfactory and that the people to whom he talked at the Dominions Office would be prepared to accept it. He said it would have to be brought to the attention of Eden and ~~others in~~ the Air Ministry. They would send a telegram in reply which he expected to arrive by 9.30. Meantime, the statement ~~would stay~~ is being relayed as it stands, and Mr. Trudel will translate it into French. It will be held till the all clear signals come.

S

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PRESS CLIPPINGS

Office of
The Prime Minister

Name of Publication The Ottawa Evening Citizen

Date October 10, 1939

C 267948

Subject "Air Training"

Empire Air Fighters Will Now be Trained in Canada

Great Britain, Canada, Australia, New Zealand In Co-Operative Plans

Governments Agree On Scheme for Training and Expanding the Air Forces of the Empire.

Expanded Production Of Aircraft As Well

Advanced Training of Pilots Will Be Concentrated In Dominion, Premier Announces.

Canada will be the center for training the fighting airmen of the British Empire, according to a plan announced by Prime Minister Mackenzie King here today.

Mr. Mackenzie King's statement was released almost simultaneously with a similar announcement concerning Empire pilots made in the British House of Commons by Sir Kingsley Wood, secretary for air.

The Canadian Prime Minister said the governments of the United Kingdom, Australia, New Zealand and Canada had agreed on a co-operative scheme for training and expanding the air forces of the Empire and that the plan involved concentration of intermediate and advanced training for pilots, observers and air gunners in Canada.

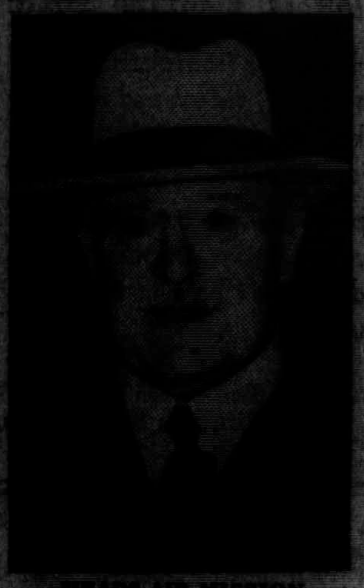
Mr. Mackenzie King described the development as highly important and designed to provide air forces of overwhelming strength.

Expanded Production

Combined with the air training scheme is a plan for expanded production of aircraft about which Mr. Mackenzie King gave no details. Steps have already been taken, however, looking to the manufacture of aircraft and parts in Canada on an expanded scale.

The chief object of the plan is to utilize to the full extent the natural advantages and the facilities existing in the dominions for training airmen and producing aircraft free from danger of enemy interference.

Both Australia and New Zealand will set up training schools and the facilities for advanced training, except those already existing in the United Kingdom, will be provided in Canada.



HEADS AIR MISSION

Lord Riverdale, who with specially selected technical staff, is coming to Canada to meet Australian and New Zealand missions to discuss with dominions authorities steps to expedite plan for training of Empire air fighters in this country.

The minister's announcement of the air training scheme was part of a review of the activities of the R.A.F. since the war began.

Siegfried Line Photographed.

He told the House the Air Force had made a "complete photographic map of the Siegfried line," which forms Germany's westwall fortifications.

He said submarines were sighted by aircraft on 72 occasions during the first four weeks of war and 34 attacks were made, some of which were "undoubtedly successful."

Sir Kingsley said the latest British fighting planes were "definitely better than German counterparts."

In the first two weeks of war 10,000 men were accepted for Air Force duty, he said. More than 100 naval convoys were escorted by Air Force planes in the first four weeks.

Captured German Plane.

Sir Kingsley mentioned "almost daily" clashes between German and British planes and said a German Messerschmidt fighter had fallen intact into French hands, permitting the British authorities to "test our convictions" that British fighters were better.

As evidence of British air power he told of British planes covering "the whole length of Germany, from the Saar to the North Sea, all without serious interruption" on a scouting flight.

The planes landed safely in England, he said, and photographs taken on the flight went into maps.

Must Be Heavy Sleepers

The air minister referred ironically to German comment on a British night flight over Berlin. He quoted a German official as saying Berlin citizens "slept quietly during its progress."

"Our airmen, on their return, spoke of the firing and the searchlights that they encountered, so we can only conjecture that the people of Berlin must be very heavy sleepers."

Sir Kingsley added that he hoped Berliners were wakeful enough the next day to read British propaganda leaflets which "Hitler describes as these 'wretched leaflets.'"

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PRESS CLIPPINGS

Office of
The Prime Minister

Name of Publication The Ottawa Evening Citizen

Date October 10, 1939

C 267948

Subject 'Air Training'

Empire Air Fighters Will Now be Trained in Canada

Great Britain, Canada, Australia, New Zealand In Co-Operative Plans

Governments Agree On Scheme for Training and Expanding the Air Forces of the Empire.

Expanded Production Of Aircraft As Well

Advanced Training of Pilots Will Be Concentrated In Dominion, Premier Announces.

Canada will be the center for training the fighting airmen of the British Empire, according to a plan announced by Prime Minister Mackenzie King here today.

Mr. Mackenzie King's statement was released almost simultaneously with a similar announcement concerning Empire pilots made in the British House of Commons by Sir Kingsley Wood, secretary for air.

The Canadian Prime Minister said the governments of the United Kingdom, Australia, New Zealand and Canada had agreed on a co-operative scheme for training and expanding the air forces of the Empire and that the plan involved concentration of intermediate and advanced training for pilots, observers and air gunners in Canada.

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(Continued on Page 12, Col 3.)



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"R" C 267949

FROM: THE PRIME MINISTER OF NEW ZEALAND

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

MOST SECRET

CYPHER

Wellington, October 10, 1939

Most Secret. His Majesty's Government in New Zealand advise that New Zealand's representatives to confer at Ottawa are: Group Captain H. W. I. Saunders, Chief of the Air Staff and Mr. T. A. Barrow, Air Secretary, who will leave Auckland by S.S. "Monterrey" on October 16, arriving in Ottawa about the 2nd November. This information has been forwarded to the Secretary of State for Dominion Affairs.

PRIME MINISTER OF NEW ZEALAND.

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RELEASED 10 A.M. E.S.T. OCTOBER 10TH

The following statement was issued to the press by the Prime Minister this morning:

The Governments of the United Kingdom, Australia, New Zealand and Canada have recently reached agreement upon a development of great importance, which they believe is destined to make a most effective contribution to the successful prosecution of the war.

His Majesty's Government in the United Kingdom put forward in September for the consideration of His Majesty's Governments in Canada, the Commonwealth of Australia and New Zealand an outline of arrangements for rapid expansion of air training on a co-operative basis. The arrangements provide a training organisation for pilots, observers and air gunners, required first for the enlargement and then for the maintenance on an enlarged basis of the Air Forces of the respective countries, this to be combined with an expanded production of aircraft.

The Governments of Canada, Australia and New Zealand signified their agreement in principle to these arrangements. It has thus been ensured that the many facilities and the great natural advantages for the training of the pilots and the other personnel and the production of aircraft which these countries offer in areas comparatively free from any risk of enemy interference will be utilised to the fullest extent and to the best advantage.

Training schools will be established and maintained in each of these countries. The more comprehensive and technical facilities required for the advanced training apart from those available and to be made available in the United Kingdom will in the main be concentrated in Canada. Personnel from elementary training schools in Australia and New Zealand as well as a substantial proportion of young men

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passing out of similar establishments in the United Kingdom will proceed to Canada to receive with similar personnel from schools here the advanced training which will fit them all for service in the line. The young men so trained will join either the Air Force squadrons maintained by their respective Governments in the theatre of operations or the United Kingdom Royal Air Force units; while those from the United Kingdom who get their final training in Canada will go back to join the Royal Air Force squadrons in the field.

The undertaking is one of great magnitude. Its development would result in a great and rapid increase in the number of training schools, already large, and achieve an increased output of first line pilots, observers and air gunners which combined with the output in the United Kingdom, would ensure the greatly increased requirements in trained personnel being fully met. The aim, in short, is to achieve by cooperative effort Air Forces of overwhelming strength.

A Mission from the United Kingdom headed by Lord Riverdale, who will be aided by a specially selected technical staff - is already on its way to Canada to meet here corresponding Missions from Australia and New Zealand. These Missions will discuss with the Canadian authorities all further steps that are to be taken for the rapid execution of the plan, including provision of the necessary aircraft instructors, ground personnel and aerodromes.

It will be seen that the scheme involves a concentration of air training largely in Canada. The Government of the United Kingdom has indicated its opinion that with the facilities which Canada possesses this cooperative effort may prove to be of the most essential and decisive character. The Canadian Government concurs in this view, and has accordingly decided to participate in the plan ~~of greatly increased air training~~.

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Brit. Air Mission

"R" C267932

FROM: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

CYPHER

UNNUMBERED

CANBERRA, October 11th, 1939.

October 11th. My telegram 9th October, Secret. Commonwealth Delegation will comprise the following:-

Honourable J.V. Fairbairn, Minister for Civil Aviation, accompanied by George Jones, Air Adviser, and Minister's Private Secretary, Richard Andoord.

They will leave by "Monterey" disembarking at Los Angeles travelling by air to New York and thence to Ottawa. Australian Counsellor at Washington making arrangements for travel across America. Details of travel are being kept secret.

THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

Received Ottawa 11.40 A.M. E.S.T.

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COPY

re air Mission

C 267953

Office of the High Commissioner
for the United Kingdom
Earnscliffe,
Ottawa,
11th October, 1939

516X/99

IMMEDIATE

Dear Dr. Skelton,

The High Commissioner requests me to inform you that he has just received a telegram from the Secretary of State for Dominion Affairs, stating that the Secretary of State for Air was to be questioned in Parliament at Westminster this afternoon as to whether he could give details of the composition of the Mission which is proceeding to Canada in connection with air training.

Sir Kingsley Wood's answer was to have been as follows:-

"The composition of the Mission to which the Honourable Member refers is as follows:- The leader is Lord Riverdale and the other two members are Air Chief Marshal Sir Robert Brooke Popham and Mr.F.T.Hearle, the Managing Director of the De Havilland Aircraft Company. The Mission is accompanied by technical and other advisers.

"I have also arranged for my Honourable and Gallant Friend, the Parliamentary Under-Secretary of State for Air, to proceed to Canada at an early date to assist in framing arrangements to be made between the Canadian authorities and the Missions from Australia and New Zealand and this country. The Canadian Government have indicated that they would welcome his participation."

It is understood that Captain Balfour and Mr. Hearle will be sailing by theS.S. "Duchess of York" which will probably leave for Montreal on Friday the 13th October, and that Sir Robert Brooke Popham will not be coming until a still later date, until when Sir Christopher

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C 267954

Courtney will act for him. The other members of the party, given in the High Commissioner's letter of the 6th October (516X/88), will also be coming as already announced in an advisory capacity.

Yours sincerely,

PAUL MASON.

Dr.O.D.Skelton,
Under-Secretary of State
for External Affairs,
Ottawa.

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"R"

C 267955

FROM: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

re Air Mission

SECRET

CYPHER

Canberra, October 13th, 1939.

October 13th. Secret. My telegram 6th October. Following telegram has been sent to the Secretary of State for Dominion Affairs, Prime Minister of New Zealand and Prime Minister of the Union of South Africa.

"Right Honourable R.G. Casey has been asked by me to act as Commonwealth Minister. He will be accompanied by Major General J. Northcott, Deputy Chief of the General Staff, Group Captain W.D. Bostock, Assistant Chief of the Air Staff, Mr. N.K.S. Brodribb, Controller General of Munitions Supply and probably Private Secretary. They will leave by flying boat from Sydney October 19th. No announcement in regard to names of advisers or date of departure will be made here until some time after party has left".

PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

Rec'd Ottawa 11:30 A.M.

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R.

R.T. Scheme

ODS/AH

Oct. 13, 1939.

re "Air Training Scheme"

MEMORANDUM FOR THE PRIME MINISTER.

C267936

After consulting with Mr. Rogers I arranged this morning for Mr. Read to call a small committee, consisting of Orde and Walsh of National Defence, Johnson of Finance and someone from Justice, to consider the question of the basis of the relationship between the various governments and units involved in the air training scheme. They will consider in the first instance from the legal and general administrative standpoint. It may be necessary later to enlarge or vary the committee or set up some other machinery so as to ensure consideration of the technical defence administrative questions and the financial obligations involved.

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P.

file C 267937

ODS/AH

Oct. 13th, 1939.

MEMORANDUM FOR THE
PRIME MINISTER.

Arrival of United Kingdom Air Training Mission.

They are expected to reach Quebec Saturday night or Sunday morning.

The District Officer Commanding in Quebec and Breadner of the Air Force will welcome them there. Wiseman, British Trade Commissioner at Montreal, will act for Campbell.

They will have ordinary transportation to Ottawa. Do you think it will be desirable to have a car and meals en route? Clyde Scott and Measures could look after it.

S

Yes car & lunch
both ways
necessary – Billy Bruce
cars for Ministers & Mrs Bruce
Oct 13. 39

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file
air training

CONFIDENTIAL

Ottawa, October 14th, 1939.

MEMORANDUM FOR THE PRIME MINISTER:

C 267938

Re: Cabinet War Committee

Attached is a copy of the memorandum which I prepared, following the meeting of this Sub-Committee of Cabinet, on September the 28th, to consider the proposed air training scheme.

The name of the Sub-Committee has not yet been changed from "Emergency Council (Committee on General Policy)", and the Cabinet Defence Committee, with similar personnel, still exists.

Mr. King may wish to have an Order-in-Council passed at a convenient time, abolishing the Emergency Council and the Defence Committee, to be combined under some such term as "War Committee".

Copies are also being sent to Dr. Skelton and the Minister of National Defence. The original is being kept on a special Confidential fyle, with previous Minutes.

A. D. P. H.

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CABINET WAR COMMITTEE

STRICTLY CONFIDENTIAL — Ottawa, September 28,1939.

MEMORANDUM:

Re Emergency Council
(Committee on General Policy) of Cabinet

A meeting of this special Cabinet Sub-Committee, with certain additional Ministers named by the Prime Minister, was held in the Prime Minister's Office in the East Block, at 10.30 a.m., today. There were present the following Members of the Cabinet:

The Prime Minister,
Senator Dandurand,
Mr. Lapointe,
Mr. Crerar,
Mr. Rogers,
Mr. Power,
Mr. Ralston.

There were also present the following heads of Services:

Chief of the General Staff (Military Branches)
Major General T. V. Anderson;
Chief of the Naval Staff (Naval Branch)
Rear-Admiral P. W. Nelles;
Senior Air Officer (Air Force Branch)
Air Vice-Marshal G. M. Croil.

The Under-Secretary of State for External Affairs and the Principal Secretary to the Prime Minister were also present.

1. The Prime Minister read to the meeting the long Secret telegram of September the 26th, which he had received from the Prime Minister of Great Britain, outlining a proposal for a greatly increased air training scheme, in which Canada, as well as the other Dominions, would play a large part. The scheme envisaged the training of not less than 20,000 pilots and 30,000 personnel of air crews, annually, to provide for which it was estimated that about ninety elementary and advanced training schools, with some subsidiary air crew and ground schools would be necessary. It was

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contemplated that about one-half of this training organization should be built up outside of the United Kingdom, particularly in Canada. It was asked by the Prime Minister of Great Britain whether the Canadian government would approve the scheme in principle and be agreeable to joint discussions in Canada with a view to making immediate arrangements for its being put into operation.

2. The Prime Minister stated that he had called the Chiefs of Staff before the Sub-Committee in order to discuss the scheme with them, in general terms, and to hear their comments upon it from the technical point of view.

Mr. King said that the attitude which the Canadian government would adopt in relation to an air training scheme, of the magnitude of that proposed, would have an important bearing upon the decision to be taken with respect to Canadian Expeditionary Forces. Any announcement to be made to the public, in the latter respect, would require to be considered in the light of the decision reached upon the scheme under discussion.

3. Mr. Ralston agreed that the greatly increased emphasis upon the air arm, evident from Mr. Chamberlain's cable, and the part that Canada might be called upon to play in that sphere, might result in considerable modifications of the Canadian war programme in other respects.

4. Mr. Crerar felt that the Canadian reply should be affirmative and that our co-operation might be made most effective in the matter of air forces for which we have the natural facilities.

5. Mr. Power enquired of the Senior Air Officer whether the present Canadian training programme could be accelerated if we were able to obtain additional training personnel from the United Kingdom.

6. Air Vice Marshal Croil, in replying to Mr. Power's question, stated that the Canadian programme of training could be enlarged and accelerated if additional training personnel were obtained, provided that we could obtain the additional aircraft which would be required. Canadian manufactured planes were

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only of the elementary type; planes for advanced training would have to be imported from the United Kingdom or the United States. Another element was the necessity of training adequate ground crews.

Air Vice Marshal Croil described the present position with respect to Canada's own programme, based on the provision of 450 pilots annually. He said that two training schools were now approximately two-thirds completed. The R.C.A.F. now had as many recruits for pilots and airmen as could be handled by existing facilities. The expansion of the programme depended primarily upon two factors:

(a) the availability of additional training personnel, and

(b) the availability of additional planes, particularly for advanced training. He stated that so far as airdromes were concerned, he felt that it would be necessary to take over those operated by the Trans-Canada Air Lines, and mentioned the possibility of developing the partially finished landing fields which were in existence.

7. The Chief of the General Staff said that, in his opinion, the Canadian public would not be satisfied by Canadian participation if it were confined to air activity, even on a greatly enlarged scale. The public, he felt, thought in terms of ground troops and it was important that the military programme should not be interrupted.

8. Senator Dandurand felt that in this respect public opinion might be guided by being informed that what the United Kingdom wished us to provide, namely assistance in the air, would constitute our best contribution. Mr. Lapointe agreed that if the undertaking of the air training scheme were the most effective contribution which Canada could make, the public should be so informed, just as soon as possible.

The Prime Minister agreed that the effect of the announcement of any such large scheme as that contemplated would be very great, both in the United Kingdom and in Canada, and that the announcement should be made as soon as agreement in principle had been reached.

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9. The Prime Minister then read a telegram dated September the 26th from the Canadian High Commissioner in Great Britain, setting out specific enquiries concerning facilities in Canada in relation to the development of the proposed scheme.

Air Vice Marshal Croil undertook to confer with the experts in his department, and the War Supply Board, and prepare, as soon as possible, the reply to the specific enquiries contained in Mr. Massey's telegram.

10. The Prime Minister said that he felt that he could express the opinion that the scheme outlined in Mr. Chamberlain's telegram should be accepted in principle, on three conditions:

(a) That the United Kingdom could provide us with the necessary additional planes;

(b) That the United Kingdom could provide us with the necessary additional training personnel, and

(c) That satisfactory arrangements could be made with respect to financing the cost of the scheme.

11. It was agreed that the reply to the United Kingdom proposals should give as much information as possible as to the present Canadian position, welcome the suggestion that experts proceed to Canada at once for the purpose of consultation and outline the three conditions of acceptance, as stated by the Prime Minister.

12. With respect to the provision of additional aircraft for the training scheme, it was suggested that a whole factory and personnel might be brought over from the United Kingdom.

At the Prime Minister's request, the Chairman and Vice Chairman of the War Supply Board, Mr. W. R. Campbell and Mr. R. C. Vaughan, were invited to join the meeting.

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13. The Prime Minister explained to Messrs. Campbell and Vaughan, the scheme proposed in Mr. Chamberlain's telegram, and invited their comments, particularly with regard to the possibility of increasing Canadian production to meet increased requirements for aircraft and equipment.

Mr. Vaughan said that the principal difficulty was that of production of aircraft engines; that it would take from one to two years for a plant to be put into operation in Canada to manufacture modern engines. The suggestion of bringing out a whole plant and personnel from the United Kingdom was feasible.

14. Mr. Campbell agreed that the transfer of an entire plant and personnel was feasible and thought that production of engines from such a plant might begin after a lapse of, perhaps, nine months. Otherwise it would take from 1½ to 2 years for a Canadian plant to be constructed and reach production.

A rough estimate of the number of planes required for Canadian participation in the scheme, was thought to be some 4,400 annually, with additional airdromes and hangars, and equipment.

15. The Prime Minister directed that the reply to be prepared to Mr. Chamberlain's telegram should mention specifically the matter of engines. He directed Dr. Skelton and Mr. Heeney to draft a reply along the lines set out in paragraph 10, above, after consulting with the War Supply Board and the Senior Air Officers.

At 1 p.m. the meeting adjourned.

A. D. P. H.

AH/R

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ODS/AH

C 267964 Oct. 16, 1939.

MEMORANDUM FOR THE PRIME MINISTER.

Basis of Training for Air Service

Mr. Read's committee is considering this question this afternoon. As I said you wished to consider the matter at once, however, he prepared some notes as a basis of discussion, which I attach.

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REPEAT
REPETER

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JER/S
Oct.16/39

C267965

MEMORANDUM FOR THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS

PROJECT FOR TRAINING AIR SERVICES
OF MEMBERS OF COMMONWEALTH IN CANADA

Legal and Constitutional Questions

1. The project involves the following elements:

(a) Elementary Training.

This will be conducted by each member within its own borders. Canadian responsibility will present no legal or constitutional problems. The only problems involved are those which are inherent in the rapid expansion of this aspect of Air Force work.

(b) Advanced Training.

This will, for the most part, be concentrated in Canada. Personnel from Elementary Training Schools in Canada, the United Kingdom, Australia and New Zealand will receive their advanced training in Canada.

2. Disregarding elementary training (which presents no legal and constitutional problems), the Project for Advanced Training presents two important aspects which require special consideration:

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 C 267966

(a) Legal Position of the Schools and Command;

(b) Equipment and Financial Arrangments.

3. The First Aspect, Position of the Schools and Command, will be considered first.

The Schools (and, by this term, all elements in the Advanced Training Project are being included for the purpose of this note) may be on either of two legal bases.

The Schools may be made an integral part of the R.C.A.F., subject to the presidence of the Minister of National Defence.

In the alternative, the Schools may be an integral part of the R.A.F., operating as a "visiting force" present in Canada with the consent of the Canadian Government.

4. Assuming that the Schools are to be a part of the R.C.A.F., they will be organized by the Minister of National Defence (through the Chief of the Air Staff), financed by the Department of National Defence (subject to the financial control of the Minister of Finance), and equipped by the Canadian War Supply Board (or Canadian Ministry of Munitions, if such a ministry is formed).

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Personnel from the R.A.F., R.A.A.F., and R.N.Z.A.F., would include two groups, Instructional Staffs, and Cadets (young men undergoing training).

The first group, Instructional Staffs, might include administrative officers and technicians lent to the project from these other forces to help to make the scheme effective. They, therefore, might well include officers and airmen who were doing work that was not directly instructional.

The instructional staffs and cadets (from the R.A.F., R.A.A.F. and R.N.Z.A.F.) would both be in the same legal position under existing legislation.

While they were in Canada, personnel lent to the Project or sent for instruction would be subject to Section 6 of The Visiting Forces (British Commonwealth) Act 1933 (references to the Act, unless otherwise specified, will be references to this Act). They would need to be attached, temporarily, to the R.C.A.F. by an Order of the Governor-in-Council. They would then be subject to the provisions of Section 6 (3) of the Act, which reads:

> s.6 (3) "Whilst a member of another force is by virtue of this section attached temporarily to a home force, he shall be subject to the law relating to the Naval Service, the Militia, or the Air Force, as the case may be,

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C267968

in like manner as if he were a member of the home force, and shall be treated and have powers of command and punishment over members of the home force to which he is attached as if he were a member of that force of relative rank:

"Provided that the Governor in Council may direct that in relation to members of a force of any part of the Commonwealth specified the statutes relating to the home forces shall apply with such exceptions and subject to such adaptations and modificiations as may be so specified."

5. If the Schools are to be a part of the R.A.F., they will be organized and administered by the Secretary of State for Air. They will be financed by the United Kingdom Treasury, and equipped by the United Kingdom Ministry of Supply. Special problems would arise with regard to property and finance, which will be discussed later. The Schools organized upon such a basis would be subject to and controlled by United Kingdom Law.

The Schools would be "visiting forces" under ss. 3 and 4 of the Act. They would be armed with statutory powers, privileges and immunities, corresponding to those which are now enjoyed by the Royal Canadian Air Force. Provision is made, by Section 4 of the Act, to enable the

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Governor-in-Council to authorize the exercise, for the benefit of the Schools, of the ordinary civil powers, in aid, to the same extent as if the R.A.F. Schools were actually R.C.A.F. commands.

6. The Second Aspect of the Problem, Equipment and Financial Arrangements, may now be given a somewhat cursory, preliminary consideration. It must be considered in relation to the basic decision as to whether this is to be a Canadian or a United Kingdom project.

7. Upon the assumption that this is to be a R.A.F. project, no serious problems arise. The responsibility for housing, feeding, equipping, instructing, etc., will all be upon the United Kingdom Government.

Canadian interest would include the following matters:

(a) Adequate check upon costs and apportionment of the Canadian share thereof;

(b) Financial and legal arrangements for constructing Airforce stations and leasing them to the R.A.F. and for leasing existing stations;

(c) Financial and legal arrangements for use of equipment parts, repairs, technical advice, incidental administration and loan of instructional staff.

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8. Upon the assumption that this is to be a Canadian project, a series of important problems arise. The responsibility for housing, equipment, instruction, etc., would then be upon the Canadian Government. Problems arising would include:

(a) Permanent Equipment (e.g. R.C.A.F. stations, practice ranges, etc.):

(i) Existing Plant - This would be upon a straight rental basis.

(ii) Capital Extensions and new Construction and Purchase - Rental upon "x- months purchase basis" (This would be a matter for negotiation. Probably a short term of months with a provision to credit the main account with the amount realized upon the disposition of property remaining over at the conclusion of hostilities, would afford a satisfactory solution. This could be coupled with provisions enabling the Canadian Government to take over at a valuation, crediting the account).

(b) Renewable Equipment (e.g. Air Craft):

(i) Existing equipment - Straight rental basis.

(ii) New Purchases - rental upon a "x- months purchase basis" (See note in brackets above).

(c) Consumable Equipment (e.g. gas, ammunition, etc.) Cost plus basis.

(d) InstructionalStaff - Actual pay and allowances and travelling expenses two ways.

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(e) Instructional Staffs and Cadets. Pay and maintenance of personnel. Both (Instructional Staffs and Cadets) would receive pay and allowances from their Home Government. In the case of Cadets, there would be no charge back or accounting, apart from incidental accounting. They would be in the same position as Canadian officers under instruction in a United Kingdom School. There are abundant precedents over the last twenty years (staff college officers).
In the case of Instructional Staffs, there would be a charge back to the Project.

(f) Independent Audit or Joint Board of Finance. In view of the interest of the United Kingdom, Australia and New Zealand in the financial aspects, there might be a need for an independent audit, or for the establishment of a joint Board of Finance.

(g) An estimate should be made and each Government should pay monthly (or quarterly) a tentative rate per cadet per month, subject to semi-annual or annual accounting when the actual cost upon a cadet per month basis would be established. Adjustments could then be made and the tentative rate revised. These adjustments would take into account

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credits from loans of instructional staffs or equipment, e.g. if the United Kingdom had 1,000 cadets for six months, at $500 per month, the United Kingdom account would be debited with $3,000,000. If the United Kingdom had loaned 10 instructors at $500 per month and 100 planes at $50,000 each, the United Kingdom account would be credited with:

Instructors	-	$30,000.
Rental of planes for 6 months (say 30% of $5,000,000)		$1,500,000.
Total Credit	-	$1,530,000.

9. SUMMARY.

(a) It is possible to establish the project as an R.A.F. Command. This would be the easier course and would impose all responsibility upon the United Kingdom.

(b) It is equally possible to establish the project as a R.C.A.F. Command. This would impose all responsibility upon the Minister of National Defence (subject to Cabinet and Parliament). It would avoid possible difficulties that might arise from the functioning of the United Kingdom Military Courts, administering justice and meting out sentences to Canadian Cadets

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on Canadian soil as well as in other matters.

(c) In the event that Council decides to adopt a Canadian Project, there are ample precedents for working out a scheme involving apportionment of costs along the lines followed in the United Kingom over the last twenty years.

(d) In such an event, financial arrangements should be carefully negotiated so that the net cost to Canada would be equivalent to the net cost of giving advanced training to Canadian Cadets.

(e) There would be no difficulty in arranging for the attachment of the United Kingdom and other instructors.

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MEMORANDUM FOR THE UNDER SECRETARY OF STATE FOR EXTERNAL AFFAIRS

PROJECT FOR TRAINING AIR SERVICES
OF MEMBERS OF COMMONWEALTH IN CANADA

(First Revision)

Legal and Constitutional Questions

1. The project involves the following elements:

(a) Elementary Training

This will be conducted by each member within its own borders. Canadian responsibility will present no legal or constitutional problems.. The only problems involved are those which are inherent in the rapid expansion of this aspect of Air Force work.

(b) Advanced training

This will, for the most part, be concentrated in Canada. Personnel from Elementary Training Schools in Canada, the United Kingdom, Australia and New Zealand will receive their advanced training in Canada.

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2. Disregarding elementary training (which presents no legal and constitutional problems), the Project for Advanced Training presents two important aspects which require special consideration:

(a) Legal Position of the Schools and Command;

(b) Equipment and Financial Arrangements.

3. The First Aspect, Position of the Schools and Command, will be considered first.

The Schools (and, by this term, all elements in the Advanced Training Project are being included for the purpose of this note) may be on either of two legal bases.

The Schools may be made an integral part of the R.C.A.F., subject to the presidence of the Minister of National Defence.

In the alternative, the Schools may be an integral part of the R.A.F., operating as a "visiting force" present in Canada with the consent of the Canadian Government.

4. Assuming that the Schools are to be a part of the R.C.A.F., they will be organized by the Minister of National Defence (through the Chief of the Air Staff),

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financed by the Department of National Defence (subject to the financial control of the Minister of Finance), and equipped by the Canadian War Supply Board (or Canadian Ministry of Munitions, if such a ministry is formed).

Personnel from the R.A.F., R.A.A.F., and R.N.Z.A.F., would include two groups, Instructional Staffs, and Cadets (young men undergoing training).

The first group, Instructional Staffs, might include administrative officers and technicians lent to the project from these other forces to help to make the scheme effective. They, therefore, might well include officers and airmen who were doing work that was not directly instructional.

The instructional staffs and cadets (from the R.A.F., R.A.A.F., and R.N.Z.A.F.) would both be in the same legal position under existing legislation.

While they were in Canada, personnel lent to the Project or sent for instruction would be subject to Section 6 of The Visiting Forces (British Commonwealth) Act 1933 (references to the Act, unless otherwise specified, will be references to this Act). They would need to be attached, temporarily, to the R.C.A.F. by an Order of the Governor-in-

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Council. They would then be subject to the provisions of Section 6 (3) of the Act, which reads:

s.6(3) "Whilst a member of another force is by virtue of this section attached temporarily to a home force, he shall be subject to the law relating to the Naval Service, the Militia, or the Air Force, as the case may be, in like manner as if he were a member of the home force, and shall be treated and have powers of command and punishment over members of the home force to which he is attached as if he were a member of that force of relative rank.

"Provided that the Governor-in-Council may direct that in relation to members of a force of any part of the Commonwealth specified the statutes relating to the home forces shall apply with such exceptions and subject to such adaptations and modifications as may be so specified."

5. If the Schools are to be a part of the R.A.F., (and, in such an event, all Canadian Advanced Training would be conducted in the R.A.F. Schools) they will be organized and administered by the Secretary of State for Air. They will be financed by the United Kingdom Treasury, and equipped by the United Kingdom Ministry of Supply. Special problems would then arise with regard to property and finance, which will be discussed later. The Schools organized upon such a basis would be subject to and controlled by United Kingdom Law.

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The Schools would be "visiting forces" under ss. 3 and 4 of the Act. They would be armed with statutory powers, privileges and immunities, corresponding to those which are now enjoyed by the Royal Canadian Air Force. Provision is made, by Section 4 of the Act, to enable the Governor-in-Council to authorize the exercise, for the benefit of the Schools, of the ordinary civil powers, in aid, to the same extent as if the R.A.F. Schools were actually R.C.A.F. commands.

It should, however, be noted that the "Visiting Forces Statutes" (in Canada, the United Kingdom &c.) make no provision for certain contingencies that would arise in the event of the establishment of R.A.F. Schools in Canada. Adequate provisions are available to cover the functioning of R.A.F. Schools as such, and the position of R.A.F. personnel, whether "Instructional" or "Cadet". There are, however, no adequate provisions to cover the cases of Canadian, Australian or New Zealand personnel attached to such Schools. To take a concrete case, a visiting Cadet from Australia could be attached to a R.C.A.F. School in Canada (it is a "Home Force" within the meaning of the Act). It could be attached to a R.A.F. School in England (where it would be a "Home

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Force"). There is no provision for attaching a visiting cadet to a visiting force. Similarly, there is no provision for attaching a home force personnel to a visiting force. Concurrent legislation by the Parliaments of Canada, the United Kingdom, Australia and New Zealand, would be necessary. (In Canada it could be accomplished by an Order-in-Council under the War Measures Act.)

6. The Second Aspect of the Problem, Equipment and Financial Arrangements, may now be given a somewhat cursory, preliminary consideration. It must be considered in relation to the basic decision as to whether this is to be a Canadian or a United Kingdom project.

7. Upon the assumption that this is to be a R.A.F. project, no serious problems arise. The responsibility for housing, feeding, equipping, instructing, etc., will all be upon the United Kingdom Government.

Canadian interest would include the following matters:

(a) Adequate check upon costs and apportionment of the Canadian share thereof;

(b) Financial and legal arrangements for constructing Airforce stations and leasing them to the R.A.F. and for leasing existing stations;

(c) Financial and legal arrangements for use of equipment, parts, repairs, technical advice, incidental administration and loan of instructional staff.

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8. Upon the assumption that this is to be a Canadian project, a series of important problems arise. The responsibility for housing, equipment, instruction, etc., would then be upon the Canadian Government. The following tentative suggestions are submitted with a view to indicating the sort of problems that would require consideration:

(a) Permanent Equipment (e.g. R.C.A.F. stations, practice ranges, etc.):

(i) Existing Plant - This might be upon a straight rental basis.

(ii) Capital Extensions and new Construction and Purchase - Rental upon "x- months purchase basis" (This would be a matter for negotiation. Probably a short term of months with a provision to credit the main account with the amount realized upon the disposition of property remaining over at the conclusion of hostilities, would afford a satisfactory solution. This could be coupled with provisions enabling the Canadian Government to take over at a valuation, crediting the account.)

(b) Renewable Equipment (e.g. Air Craft):

(i) Existing equipment - Straight rental basis.

(ii) New Purchases - rental upon a "x-months purchase basis" (See note in brackets above).

(c) Consumable Equipment (e.g. gas, ammunitions, etc.)

Cost plus basis.

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(d) Instructional Staff - Actual pay and allowances and travelling expenses two ways would be charged to the Project by all co-operating governments.

(e) Pay and Maintenance of Personnel. Special problems relating to exchange and the need for avoiding serious discrepancies in pay of personnel from different services would require special consideration.

(f) Independent Audit or Joint Board of Finance. In view of the interest of the United Kingdom, Australia and New Zealand in the financial aspects, there might be a need for an independent audit, or for the establishment of a joint Board of Finance.

(g) An estimate might be made and each Government might pay monthly (or quarterly) a tentative rate per cadet per month, subject to semi-annual or annual accounting when the actual cost upon a cadet per month basis would be established. Adjustments could then be made and the tentative rate revised. These adjustments would take into account credits from loans of instructional staffs

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C 267982

or equipment, e.g. if the United Kingdom had 1,000 cadets for six months, at $500 per month, the United Kingdom account would be debited with $3,000,000. If the United Kingdom had loaned 10 instructors at $500 per month and 100 planes at $50,000 each, the United Kingdom account would be credited with:

Instructors	-	$30,000.
Rental of planes for 6 months (say 30% of $5,000,000)	-	$1,500,000.
Total Credit	-	$1,530,000.

(N.B. The foregoing suggestions are submitted, not as recommendations, but as points requiring discussion. Undoubtedly, further study will add many items to the list and may well indicate that there are preferable solutions for those already included).

9. SUMMARY

(a) It is possible to establish the project as an R.A.F. Command. This would be the easier course and would impose all responsibility upon the United Kingdom. It would, however, involve the need for changes in the legislation in Canada, the United Kingdom, Australia and New Zealand.

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(b) It is equally possible to establish the project as anR.C.A.F. Command. This would impose all responsibility upon the Minister of National Defence (subject to Cabinet and Parliament). It would avoid possible difficulties that might arise from the functioning of the United Kingdom Military Courts, administering justice and meting out sentences to Canadian Cadets on Canadian soil as well as in other matters. Also, it would avoid the legal complication which would arise, with respect to R.C.A.F., R.A.A.F., and R.N.Z.A.F. serving in Canada in an R.A.F. establishment, for which the Visiting Forces Acts make no provision.

(c) In the event that Council decides to adopt a Canadian Project, there are ample precedents for working out a scheme involving apportionment of costs along the lines followed in the United Kingdom over the last twenty years.

(d) In such an event, financial arrangements should be carefully negotiated so that the net cost to Canada would be equivalent to the net cost of giving advanced training to Canadian Cadets.

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(e) There would be no difficulty in arranging for the attachment of the United Kingdom and other instructors.

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PRESS CLIPPINGS

C267935

Office of The Prime Minister

Name of Publication Quebec Chronicle Telegraph

Date October 16, 1939

Subject "Eight-Man British Air Mission Headed by Lord Riverdale Arrives en route to Ottawa Conference."

Eight-Man British Air Mission Headed By Lord Riverdale Arrives En Route To Ottawa Conference

Headed by Lord Riverdale, an eight-man British mission arrived here Saturday on its way to Ottawa to discuss with dominion authorities methods for empire air-strength coordination.

A communique handed newspapermen said that "one of the primary objections of the discussion will x x x be to concert measures for enabling each member of the commonwealth to take over that part of the common task which by reason of its industrial capacity, its man-power and its geographical position it is best suited to undertake."

With Lord Riverdale were Air Marshal Sir C. L. Courtney; J. B. Abraham, permanent assistant secretary of the British Air Ministry; Group Captain A. Gray, Group Captain L. N. Hollinghurst, Group Captain J. M. Robb; F. R. Howard, mission secretary, and J. R. Smyth of the Air Ministry's financial division.

The press communique said:

"The mission is visiting Canada for the purpose of discussing with representatives of the Dominions of Canada, Australia and New Zealand, the methods to be adopted for coordinating with the home country's air effort the contributions which those dominions have so generously expressed the desire to make towards increasing as speedily as possible the air strength which the empire as a whole can bring to bear against the common enemy."

Concerting of measures for enbling the commonwealth's members "to take over that part of the common task x x x it is best suited to undertake," the communique said, "involves on the one hand the recruitment and training of the personnel required, and on the other hand the production of the necessary aircraft and equipment."

The communique said that Australian and New Zealand missions were expected to arrive at Ottawa "at an early date" for the discussions.

"The problems involved will entail far-reaching investigations and detailed study; but, with the cooperation of the Governments of the Dominions—which is already assured it is confidently hoped to devise plans for building up combined empire air forces which will play a decisive part in the war," it said.

"The aim will be to produce powerful and ever-growing air forces, manned by highly-trained pilots and crews, and provided with the very best aircraft and equipment that scientific and engineering skill can produce."

Three other members of the mission have not yet arrived in Canada.

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PRESS CLIPPINGS

C267983

Office of
The Prime Minister

Name of Publication Quebec Chronicle Telegraph

Date October 16, 1939

Subject "Eight-Man British Air Mission Headed by Lord Riverdale Arrives en route to Ottawa Conference."

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A communique handed newspapermen said that "one of the primary objections of the discussion will x x x be to concert measures for enabling each member of the commonwealth to take over that part of the common task which by reason of its industrial capacity, its man-power and its geographical position it is best suited to undertake."

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"The aim will be to produce powerful and ever-growing air forces, manned by highly-trained pilots and crews, and provided with the very best aircraft and equipment that scientific and engineering skill can produce."

Three other members of the mission have not yet arrived in Canada.

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PRESS CLIPPINGS C 267936 Office of The Prime Minister

Name of Publication Ottawa Morning Journal

Date October 16, 1939

Subject "Air Scheme Biggest Thing in Empire" - Air Training

Air Scheme Biggest Thing In Empire

Lord Riverdale Says Training To Start in Month —Canada in Full Control

"By far the biggest thing yet in the British Empire", was how Lord Riverdale, head of the British Air Mission to Canada, described to The Journal on Sunday the scheme under which thousands of pilots will be trained in this Dominion for air forces of Great Britain, Canada, Australia and New Zealand.

The noted British industrialist headed a party of 13 which arrived here Saturday evening. He said he hoped a start would be made next month in establishment of schools which when fully in operation will have a capacity for training some 20,000 to 25,000 pilots, observers, gunners and wireless operators.

Winter No Barrier.

Training would go ahead despite Winter conditions and the scheme would be administered, controlled and carried out by Canadians.

Three other members of the mission are now on their way over: Air Chief Marshal Sir Robert Brooke-Popham, Captain Harold H. Balfour, Under-Secretary for Air, and F. T. Searle, managing director of the de Haviland Aircraft Company.

"People perhaps don't yet realize what an enormous undertaking this is", said Lord Riverdale. "It is going to win the war, if we can get everybody to go at it bald-headed.

"The psychological effect on the Germans has been tremendous. Here we are building up an organization, which means that as their forces get weaker and weaker, ours are continually rising.

Response Magnificent.

"The Canadian response has been magnificent."

With Lord Riverdale are Air Marshal Sir Christopher L. Courtney; Group Captains A. Gray, L. N. Hollinghurst and J. M. Robb; J. B. Abraham, C.B., and F. L. R. Howard, both of the British Air Ministry; J. R. Smyth, of the financial division of the Air Ministry; A. D. Hayward; J. Milner, private secretary to Lord Riverdale, and two stenographers.

Asked what would be the capacity of the air force training schools to be established here, Lord Riverdale said:

"It depends how fast we can establish them, but when we once get going we shall run into very big figures—something like 20,000 to 25,000. This includes not only pilots but observers, gunners and wireless operators. The schools will be turning out a continuous stream of completed units."

He emphasized that the figure of 20,000 to 25,000 did not represent the sum total of men to be turned out, but the numbers of those who would be in training when the schools were at capacity.

Roughly six months would be the average period for training of pilots. Other types of personnel, such as wireless operators, could be turned out more quickly.

"We hope to get the scheme going by next month", he added. "None of us know whether we are permanent or fixtures or movable, but we're certainly going to stay here till we get the job started.

"We shall be able to do a great deal of work on details for the Canadian portion of the scheme, which is by far the biggest portion."

Australia and New Zealand would carry out their own initial training of flyers, but all advanced training would be done in Canada.

British Pilots Will Come.

"Initial training of British pilots will be done over there, but if we find you (in Canada) want pupils for your advanced training schools we'll send you as many as you want. We will see that your schools are always full. If you have space for our men, they'll come.

If men wanted to come from the States and enlist, there would be no objection. Thousands of mechanics would be needed, and the States had a lot of mechanics who were "enterprising lads, and will say, 'This is an idea'."

Proportion of pilots to men on the ground such as mechanics and fitters was about 50-50, but it must be borne in mind that the pilot class were always moving while the others more or less "stayed put" at their work of servicing.

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"Yes, it is practicable to operate the schools during the Winter in Canada. We have looked into that and we know it can be done. Of course, they won't operate as well as at more favorable seasons, but we can't have everything just as we want it."

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"Instructors are available in England, if you should need them. 'Planes, if you need them."

So far as raw material was concerned, Canada could meet requirements adequately. Not much would be wanted from Great Britain. "The sky's the limit", was Britain's motto insofar as the raw material program for the army, navy or air force was concerned.

"We want everything you can make. You are going to see a tremendous boom in trade in Canada. You're bound to see it.

A Canadian Scheme.

"This is a Canadian scheme, lock, stock and barrel, and all we are going to do is to help you to carry it out. It will be administered, controlled and carried out by Canada in co-operation with Australia and New Zealand.

A per capita grant would be made by Australia and New Zealand, and likewise by Great Britain, for each man sent to Canada. This grant, made in a lump sum, would cover the entire cost of training and maintenance.

A communique handed newspapermen said that "one of the primary objects of the discussions will . . . be to concert measures for enabling each member of the Commonwealth to take over that part of the common task which by reasons of its industrial capacity, its manpower and its geographical position, it is best suited to undertake.

"The mission is visiting Canada for the purpose of discussing with representatives of the Dominions of Canada, Australia and New Zealand the methods to be adopted for co-ordinating with the home country's air effort the contributions which those Dominions have so generously expressed the desire to make towards increasing as speedily as possible the air strength which the Empire as a whole can bring to bear against the common enemy."

Concerting of measures for enabling the Commonwealth's members "to take over that part of the common task . . . it is best suited to undertake", the communique said, "involves on the one hand the recruitment and training of the personnel required, and on the other hand the production of the necessary aircraft and equipment".

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"The problems involved will entail far-reaching investigations and detail study; with the co-operation of the governments of the Dominions—which is already assured—it is confidently hoped to devise plans for building up combined Empire air forces which will play a decisive part in the war.

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MG 26 J 4, Volume 382, pages C267856-C268549

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PRESS CLIPPINGS C 267986 Office of The Prime Minister

Name of Publication Ottawa Morning Journal

Date October 16, 1939

Subject "Air Scheme Biggest Thing in Empire" - Air Training

Air Scheme Biggest Thing In Empire

Lord Riverdale Says Training To Start in Month —Canada in Full Control

"By far the biggest thing yet in the British Empire", was how Lord Riverdale, head of the British Air Mission to Canada, described to The Journal on Sunday the scheme under which thousands of pilots will be trained in this Dominion for air forces of Great Britain, Canada, Australia and New Zealand.

The noted British industrialist headed a party of 13 which arrived here Saturday evening. He said he hoped a start would be made next month in establishment of schools which when fully in operation will have a capacity for training some 20,000 to 25,000 pilots, observers, gunners and wireless operators.

Winter No Barrier.

Training would go ahead despite Winter conditions and the scheme would be administered, controlled and carried out by Canadians.

Three other members of the mission are now on their way over: Air Chief Marshal Sir Robert Brooke-Popham, Captain Harold H. Balfour, Under-Secretary for Air, and F. T. Searle, managing director of the de Havilland Aircraft Company.

"People perhaps don't yet realize what an enormous undertaking this is", said Lord Riverdale. "It is going to win the war, if we can get everybody to go at it bald-headed.

"The psychological effect on the Germans has been tremendous. Here we are building up an organization, which means that as their forces get weaker and weaker, ours are continually rising.

Response Magnificent.

"The Canadian response has been magnificent."

With Lord Riverdale are Air Marshal Sir Christopher L. Courtney; Group Captains A. Gray, L. N. Hollinghurst and J. M. Robb; J. B. Abraham, C.B., and F. L. R. Howard, both of the British Air Ministry; J. R. Smyth, of the financial division of the Air Ministry; A. D. Hayward; J. Milner, private secretary to Lord Riverdale, and two stenographers.

Asked what would be the capacity of the air force training schools to be established here, Lord Riverdale said:

"It depends how fast we can establish them, but when we once get going we shall run into very big figures—something like 20,000 to 25,000. This includes not only pilots but observers, gunners and wireless operators. The schools will be turning out a continuous stream of completed units."

He emphasized that the figure of 20,000 to 25,000 did not represent the sum total of men to be turned out, but the numbers of those who would be in training when the schools were at capacity.

Roughly six months would be the average period for training of pilots. Other types of personnel, such as wireless operators, could be turned out more quickly.

"We hope to get the scheme going by next month", he added. "None of us know whether we are permanent or fixtures or movable, but we're certainly going to stay here till we get the job started.

"We shall be able to do a great deal of work on details for the Canadian portion of the scheme, which is by far the biggest portion."

Australia and New Zealand would carry out their own initial training of flyers, but all advanced training would be done in Canada.

British Pilots Will Come.

"Initial training of British pilots will be done over there, but if we find you (in Canada) want pupils for your advanced training schools we'll send you as many as you want. We will see that your schools are always full. If you have space for our men, they'll come.

If men wanted to come from the States and enlist, there would be no objection. Thousands of mechanics would be needed, and the States had a lot of mechanics who were "enterprising lads, and will say, 'This is an idea'."

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

Note for fyle. C267987

Handed personally to the Prime Minister by Lord Riverdale. Meeting at Prime Minister's Office, October 17.

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Oct. 17 A.T. Scheme

C67938

MOST SECRET.

DOMINION TRAINING SCHEME.

1. It is estimated that the Imperial air effort will eventually require some 20,000 pilots and 30,000 air crews per year.

2. Four/ninths of these numbers can, it is hoped, be trained in the United Kingdom ultimately, but the limitations imposed by operations, the size of the country, and considerations of security make it necessary to look to the Dominions for the training of the remaining five/ninths. This proportion involves the production of trained personnel every four weeks as follows :-

850 pilots
510 air observers
870 air gunners

3. The tentative proposal is that Canada, Australia and New Zealand should endeavour to recruit these men in the proportion of 48%, 40% and 12% respectively, that the elementary training of pilots should be carried out in the three Dominions and that the Service training of pilots and all air crew training should be done in Canada.

4. The numbers to be recruited every four weeks would be :-

	Pilots.	Air Observers.	Air Gunners.	Total.
Canada ...	576	302	518	1,396
Australia ...	480	252	432	1,164
New Zealand ...	144	76	130	350
	1,200	630	1,080	2,910

The total numbers could perhaps be reduced by about 10% to allow for the absorption as air observers and air gunners respectively of a proportion of those who failed to qualify as pilots and

/air....

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air observers. Also, to the extent that the Dominions found themselves unable to recruit the required numbers of the necessary standard, the balance would have to be found in the United Kingdom.

5. If a scheme on these general lines were accepted, the following training organisation would be required in Canada :-

(a) For pilot training :-

12 Elementary Flying Training Schools, each producing 40 pupils per four weeks;

25 Service Flying Training Schools, each producing 34 pupils per four weeks.

(b) For air crew training :-

1 Wireless School, producing 900 pupils per four weeks, and instructors and maintenance personnel;

15 Observer Schools, each producing 36 pupils per four weeks;

15 Bombing and Gunnery Schools, each producing 93 pupils per four weeks;

3 Air Navigation Schools, each producing 175 pupils per four weeks, and instructors ;

1 Armament School, producing instructors and maintenance personnel.

(c) For maintenance purposes :-

Repair Depots (or equivalent capacity in industry);

Equipment Depots;

Aircraft Storage Units;

Recruit Depots;

Schools of Technical Training;

School of Aeronautical Engineering;

Equipment and Accountant School;

School of Administration;

Record Office, etc.

6. Training and Maintenance Units already in existence or projected for the Royal Canadian Air Force will, of course, go towards the complete scheme, since it is contemplated that

/the....

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the proposed Training organisation in Canada should be part of the Royal Canadian Air Force, which would itself have first call on the Canadians trained under the scheme.

7. Though it is essential that the whole organisation should be completed as early as possible, it is of course appreciated that time will be required for the construction of additional aerodromes, for the production of the necessary aircraft and for the training of instructors and maintenance personnel.

8. Appendices are attached shewing the system of training which it is suggested should be adopted and giving estimates of aircraft and personnel required.

13th October, 1939.

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C 267991

APPENDIX 'A'.

P I L O T T R A I N I N G.

Weeks 0	Initial Training	4 Elementary Training	12 Service Training 28
Initial Training Schools in Canada.		No. 1 E.F.T.S.	No. 1 S.F.T.S.
		No. 2 "	No. 2 "
		No. 3 "	No. 3 "
		No. 4 "	No. 4 "
		No. 5 "	No. 5 "
		No. 6 "	No. 6 "
		No. 7 "	No. 7 "
		No. 8 "	No. 8 "
		No. 9 "	No. 9 "
		No. 10 "	No. 10 "
		No. 11 "	No. 11 "
		No. 12 "	No. 12 "
Initial Training Schools in Australia.		Ten Elementary Flying Training Schools in Australia.	No. 13 "
			No. 14 "
			No. 15 "
			No. 16 "
			No. 17 "
			No. 18 "
			No. 19 "
			No. 20 "
			No. 21 "
			No. 22 "
Initial Training Schools in New Zealand.		Three Elementary Flying Training Schools in New Zealand.	No. 23 "
			No. 24 "
			No. 25 "

	Intake.	Output.	Intake.	Output.
Per month, per School	48	40	40	34
Per month, Canada Schools	576	480	1,000	850
" " Australia "	480	400	-	-
" " New Zealand "	144	120	-	-
" " All Schools	1,200	1,000	1,000	850
WASTAGE	16 2/3%		15%	

29% on original elementary school intake.

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APPENDIX 'B'.

A I R O B S E R V E R T R A I N I N G.

Weeks	0	4	16	22	26
Initial Training Schools in Canada.		No. 1 Observer School	No. 1 B.G.S.		
		No. 2 " "	No. 2 "		
		No. 3 " "	No. 3 "		
		No. 4 " "	No. 4 "	No. 1 A.N.S.	
		No. 5 " "	No. 5 "		
		No. 6 " "	No. 6 "		
		No. 7 " "	No. 7 "		
Initial Training Schools in Australia.		No. 8 " "	No. 8 "	No. 2 A.N.S.	
		No. 9 " "	No. 9 "		
		No. 10 " "	No. 10 "		
		No. 11 " "	No. 11 "		
		No. 12 " "	No. 12 "	No. 3 A.N.S.	
		No. 13 " "	No. 13 "		
Initial Training Schools in New Zealand.		No. 14 " "	No. 14 "		
		No. 15 " "	No. 15 "		

	Intake	Output	Intake	Output		
Per School, per month.	42	35	35	34	170	170
All Schools, per month.	630	525	525	510	510	510

WASTAGE 16 2/3% 3%

19%

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APPENDIX 'C'.

AIR GUNNER TRAINING.

Weeks	0	4	26	30
Initial Training Schools in Canada.		Wireless School (22 weeks)		NO. 1 B.G.S.
				No. 2 "
				No. 3 "
				No. 4 "
				No. 5 "
				No. 6 "
				No. 7 "
				No. 8 "
Initial Training Schools in Australia.				No. 9 "
				No. 10 "
				No. 11 "
				No. 12 "
				No. 13 "
Initial Training Schools in New Zealand.				No. 14 "
				No. 15 "

	Intake	Output	Intake	Output
Per School, per month.	1,080	900	60	58
All Schools, per month.			900	870

WASTAGE 16 2/3% 3 1/3%

19 1/2%

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APPENDIX 'D'.

AIRCRAFT REQUIREMENTS.

The aircraft required for the Schools in Canada when the full scheme is in operation are as under :-

Type and Purpose.	Quantity (includes 50% Immediate Reserve).	Annual production required to make good estimated wastage of 33 1/3% (i.e. complete "write-offs") of Initial Equipment.	Proposed sources of Supply.
Moths and/or Fleets. for E.F.T.S.'s	648	144	Canada as far as possible. Engines for Moths to be supplied from U.K.
Harvard for Service F.T.S.'s.	1,125	250	Harvards from U.S.A. if Neutrality Act is repealed; otherwise from Canada.
Ansons for Service F.T.S.'s, Ob. S's, and A.N.S.'s	2,151	478	U.K. Wings to be made in Canada.
Battles for Air Armt. School, and Bombing and Gunnery Schools.	1,165	257	U.K.
	5,089	1,129	

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APPENDIX 'E'.

P E R S O N N E L R E Q U I R E M E N T S.

The following personnel (other than under instruction) will be required in Canada when the full scheme is in operation :-

OFFICERS :-

General Duties (Flying)	1,987	
Administrative	394	
Armament	136	
Engineer	283	
Navigation	119	
Signals	28	
Accountant	162	
Equipment	270	
Medical	137	
Various	197	... 3,713
AIRMEN PILOTS :	1,124	
OBSERVERS :	194	

AIRMEN :-

Group I trades :-

Draughtsmen	31	
Fitters I	5,848	
Fitters II	4,997	
Fitters Arm.	732	
Inst. Makrs.	699	
M.T.S. & O.	264	
Metal Wkrs.	460	
Wireless & Elec. Mech.	1,180	... 14,211

/Group II trades.....

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AIRMEN (contd.) :-		b/f:-	...
Group II trades :-		(1,124	(Airmen pilots)
		(194	(Observers)
Armourers	1,303	(14,211	(Group I trades)
Carpenters	618		
Electricians	1,118		
Flt. Mechs.	5,342		
Flt. Riggers	3,570		
Inst. Reprs.	523		
Photographers	302		
W. Operators	1,120	13,896	
OTHER GROUPS :		24,578 ...	54,003

The above is based on United Kingdom establishments and assumes that all flying and maintenance units are manned with Service personnel. If any of the schools are on a civilian basis, or repair work is undertaken by contract, a considerable reduction in personnel will be effected.

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Air. T. Scheme

C267997

file

Ottawa, October 17th, 1939.

MEMORANDUM FOR THE PRIME MINISTER:

Re: British Air Mission

Members now in Canada -

Lord Riverdale, K.B.E., LL.D., Head of the Mission;

Air Marshal Sir Christopher L. Courtney, K.C.B., C.B.E., D.S.O.; War Air Force Member of the Mission

J. B. Abraham, Esq., C.B., Permanent Assistant Secretary, Air Ministry;

J. R. Smythe, Esq., of the Financial Division of the Air Ministry;

Group Captain J. M. Robb, D.S.O., D.F.C.; R.A.F. Training Staff;

F. L. R. Howard, Esq., Secretary to the Mission;

Group Captain L. N. Hollinghurst, O.B.E., D.F.C., R.A.F. Organization Staff;

Group Captain A. Gray; R.A.F. Training Staff;

A. D. Hayward, Esq., Code and Cipher Officer;

J. Milner, Esq., Lord Riverdale's Secretary.

Members expected shortly -

Captain Harold H. Balfour, M.C., M.P., Under-Secretary for Air;

Air Chief Marshal Sir H. R. M. Brooke-Popham, G.C.V.O., K.C.B., C.M.G., D.S.O.;

F. F. Searle, Esq., Managing Director of the de Haviland Aircraft Company.

A. D. P. H.

A. D. P. H.

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Air Training.

ODS/AH

Oct.17,1939.

C 267?98

MEMORANDUM FOR THE PRIME MINISTER.

Air Training Mission.

From the attached clipping you will see that Lord Riverdale has been talking pretty largely to reporters, and that someone from Ottawa has been putting a guess of $700,000,000 expenditure by the four Governments in the first year.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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C 267999

DEPARTMENT OF EXTERNAL AFFAIRS

Subject

Date Oct. 16, 1939 *Publication* Montreal Gazette

AIR PLAN COST IS $700,000,000 FOR FIRST YEAR

Canada Stands to Benefit Enormously Under Empire Scheme

14,375 MORE AVIATORS

Riverdale Mission Arrives, Reveals Start Will Be Made Almost At Once

By F. C. MEARS.
(Gazette Resident Correspondent.)

Ottawa, October 15.—The first year of the British Empire air training scheme will involve the expenditure by the four Governments concerned of $700,000,000 an official source disclosed at the week-end.

Canadians have as yet little conception of the magnitude of the task ahead or the enormous effect it will have on the nation as a whole. When the job is done Canada's importance as a belligerent government will rank extremely high because at present this nation's war effort is limited to the sending of supplies and a small expeditionary force.

The Government has authorized, or will soon authorize, the creation of a new air establishment of 1,375 officers and 13,000 men.

These figures are large when compared with the present strength of the Royal Canadian Air Force. At the last regular session of Parliament $6,000,000 was voted for training pilots and this sum was considered large at the time.

It is difficult yet to get any breakdown of the sums to be spent, but it is pointed out that the air training to be given in Canada will be the most advanced and therefore will require advanced equipment, including hundreds of the most modern fighting and bombing planes.

The expansion of Canadian industry to a point where these modern planes can be manufactured in the country will cost millions. The building of plants and hangars and barracks and fields will cost millions more.

Over 25,000 to Be Trained

By JOHN R. STURDY.
(Gazette Staff Reporter.)

Quebec, October 15.—The number of pilots to be trained in Canada for the Royal Air Force under the plan agreed upon by the British and Dominions governments will be "much more" than the 25,000 reported last week, it was announced here yesterday by Baron Riverdale, head of a mission sent to Ottawa by the British Air Ministry.

The plan, which will make Canada the air training centre for the Empire, will go into operation almost immediately and should reach its peak in about 18 months, Lord Riverdale said.

"I foresee a great industrial expansion in Canada as a result of this plan," he added. "It is one of the biggest things that the Empire has ever done."

Lord Riverdale headed a group of air experts, which included Air Marshall Sir C. L. Courtney, K.C.B., C.B.E., D.S.O. The mission left for Ottawa yesterday and will start to work Monday morning.

"I hope the training will begin this month," the mission's head stated. "We ceraintly want to get things operating before the winter sets in."

He announced that the training of pilots would complement the scheme to build military aircraft in Canada for the British Air Ministry.

"If the United States repeals the embargo legislation," he said, "it will make things easier for us, because we will be able to import airplane engines from that country. At any rate, we'll see that sufficient machines are available for training purposes."

Pilots will come from Australia, New Zealand and Great Britain to complete their training on Canadian fields. Preliminary instruction will be given them at home, so that Canada will be in the nature of a "finishing" school for the fliers.

"We're extremely enthusiastic about this plan," Lord Riverdale told reporters. "It is going to have a wide effect on Canadian industry, and I don't mean only the aircraft industry."

He said that Great Britain realized the importance of air strength in the present war with Germany. "Poland was an example of the effectiveness of fighting planes. The Germans walked through Poland in a very short time, due to the assistance of their forces in the air."

"This plan to train fliers here is not only a war measure," Lord Riverdale stated. "By that I mean that it need not stop with the ending of hostilities, for commercial aviation is still only young, and this country can become a centre for peacetime training and manufacture of aircraft."

The British industrialist, who is perhaps better known to Canadians as Sir Arthur Balfour, of Sheffield, was asked for his opinions on the war.

He said he believed the possibility of a crackup in Germany. "I don't think it will come—if it does—for another six months," he added. "and in the meantime there is going to be a terrible amount of blood spilled. For Hitler is reaching the point of desperation. He will throw lives away in an effort to smash the Allies."

Lord Riverdale agreed that Russia was moving in the direction of Germany, probably hoping to stir up a Bolshevik revolution within the Reich.

"It is not impossible," he declared, "that some day Britain and France will find themselves lined up against Russia. That may be the next war. But, of course, it is foolish to make any prophesies. For no one knows what Russia intends to do. She continues to be the big question mark."

Despite the sinking of the Courageous and Royal Oak, it will be the British navy which will win this war for the democracies, in Lord Riverdale's opinion. "The navy, with the help of the air force, will crack Germany, and the effect of the blockade is already being felt in that country."

Reverting to the plan to train pilots in Canada, he said that the announcement of the scheme had had a psychological effect in Germany, and would continue to work on the German morale.

"The scheme is a great thing for the Empire," he declared. "It will bring the peoples of the Dominion closer together, for you will have Australia and New Zealand fellows out here, living and training with you, and you'll get to know one another."

The Dominions will contribute most of the men to be trained in Canada, he explained. "Our training facilities in England are very large and well organized, and we can continue to instruct a great number of our own fliers at home. Those we can't accommodate, we'll send over to this country."

"I'm going to stay here until this thing is working like clockwork," he declared. "I've never taken hold of anything about which I was more enthusiastic. And I have a splendid group of experts with me—the top men in their fields. I think we've got something this time, something big."

In Ottawa, the British mission will hold discussions with representatives of Canada, Australia and New Zealand. The plan has already been organized in the preliminary stages, and the men expect it to be in operation within a short time.

Others in the British group, besides Lord Riverdale and Air Marshall Sir C. L. Courtney, are J. B. Abraham, permanent assistant secretary of the Air Ministry; Group Captain A. Gray and Group Captain J. M. Robb of the R.A.F. training staff; Group Captain L. N. Hollinghurst, of the organization staff, J. R. Smyth, of the financial division of the Air Ministry, and F. R. Howard, secretary to the mission.

Due in Ottawa shortly to join the others are Air Chief Marshall Sir Robert Brooke-Popham and F. F. Searle, managing director of the De Haviland Aircraft Company.

Cost to Be Divided

Ottawa, October 15.—(CP)—Full control of the co-operative air training scheme will be in the hands of Canadian authorities, Lord Riverdale, head of the British air training mission, said on his arrival here today.

Financial arrangements for the scheme which Lord Riverdale described as the biggest thing the Empire has ever attempted, have not been worked out in detail. He expected, however, that the participating other governments, those of the United Kingdom, Australia and New Zealand, would pay the Canadian Government so much per man trained.

The amount would be based on the cost of operating the schools, which will probably be spread all across Canada, he said.

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ODS/HMP.
OCTOBER 30th, 1939

C 268000

MEMORANDUM FOR THE

PRIME MINISTER -

In making a call this morning Lord Riverdale, whom I met for the first time, seemed at pains to emphasize the very reasonable character of their financial proposals regarding the air training scheme. He emphasized particularly the fact that, while we would be meeting the cost of air training, the United Kingdom would be meeting the much heavier cost of maintaining the pilots so trained at the front - a cost which at the peak might run to one ~~hundred~~ thousand million dollars a year. I told him that my recollection was that the United Kingdom in their telegraphed proposals had left it open whether the United Kingdom or the Dominions were to maintain the men at the front. He said the United Kingdom would be quite prepared to maintain them. I told him this might well be the understanding now, but we must face the fact that there would be great pressure in Canada for maintaining a big Royal Canadian Air Force at the front, not merely four or five squadrons, once we had the men trained, and that we might therefore find that we had committed ourselves now to the bigger end of the training and later to the very big end of the maintenance at the front.

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C268001 A

COST OF PROPOSED TRAINING SCHEME.

		$
Total Capital Expenditure shown in R.C.A.F. Estimate	...	400,000,000
Deduct Capital contributed by Great Britain in the form of equipment (allowing for Anson wings being made in Canada)	...	140,000,000
		260,000,000
	$	
Total Maintenance Expenditure (as estimated by R.C.A.F.) for a period of 3½ years, say to the 31st March 1943.	508,500,000	
Deduct value of equipment supplied by Great Britain to replace wastage ...	51,500,000	
	457,000,000	
Deduct also difference between cost of running Elementary Flying Schools, Observer Schools, and Equipment Depots on a civilian instead of on a Service basis ...	20,000,000	
		437,000,000
Total of complete capital Expenditure and of maintenance Expenditure up to 31st March 1943		697,000,000

Incidence of the above cost.

	Gross.	Net (i.e. after making deductions referred to above).
	$	$
Fiscal year 1939-40 :		
Capital ...	15,000,000	10,000,000
Maintenance ...	8,500,000	8,500,000
Fiscal year 1940-41 :		
Capital ...	160,000,000	120,000,000
Maintenance ...	65,000,000	50,000,000
Fiscal year 1941-42 :		
Capital ...	180,000,000	110,000,000
Maintenance ...	190,000,000	165,000,000
Fiscal year 1942-43 :		
Capital ...	45,000,000	20,000,000
Maintenance ...	245,000,000	213,500,000
	908,500,000	697,000,000

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C 268002 B

UNITED KINGDOM AIR MISSION

ESTIMATED COST OF PROPOSED TRAINING SCHEME

	$
Total Capital Expenditure shewn in R.C.A.F. Estimate ...	400,000,000
Deduct Capital to be contributed by Great Britain in the form of equipment (allowing for Anson wings being made in Canada) ...	140,000,000
	260,000,000
Total Maintenance Expenditure (as estimated by R.C.A.F.) for a period of 3 5/12 years, up to 31st March, 1943 ...	508,500,000
Net Total of Capital Expenditure and of Maintenance Expenditure up to 31st March, 1943	768,500,000
Deduct difference between cost of running Elementary Flying Schools, Observer Schools and Equipment Depots on a civilian instead of on a Service basis	20,000,000
Net Total of Capital Expenditure and of Maintenance Expenditure up to 31st March, 1943, after allowing for possible savings ...	748,500,000

INCIDENCE OF THE ABOVE COST

	Gross Totals		Net Totals (i.e. after making deductions referred to above.)	
	$	$	$	$
Fiscal year 1939-40 :				
Capital ...	15,000,000	23,500,000	10,000,000	18,500,000
Maintenance ...	8,500,000		8,500,000	
Fiscal year 1940-41:				
Capital ...	160,000,000	225,000,000	120,000,000	181,000,000
Maintenance ...	65,000,000		61,000,000	
Fiscal year 1941-42:				
Capital ...	180,000,000	370,000,000	110,000,000	292,000,000
Maintenance ...	190,000,000		182,000,000	
Fiscal year 1942-43;				
Capital ...	45,000,000	290,000,000	20,000,000	257,000,000
Maintenance ...	245,000,000		237,000,000	
	908,500,000		748,500,000	

Notes.

(1). The above estimates exclude import duty and sales tax on those items of capital and maintenance expenditure on which the impositions can be identified. The total amount so excluded is $55,000,000.

(2). The allocation of expenditure over fiscal years is based on the assumption that the first Initial Training Wing will open on 1st April, 1940 and that schools for instructor and maintenance personnel will open as soon as possible before that date.

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C 268003

Navy, Army and Air Force Expenditure of Great Britain

1934 - 1939

(in millions of pounds = £m.)

Service.	1934.	1935.	1936.	1937.	1938. (Estimate).	1939. (Estimate).
	£m.	£m.	£m.	£m.	£m.	£m.
Navy	56½	65	81	102	126	149 (a).
Army.	39½	44½	55	63½	106½	227 (a).
Air Force	17	27	49	80	123½	243 (a).
Total.	113	136½	185	245½	356	619 (a).

(a). These figures represent the sums granted before the outbreak of war. On 3rd September, a Vote of Credit of £500 millions was passed to provide for further expenditure during the financial year on Navy, Army and Air Force services and also on certain civil services connected with the prosecution of the war (e.g. Air Raid Precautionary Services). In introducing the revised Budget the Chancellor of the Exchequer estimated the total national expenditure for the year at £2,000,000,000; and this amount included about £1,300,000,000 for Defence Services.

31st Oct. 1939

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ODS/ET
1 Nov.1939

C68004

MEMORANDUM FOR THE PRIME MINISTER:

AIR TRAINING DISCUSSION.

(Interview)

Sir Gerald Campbell at noon today, when calling on another subject, referred to the discussion with the Cabinet committee yesterday on air training.

He said that he and all the members of the Mission had felt blue and depressed as the result of the discussion and the observations of the Prime Minister and the Minister of Finance. They had planned to take up matters of detail and expense with the individual Ministers, and it was only when it was indicated that it was the Prime Minister's wish that there should be a discussion with the full committee that they had taken steps to make their presentation definite by getting further instructions from London. They had pared down the original proposals in costs, and were surprised to learn that they were not considered within "shooting distance". Lord Riverdale had prepared his statements in the condensed form in which a business man would, and had been quite prepared

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to explain them in an appropriate fashion, but had been rather knocked off his base by Colonel Ralston's interjection about this being the first time there had been any suggestion of the proportion into which the costs were to be divided, and had not recovered himself. Sir Gerald said he thought this was the explanation of his somewhat unfortunate phrase "free gift from Britain"; what he obviously meant was Great Britain's contribution to the co-operative effort.

I told Sir Gerald I had not been in close touch with the discussions since our exchange of letters on the occasion of the Air Minister's speech, but I believed it was clear that any difficulty that existed had arisen as the result of a change by the United Kingdom representatives in the programms put forward by the United Kingdom the end of September, and which the Canadian Government had accepted in principle, and also from some indiscreet statements to the press. I understood the Government had in mind that the Minister of National Defence, the Minister of Finance and the Minister of Transport would meet the members

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of the Mission to go into details, and doubtless a clear understanding as to what each had in mind could then be attained.

Sir Gerald said there were two points he felt it desirable to mention.

First was the remark of the Prime Minister "This is not our war", which had been a matter of great surprise to all the United Kingdom members present, who had individually commented upon it after leaving the meeting. He believed a reference to this statement had been included in the report which had been sent to London, and he did not know what they would think of it there, or just what it meant. One of the members of the Mission had wondered whether the Prime Minister intended to make a similar statement in the House. I said to Sir Gerald that I had no knowledge other than was open to him or anyone else as to the meaning of the phrase, but I should have thought it was perfectly obvious. It certainly was not Canada's war in the sense that the war did not originate in any German threat against Canada or in any Canadian pledge in Eastern Europe. This of course did not mean that Canada had not made Great Britain's and France's cause her own. Every member of the Cabinet had backed

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Canada going into the war and would favour carrying it on to the fullest extent possible. As regards any statement in Parliament, that might safely be left to the Prime Minister.

(b)

The further point was as to whether Colonel Ralston, in speaking of various additions made from time to time to the Canadian military programme, had in mind undertaking to maintain the Canadian trained flyers at the front. If so, that would very greatly alter the financial picture. I said that was not my understanding. Colonel Ralston had referred to the fact that after an extended programme of military effort had been drawn up by the Canadian Government following consultation with the United Kingdom, and one which it was thought would strain our financial resources, there had come continuous supplementary requests from the United Kingdom - an air squadron for the West Indies, railway and other units, etc., crowned by this tremendous air training scheme. I did not understand that Colonel Ralston had indicated any intention on the part of the Canadian Government to maintain at the front all the Canadian pilots trained under the new scheme. On

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the contrary, my recollection was that he had picked up and approved Lord Riverdale's statement that the United Kingdom would have to undertake the cost, which would be heavy, of maintaining the trained men at the front. The Prime Minister, incidentally, speaking on the same subject, had referred to the necessity of keeping in mind before any final commitments on air training were made, the possibility that public opinion might force us to maintain as an independent Canadian force a considerable proportion of the new pilots. Mr. Rogers had pointed out that, if ~~this~~ as had been under consideration ~~and~~, three Canadian squadrons were maintained by Canada at the front, the cost of that would be in addition to the figures set out by Lord Riverdale. This, however, was a matter that would be gone into by the Cabinet committee and doubtless a definite understanding would be reached on it later.

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

C268009

Free consultations Est Bn

Capt Balfour
Chancellor Est

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ODS/ET
2 Nov.1939

AIR TRAINING DISCUSSION OF OCTOBER 31st. C268010

Following my report to the Prime Minister yesterday of Sir Gerald Campbell's remarks on some phases of the above discussion, I spoke to Sir Gerald again today. I said that when he referred to the comments of various members of the British Mission on a phrase of the Prime Minister's - "This is not our war" - I did not at the moment recall the context of the phrase as it had not seemed at the time to have any special significance. I had mentioned the matter to the Prime Minister,who had, I might say, expressed great surprise at the significance which had been attached to the phrase and at the obvious mis-interpretation which had taken place. Mr.King at once pointed out the context in which the phrase was used. In replying to Lord Riverdale,he had quoted the latter's sentence that the United Kingdom was making "a free gift to you" of certain equipment. Mr.King replied "It is not a gift to Canada. It is not our war" - that all Canadian contributions were free contributions to the common cause and any contribution which Canada might

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C268011

make with respect to air training would be a free contribution to a common scheme.

Sir Gerald recognized that it was essential to consider any such phrase in its context and said that he would explain the matter to the members of the Mission who had spoken to him. I told him it was hardly an explanation - it was simply pointing out what should have been obvious to anyone present.

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R.

Air T.

"R"

C 268012

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HONOURABLE VINCENT MASSEY, HIGH COMMISSIONER, LONDON.

CYPHER

PERSONAL

OTTAWA, November 3rd, 1939.

I should like you and Mr. Crerar to note particularly personal telegram I have sent Prime Minister today regarding air-training and finance.

Rec'd Nov 5-39 pc

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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R. A

R Air T Par. 7 approved by Mr Robertson.

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

SECRET C68013

PERSONAL

CYPHER Ottawa, November 3rd, 1939.

Following from Prime Minister for your Prime Minister, Begins:

1. My colleagues and I believe it desirable to bring to the attention of your Government some questions which are causing difficulty and which we believe should be given early consideration to ensure full effectiveness and the promptest action in our joint war efforts.

2. The immediate question has to do with the air training proposals. Since their arrival on October 14, the members of the United Kingdom Air Training Mission have been actively at work in consultation with our technical experts in examining the detailed basis of a cooperative training scheme. Discussions this week between the heads of the Mission with your High Commissioner and a committee of our Cabinet have however indicated what we consider a fundamental misunderstanding as to the basis of and responsibility for the project.

3. Your telegram of September 26th indicated that the War Cabinet of the United Kingdom in planning a rapidly expanding air force had found that because of limitations of space and vulnerability to attack, it would be impossible to carry on in the United Kingdom the full training

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organisation required. The Government of the United Kingdom therefore proposed that a large part of the training should be transferred to Canada, Australia and New Zealand, the advanced training to be given in Canada to men who would have received their elementary training in the United Kingdom, Australia, New Zealand and Canada. The Canadian Government replied that it believed cooperation in such a plan was a most effective form of war effort, and accepted it in principle, subject to examination of the scale upon which such a project could be fitted into our war programme.

4. The proposals put forward by the United Kingdom Mission this week, however, appeared to imply that a United Kingdom project for reinforcing the Royal Air Force had become a Canadian plan, with corresponding assumption by Canada of the major provision of recruits and major proportion of the cost which detailed study now indicates would be of huge magnitude. It was immediately apparent that the share suggested for Canada, when added to existing commitments and plans, indicated expenditures and financing quite beyond our financial resources.

5. As we set forth in our reply of September 28th, the extent of our participation in an air-training plan would depend on the total cost and its allocation among the several cooperating governments, the extent of our other war commitments, and the total of the financial undertakings required, including provision for financing British purchases in this market. It is not possible to reach a conclusion on the scope of our air-training participation without relating it to our whole national war programme and its financial implications. When

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we speak of financial requirements, we do not imply any thought on the part of the Government or the people of Canada of stinting or sparing efforts or resources. We are determined to throw ourselves into the war to our utmost capacity. We must, however, consider the extent of that capacity in order to determine how the national effort can be directed most effectively. Assumption of tasks beyond that capacity would lead inevitably to failure and serious prejudice to the common cause.

In terms of the financing to be done that capacity can best be assessed by relating it to the national income, which has recently been carefully computed in other connections. Our people, like those of other countries, realize and admire the courage and devotion which the people of the United Kingdom have shown in providing such tremendous sums for carrying on the war. Without comparing our limited war programme to that great effort we may yet point out that it is probably not generally recognized in the United Kingdom or elsewhere how great a proportion of Canada's national income is being devoted to public purposes for peace and war. In this country of vast area, small population and federal structure, governments have found it necessary,in orderto provide the basis for a common national life, to assume and carry on widespread activities which are less essential in older lands. Taking into account the existing federal, provincial and municipal peace-time commitments, less any possible war-time savings, and adding the provision for the military programme previously planned for the first year of the war, it is clear that it would not be possible to provide both for the air-training addition and the credits for the United Kingdom which it has been indicated

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will be required, without raising the percentage of the national current income taken from the people in the first year of the war to a level probably higher than that of the United Kingdom itself. You will of course realise that the fundamentally different conditions obtaining as between the United Kingdom and Canada would make it quite impossible for Canada to divert to war and other governmental expenditure at all as large a proportion of its national income.

6. In estimating the national income we have made allowances for purchases by the United Kingdom on approximately the scale indicated by your Treasury authorities, but we must add that unless this whole subject of supplies dealt with in my telegram No. 91 of October 10th and other communications can be approached with more appreciation of the Canadian situation, our reduced national income and increased governmental burdens may seriously jeopardize our present commitments and plans.

7. Our discussions in connection with the air training programme have emphasized the need for a fuller appreciation of the Canadian situation, and the urgent necessity of a speedy and definite settlement of the various aspects of the financial problem. We have endeavoured to make clear to Mr. Osborne the facts in regard to our financial capacity, the measure of the financial burden involved in our existing commitments, the possible margin available for financing British purchases here (which margin will, of course, be reduced by the extent of any direct contribution to the air training programme), and the manner in which the measure of our aggregate contribution will be expanded or reduced by the volume and character of British orders and the promptness with which they are placed. I believe that Mr. Osborne has an appreciation of these various factors as well as of the needs and difficultie

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of the United Kingdom but it is not apparent that either through our discussions with him or by our direct communications we have been able to convey a full understanding to your Government and particularly to its various agencies concerned with the purchase of Canadian products or with making arrangements in regard to the various aspects of our military contribution. I may instance the fact that while the British Air Mission are pressing us in regard to their air training proposals which would involve a substantial increase in Canada's direct military expenditures, we on our part have for many weeks been pressing without satisfactory result for a decision in regard to wheat purchases which is the biggest single item in our whole economic programme and the most far-reaching in its public consequences. In our opinion the questions of military and economic participation in the war effort are inextricably intertwined and cannot be dealt with separately. Until some understanding evolves from the discussions either here or in London, I frankly cannot see how a decision can be arrived at in regard to the proposals for the special air training programme, although, of course, the discussions are proceeding meanwhile with the United Kingdom Air Mission. We are most anxious, as you are, that speedy decisions on all these matters should be reached and would greatly appreciate anything you can do or any suggestions which you can make to bring about a prompt determination of these problems.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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COLOURED PAPER
PAPIER DE COULEUR

R. Air T.

R

TELEGRAM

68018

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET AND PERSONAL

CYPHER

LONDON, November 7th, 1939.

Secret and Personal. Following for your Prime from my Prime Minister, Begins:

Your personal and secret telegram of November 3rd regarding air-training scheme and other financial and economic questions is under urgent consideration and in accordance with a message received through Mr. Massey, I have made a copy available to Mr. Crerar.

Mr. Crerar was present at a meeting last week with the Chancellor of the Exchequer when many aspects of our own war finances, some of them directly relevant to Canadian situation, were under review. The questions dealt with in your telegram will be discussed fully with Mr. Crerar as soon as possible after his return from visit to British Expeditionary Force next week, and I am hopeful that this will contribute to a clarification of the issues with which we are both faced.

I am glad to note from the last paragraph of your telegram that in the meantime discussions at Ottawa on air-training scheme are proceeding. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Received Ottawa 5.40 p.m.

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PAPIER DE COULEUR

Air T.

TELEGRAM

C268019

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, November 11, 1939.

CYPHER

No. 636

No. 636. Following for Chief of the Air Staff from Air Commodore BREADNER, Begins:

Consider situation brighter than some reports in Canada indicated. While Germany numerically superior in aircraft, Air Staff considers this advantage largely offset by superior armament and / or performance of Franco-British aircraft. I concur in this view. War wastage practically nil and German passivity providing much needed opportunity to British and French to increase strength and accumulate reserves. This, however, is not being accomplished as rapidly as might be expected, because while aircraft production as a whole reported since the war to have increased, blackout conditions are hampering production. One manufacturer has attributed 15 per cent decrease in his plant to this cause. Shortage of aircraft and / or engines is a limiting factor on the re-equipment of squadrons. While formation of new squadrons also hampered in this respect, main difficulty is reported to be maintenance of crews, air observers and W/T operators. No apparent shortage of embryo and would-be pilots as pools and initial training schools are crowded and output is slowed by relatively small capacity for training.

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COLOURED PAPER
PAPIER DE COULEUR

TELEGRAM

C 268020

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

Establishment's transition from peace to war training, while according to plan, did cause temporary upset, which has now been overcome, and increased training is under way. As offensive cannot be initiated by the Allies until air strength increased and taking into account conditions known here, consider training scheme and aircraft production in Canada must be pushed with the utmost vigour. Ends.

Read Nov 16-39

MASSEY.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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PRESS CLIPPING C 268021 Office of The Prime Minister

Name of Publication Ottawa M. Journal

Date November 15, 1939

Subject Air Training

Air Scheme Is Discussed At Conference

Prime Minister And Lord Riverdale Highly Pleased With Progress

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Missions from Australia and New Zealand arrived subsequently and a constant series of conference has been held with the Dominion Government experts. Under the scheme, Canada will provide the facilities for advanced training and be reimbursed by the other members of the commonwealth.

Extent of the program will be dependent upon the length of the war and the necessity for trained air personnel but it is understood provision will be made to train up to 25,000 men a year.

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Such a meeting would be for the purpose of reaching agreement on a formal contract under which the training would be carried out. So far as could be learned no date has yet been fixed for the final, full meeting of all the parties.

Late in the afternoon, Mr. Mackenzie King also received Sir Gerald Campbell, British High Commissioner, and Sir Robert Brooke-Popham, British Air Chief Marshal, who arrived in Ottawa Monday night from England and joined the United Kingdom mission. It was said to be a "courtesy call" to enable Sir Robert to meet the Prime Minister.

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PRESS CLIPPINGS C268022 Office of The Prime Minister

Name of Publication Toronto Telegram

Date November 15, 1939

Subject Air Training

Imperial Air Conference Once More Breaks Down As Ottawa Balks On Cost

Parley on Final Details Postponed as Premier Unwilling to Co-operate on Financing

By L. M. McKECHNIE
Telegram Staff Reporter

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Instead of general meeting of all four governments, Lord Riverdale was forced to pay a personal visit to Prime Minister Mackenzie King. After this meeting both the British and Canadian air missions announced they were entirely satisfied with progress being made, but every intelligent observer in Ottawa knew that Canada was still haggling over costs.

WAITING FOR MR. KING

In the meantime the Australians and the New Zealanders are here twiddling their thumbs waiting for W. L. M. King to decide what Canada wants to do.

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Another "press release" describes the construction program on the Trans-Canada Airways for 1939.

This release says:

"The eastern section between Montreal and Moncton is now under regular operation by Trans-Canada Air Lines for carriage of mail during daylight hours. Work is proceeding on the lighting of the air ports on this portion of the route so that it may be operated during the hours of darkness. It is expected that regular operations for passengers, mail and express, either in daylight or darkness as may be required by the mail schedules, will be possible in December.

"Three new radio ranges are now in operation at Megantic, P.Q., Blissville, N.B., and Moncton, N.B.

IMPROVEMENTS IN EAST

"To give connections to other cities in the Maritime Provinces improvement have been made to the municipal airports at Halifax and Saint John. A radio range station is under construction at Halifax. A new airdrome and radio range station are being built at Charlottetown, P.E.I. Improvement of the air port at New Glasgow is proceeding. Surveys for new airdromes have been made at Summerside and Amherst.

"At St. Hubert airport, Montreal, a new runway has been built. Older runways have been strengthened to handle the heavier aircraft now coming into use.

"Many improvements have been made to the airdromes west of Montreal on those sections of the line which are now in regular operation so as to increase the efficiency and safety of the trans-continental service.

SPEED UP TORONTO SERVICE

"A new radio range is under construction at Stirling, Ontario, some 20 miles north of Trenton, that planes on the Montreal-Ottawa-Toronto section may proceed direct from Ottawa to Toronto and save the detour occasioned by following the present trans-continental route to Killaloe and Muskoka. This will shorten the time in transit on this service by 20 minutes.

"In Western Ontario new airdromes and radio ranges are being constructed at London and Windsor, Ontario, to give service to the south-western part of the province.

"North Bay is an important junction point on the trans-continental service. Construction on this airport was sufficiently far advanced to enable it to be used in the fall of 1939. Great improvements have been made during the year to the runway and lighting systems. A hangar is under construction there to house planes held there by weather or other causes.

"In Northern Ontario increased passenger accommodation has been provided at Kapuskasing and Wagaming. The landing areas at all principal fields have been increased and improved by new hard surfaces; and the intermediate fields at Earlton, Porquis, Pagwa, Nakina, Sioux Lookout and Kenora have also been enlarged and improved by additional pavements, new buildings, better lighting."

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PRESS CLIPPINGS C268023 Office of The Prime Minister

Name of Publication Toronto Star

Date November 15, 1939

Subject Air Training

AGREE ON EMPIRE AIR COSTS DECLARES BRITISH DELEGATE

London and Canadian Delegates "Entirely Satisfied"— National Identity Kept

NO DIFFICULTIES

Special to The Star

Ottawa, Nov. 14.—British and Canadian delegates are "entirely satisfied with the progress being made" on the huge empire air training plan, it was announced in a joint communique issued last night.

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"An announcement of the full details of the whole plan, financial and otherwise, will be forthcoming sometime next week," Lord Riverdale stated later. "Everything is running smoothly. When you are embarking on a scheme of this magnitude naturally there is a lot of final details to be worked out.

"Conferences are going on all the time, with rapid progress being made. We have had a number of conferences with the Australian and New Zealand delegates as well and they have had conferences with the Canadians representatives. There have also been informal conferences at which representatives of the four countries have all participated."

Lord Riverdale said agreement had been "practically reached" as to how the cost would be apportioned. "There is no difficulty on that score," he declared.

Identity will be maintained as far as practical of fliers from the four countries given final training in Canada as the new empire air centre, it is learned. For instance, should they be placed in the Royal Air Force, they will be labelled as Canadian, British, Australian and New Zealand squadrons.

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PRESS CLIPPINGS C26803

Office of
The Prime Minister

Name of Publication [illegible]

Date [illegible]

Subject [illegible]

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PRESS CLIPPINGS

C268023

Office of
The Prime Minister

Name of Publication Ottawa Le Citizen

Date November 16, 1939

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Working Agreement On Empire Air Force Plan Now Near Completion

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"Negotiations are going on very satisfactorily. Through the help of the Royal Canadian Air Force we are reaching an agreement in a phenomenally short time.

"It takes a long time to prepare for war. In 1914 it took us six months. Now we are going to do it in three months."

No differences of opinion existed as between the contracting parties over sharing the costs, Lord Riverdale said.

"Anything Great Britain undertakes she will be ultimately responsible for. Great Britain will pay her share of the training scheme and there is no question and no difficulty over costs.

"Of course there must be discussions as to what we will send to Canada in kind in order to get away from the question of dollars and cents. We will supply machinery and aircraft for training purposes, and other goods.

"All these things have to be worked into the whole picture of costs as between the countries concerned and it takes time. But there has been no difficulty at all.

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For Long Period

Lord Riverdale said he was not in a position to discuss details of the cost-sharing plan at this moment. The scheme is for a long period, covering three years and three months in the initial planning.

Under the scheme being worked out, student airmen of Great Britain, Australia and New Zealand will come to Canada for their advanced training for service in actual warfare overseas.

It has been stated that provision would be arranged for turning out each year 25,000 trained pilots, observers, machine gunners and craftsmen required for maintaining and operating aircraft in the field.

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PRESS CLIPPINGS C268024 Office of The Prime Minister

Name of Publication Ottawa M. Citizen

Date November 16, 1939

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PRESS CLIPPINGS

C 268025 Office of The Prime Minister

Name of Publication The M. Journal

Date November 16, 1939

Subject "Air Training Scheme" - Interview to the Press - Lord Riverdale.

Expect to Sign Air Agreement At Early Date

No Difficulty About Division of Costs But Details Require Much Work Says Riverdale

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PRESS CLIPPINGS C 268027

Office of
The Prime Minister

Name of Publication The E. Journal

Date November 16, 1939

Subject "Air Training Scheme" - Interview to the Press - Lord Riverdale.

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COLOURED PAPER
PAPIER DE COULEUR

DEPARTMENT OF EXTERNAL AFFAIRS C268026

Ottawa, NOV 20 1939

To THE PRIME MINISTER

FOR INFORMATION

Based on Council decision and
letter from Rahaie Affairs

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Air Training.

JER/
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C 268027

Secret

Important

Ottawa, November 18, 1939.

Dear Sir Gerald,-

May I refer to your letter, dated the 7th November, 1939, with regard to the application to Newfoundland of the Empire Air-Training Scheme.

The Canadian Government will be very glad to co-operate in any arrangement that the United Kingdom authorities may formulate, concerning the inclusion of personnel from Newfoundland, in their quota for the Empire Training Scheme.

It is assumed that the responsibility for their emoluments, effective and non-effective, including disability pensions, etc., will be the responsibility of the Government of the United Kingdom, under the same procedure as will be arranged for the pupils from the British Isles.

Yours sincerely,

O.D. SKELTON

Under-Secretary of State
for External Affairs.

The High Commissioner for the
United Kingdom,
Earnscliffe,
Ottawa, Canada.

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Air Training

PRESS CLIPPINGS C 268028 Office of The Prime Minister

Name of Publication Ottawa M. Journal

Date November 22, 1939

Subject "Air Scheme May well Prove Determining Factor in Outcome."

Air Scheme May Well Prove Determining Factor in Outcome

Captain Harold Balfour Warns About "Comfortable Thoughts" of Impending Internal Trouble in Germany

The Imperial air training scheme centred in Canada may well be the determining factor in successful outcome of present hostilities, Captain Harold Balfour, M.C., M.P., assured the Canadian Club at a luncheon meeting in the Chateau Laurier, Tuesday. Captain Balfour, Under Secretary of State for Air and Vice-President of the Air Council in the Government of the United Kingdom, is now attached to the British air mission in Ottawa.

Guests at the head table included His Excellency, the Governor General; Prime Minister Mackenzie King, Lord Riverdale, Count Robert de Dampierre, Air Marshal Sir Christopher Courtney, Baron Robert Silvercruys, Hon. Norman Rogers, Wallace R. Campbell, chairman of the War Supply Board; Commander Edson Sherwood, R.C.N., Major General A. G. L. McNaughton, Senator Raoul Dandurand, Air Marshal Sir Robert Brooke-Popham, Sir Shuldham Redfern, Captain J. Fergus Grant, Dr. Charles Camsell and Dr. Alex. Johnston, president of the club.

Immediate Effect.

Mere announcement of the air training program had an immediate effect in Germany, according to Captain Balfour, who went on to discuss the scope of Britain's war effort.

"We, like you, are determined to see this thing through, and we are united in our country as in our Empire, in our determination to achieve victory. It is clear this is not a war of our seeking, and that all nations that take part in it will be material losers thereby.

"This is a war in a cause above materialism. It is a war for right and justice."

In England it had been called an "exclusive" war—very hard to get into. Policy of the Government was to prepare for a long and arduous war, probably lasting for three years.

Captain Balfour voiced emphatic warning against "comfortable thoughts" of impending internal trouble in Germany, calling it wishful thinking.

It Is Dangerous.

"I submit to you it is dangerous to let such thoughts enter our minds, as they can have only one effect—to allow us to hedge, to reduce our efforts and to alter our plans."

Today the war front of battle was in the English countryside and in the English city. Petrol and coal had been rationed, and food was to be rationed. Taxation had mounted to unheard of levels. Yet scarcely a person was not facing cheerfully all they were called upon to face.

"It is an Englishman's right to grouse; we shall continue to exercise that right at home."

Captain Balfour, discussing criticism of the Ministry of Information, noted the immensity of its task, when policy was based on the assumption war would mean the immediate beginning of bombing raids on England.

"I do maintain my Government was entirely right in making preparations for an eventuality, even if it did not occur."

Diplomatic Contest.

So far the war had been largely a diplomatic contest, in a political phase, giving the British Government time to publish documents setting out events leading to war.

"Germany, during the first political phase made her great gamble—the Soviet pact—in an attempt to terrorize the Allies at the very outset."

Captain Balfour noted it was still undecided whether Germany had a friend or foe on her eastern frontier.

Germany's war wastage in aircraft and men in the Polish campaign was cited, as an indication of increasing weakness of the Nazi forces and growing strength of the Allied armies. Captain Balfour predicted beginning of the war's second phase, active large-scale military operations, but he could not say when or where such operations would start.

No one could tell whether Germany would violate neutral territory or rain bombs on British cities, but it was recalled Britain's resistance was never stronger in the last war than when London was subjected to Zeppelin attacks.

Cannot Under-rate Enemy.

Even better aircraft than the British planes now battling the German air arm were predicted, but Captain Balfour warned it would be a fatal mistake to underestimate the enemy strength or the bravery of their pilots.

"There are bound to be dark days ahead in this war, and there will likely be heavy casualties and much punishment. We shall attain eventual victory, but in achieving this we must be prepared for sombre passages.

"Our object in this war is to destroy Hitlerism and Nazi-ism forever. But I cannot agree that our war is only against Hitlerism and Nazi-ism. I cannot agree that the German people can be absolved from responsibility for accepting Nazi doctrine and Nazi rule.

"It is absurd to say all Germans are bad. Some are cruel and dominating, others are weak in allowing themselves to be dominated. Both are dangerous to the rest of the world.'

"We are free, we are united and unbeatable."

Captain Balfour was introduced and thanked by Dr. Johnston, who presided.

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PRESS CLIPPINGS C 266[illegible]

Office of
The Prime Minister

Name of Publication Ottawa E. Journal

Date November 22, 1939

Subject "Air Scheme May well Prove Determining Factor in Outcome."

Air Scheme May Well Prove Determining Factor in Outcome

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Air Training

R.

TELEGRAM C268029

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE LONDON, November 23rd, 1939.

No. 689.

No. 689. Following from Crerar to Rogers, Begins:

Please cable fully as soon as possible present position of negotiations on Air Training Scheme. Have been asked to urge our Government proceed immediately with preparatory work considered urgent pending initialling of agreement reached as any avoidable delay in getting on with such work may have serious results. When is agreement likely to be initialled. Ends.

Read Mills

MASSEY

Rec'd Ottawa: 5.35 P.M.

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C268030 R. . . file re air training

MEMORANDUM. 020805

Copies being sent
the three Ministers of
the U.K. High Commr.

O.D.

Copy of your Saturday
telegram to Mr Cresar will
Ottawa, NOV 27. 19 follow

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C 268031

"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA, LONDON.

IMPORTANT

SECRET

CYPHER

Ottawa, November 25, 1939.

UNNUMBERED

Following for Mr. Crerar, Begins:

1. Negotiations for air training have been proceeding continuously and in spite of difficulty created by sudden Australian change of position prospects are good for early agreement on terms. Last week we informed British mission that our concurrence would be subject to two conditions, first that we should receive from the United Kingdom Government an assurance, which we would be free to make public if considered desirable, that Air Training scheme had preference or priority over any defence action by Canada other than existing commitments and second that discussions now taking place in London in which you would be joined by Towers on question of economic war time relations should lead to mutual and reasonably satisfying agreement. The British Mission agreed to recommend their Government to accept these stipulations.

2. Through the United Kingdom High Commissioner we have now been informed that his Government and the Mission here desire us to sign agreement on understanding that its operation will be made subject to settlement between the two Governments later of the matters covered in our two conditions. The reasons advanced are desire of members of various missions to return home, delay in settlement of financial questions owing to postponement of Towers departure, and fact that British War Cabinet has not yet considered first condition.

3. Whole Cabinet have taken view that no agreement could be made until we had a definite answer from the

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United Kingdom on these two important points. We are anxious to expedite conclusion of agreement, but cannot sign anything until answer is received from the United Kingdom.

4. I would like you to impress this on British Government. Might also add presence of Towers was only suggested as further means of impressing upon British Government the financial position which had already been fully explained in our direct telegrams and your personal representations. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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R.

C 268033

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM.
Earnscliffe,
OTTAWA.

SECRET & IMMEDIATE.

25th November, 1939.

My dear Prime Minister,

The negotiations on the subject of the Empire Air Training Scheme have now reached the stage where the United Kingdom representatives have felt it desirable to seek final instructions from the Government of the United Kingdom who have throughout been kept fully apprised of the progress made.

2. The United Kingdom representatives have taken into full consideration the desirability on all grounds of an agreement being reached, at any rate in principle, upon the main outlines of the Scheme, with all possible speed, and they have also had regard to the importance of an early public pronouncement upon the subject.

3. The United Kingdom representatives have felt justified in submitting the position, as now reached, to the United Kingdom Government with a recommendation that the progress now made is such as to justify receiving their agreement in principle.

4. At the same time the United Kingdom representatives have been careful to keep before the mind of the United Kingdom Government the fact that, at the meeting of the United Kingdom delegates with the representatives of the Canadian Government on the 14th November, the Canadian Government's agreement to a basis for the elaboration of an Empire Air Training Scheme was stated to be dependent on the

two/

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

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two following considerations

(a) that the Canadian Government should receive an assurance, which they would be at liberty to announce if they so wished, that in the opinion of the United Kingdom War Cabinet the Empire Air Training Scheme had preference over any other commitments in Canada's war efforts, other than those already entered into:

(b) that the financial discussions now taking place in London with Mr. Crerar, who is to be joined by the Governor of the Bank of Canada, on the question of economic war time relations should lead to a mutually and reasonably satisfying agreement.

5. Bearing in mind all these matters the United Kingdom representatives were in further consultation with the United Kingdom Government on the 24th November. As the result of this consultation I am now able to say that the United Kingdom representatives have been authorised to initial a memorandum of agreement covering the broad outlines of an Empire Air Training Scheme.

6. The United Kingdom representatives have also received the instructions of the United Kingdom Government upon the two matters reserved by the Canadian Government and referred to in paragraph 4 above.

7. As regards point (a) the United Kingdom representatives are authorised to propose, for the consideration of the Canadian Government, that, at the time of initialling the memorandum of agreement, a letter should be addressed to the Canadian Government on their behalf, stating that the operation of the agreement is subject to consideration by the Canadian Government and by the United Kingdom War Cabinet,

and/

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and to subsequent agreement thereon between the two Governments. In such further consideration the views expressed by the Canadian Government would naturally be given the fullest possible weight.

8. As regards point (b) the United Kingdom representatives are authorized to propose that a similar letter should be simultaneously addressed to the Canadian Government stating that the operation of the agreement is subject to the settlement between the two Governments of comprehensive financial questions, including that arising from the purchase of wheat from Canada, adding that these matters are at present under discussion in London with the Canadian Minister of Mines and Resources who is shortly to be joined by the Governor of the Bank of Canada.

9. The United Kingdom representatives earnestly hope that the proposals outlined in the present letter will commend themselves to the Canadian Government.

10. In that event the question of some form of publicity will naturally arise. The United Kingdom Government feel sure that the Canadian Government will agree that no details of any agreement reached between the Governments concerned should be published until after the matters referred to in paragraph 4 above have been arranged between the Canadian Government and the United Kingdom Government.

11. The United Kingdom Government would, however, be entirely agreeable to an announcement being made, at the time of initialling the memorandum of agreement, to the effect that an agreement had been reached, initialled, and referred to

the/

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the respective Governments for final approval. The details and synchronisation of such an announcement could be settled separately.

12. I shall be grateful to learn the views of the Canadian Government on the foregoing matters at the earliest possible moment.

Yours sincerely,

W. Lyon Mackenzie King.

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MK/EH

C O N F I D E N T I A L

(Dictated by the Prime Minister) November 25, 1939 C268038

RE: AIR TRAINING SCHEME

At 11.30 this morning, Sir Gerald Campbell came to see me by appointment at Kingsmere. He went over verbally what appears in the attached communication, a copy of which was left with Dr. Skelton this morning and the original of which he gave me in the course of the interview.

Having outlined the contents of the communication, he went on to express regret that Towers had not found it possible to reach England before this; that it was not Towers' fault; there had been difficulties over the plane, but that this made it impossible for any settlement on financial matters to be reached at once. That the British Government were most anxious to have an agreement initialled before Australians and New Zealanders left; that their leaving without this being done might create an impression that there had been differences of views which were responsible for their leaving so soon. He went on to say that Balfour and Riverdale had succeeded in having Fairbairn remain over till Monday night. They had succeeded in this by offering him some reservations already made by the British in a plane that was to go on Wednesday, but he wanted to leave Monday night so as to be sure to be in plenty of time for the plane on Wednesday.

Sir Gerald then went on to say that Saunders too had received word from his government to hurry along. That he would be leaving probably on Tuesday. He followed this up by saying that he, Sir Gerald, had been talking the matter over with Balfour and thought Balfour should go on a plane on Wednesday so as to discuss the matters with the British Government. That he would be in a position to take up the questions, with them, that were outstanding and help to reach a settlement. That Lord Riverdale would remain.

In the course of his remarks, Sir Gerald also said that he thought Australians had been a little put out that I had not invited them and New Zealanders to discuss matters with the British Mission and our government, sooner than we did, which meant following after a further conference, regarding details, with the British Mission.

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I took up each of these points in turn in replying to Sir Gerald. First, as to the members of the different Missions leaving. I said on our part, we were somewhat surprised that more consideration had not been shown Canada by the other Missions in helping to meet the difficulties of the situation with which she was faced, by leaving in the manner in which he was indicating they were about to leave. In the first place, neither Australians nor New Zealanders nor any member of the British Mission that I knew of, had asked us whether it would inconvenience us or prove embarrassing to us, if any members of the Mission left before the agreements were initialled. That I thought Australia and New Zealand would do whatever the British Government wished in the matter of delaying a day or two, and that, of course, Captain Balfour could regulate his own actions. That I was amazed, last night, when listening to Fairbairn's broadcast, to hear him say that Australia had agreed to do all that was suggested at the outset, and even to go further and indicate that they were doing something over and above that, whereas he, Sir Gerald, knew the whole negotiations had had to be revised twice because of the objections raised by Australia, and that what these obligations involved in the way of additional obligations to Canada had not apparently been considered, or, if considered, any attention paid to consideration.

I said that so far as any of the different Missions leaving before any initialling of the agreement took place, I thought all of that could be avoided by the British Government itself agreeing at once to the conditions set forth, and which had been recommended to them by their own Mission. They had had the situation before them now for many weeks. They understood it and could as well determine the matter at once as some weeks later if they really intended to meet it in the end. If they did not intend to meet the conditions in the end, I did not feel we could defend our position before Parliament and the Canadian people in making vast financial commitments without regard to the means by which they were subsequently to be met.

As to Towers, I said I thought it was most unfair for Sir Gerald or members of the British Mission or the British Government to suggest for a moment that

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the matter could not be settled because of his delay in getting across. That, as a matter of fact, it did not require Towers' presence at all in England to have the matter settled. It was really to oblige the British Mission in helping to impress upon the financial authorities of the British Government the truth of Canada's position as the Mission itself here had seen it; that, at great sacrifice to all of us and to himself we had asked Towers to take on this effort of helping to explain Canada's financial position to the British authorities. That Towers, going at this time, placed an increasing burden upon Ralston, as Minister of Finance, who already was heavily burdened with questions on which he would wish to counsel with Towers. That it placed a heavy burden on officials of the Bank of Canada, who, as he knew, had heavy exchange problems to cope with and, above all, added heavily to Towers own duties and obligations at a moment when, if anything, he was entitled to some respite from them.

I pointed out that the British Government had the word of our Department of Finance as to what we could and could not do, and what we need not to have done in order to assume additional obligations, which we were only too willing to undertake if we could see our way thereto. That Crerar was there to help to make our position clear. That Massey, our High Commissioner, had presented the same, and that the real purpose of Towers going was really to have the financial authorities realize that, if they could not accept the representations of the government through the Finance Department, through Crerar, as representing the Cabinet, and through Massey, as High Commissioner, that perhaps they would accept the view of the Governor of the Bank of Canada. I added that this was in addition to accepting the view of their own Missions as its members had confessed they had come to see them and realized what they were.

I said to Sir Gerald that if the British Government, in the matter of the conditions set forth, were not prepared to accept the views of our Government, they might perhaps be prepared to accept the recommendation of their own Mission. That I understood from him, and from his letter, that the Mission itself had recommended that the course suggested should be followed.

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Sir Gerald spoke about the acceptance in principle of an agreement. I told him that we had accepted the principle of a training agreement before the Missions had left for Canada; that the whole purpose of their being here was the working out of the terms. I then asked what he understood by principle of the agreement to be further decided. He said that they would include questions of numbers, financial conditions, etc. I said, precisely, financial conditions - that is the one thing we are trying to settle so that we can initial an agreement; that I did not see how we could initial any agreement until we had this point settled.

I said to Sir Gerald that he knew very well that I had taken strong exception to the view that the Cabinet's decision depended upon the wish or the view of any one man. That I had always decried the idea of a one-man government. That I had an immediate loyalty to my colleagues, and an equal loyalty to the Canadian people in regard to all obligations we were placing upon them and that I did not intend to betray that loyalty. I said I might say to him quite frankly that the Cabinet had considered this matter very fully at its meeting on Thursday and that it had been there agreed that we would use all expedition in getting messages across but that we must have direct understanding between the British Government and ourselves on the two conditions mentioned before we could sign any agreement. That that was simply carrying out the undertaking reached in my office several days ago, when part of the Cabinet met Lord Riverdale, Capt. Balfour, and himself. I said I might tell him frankly that the entire Cabinet were dismayed when they learned about the possible immediate departure of Fairbairn and of the additional demands which appeared to be coming up anew prior to any final settlement being reached.

I said it was quite openly stated that the mistake we had made was not in going ahead with our own training scheme ourselves, rather than to have ourselves placed in to a false position both as regards delays, contributions, etc., through the way in which matters appeared to be developing at this particular time. I said I doubted very much whether the British Government or the British Mission had appreciated what an extra load had been imposed upon our ministers, in particular the Ministers of Finance, Defence, and Transport, and upon the Public Service immediately concerned by the time and

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attention we had all been giving to the work of the Mission, which was over and above all the work they had to assume responsibility for in connection with Canada's own war effort at this time. That I thought the ministers and the officials had been brought almost to the breaking point by the efforts they had put forward to assist the Missions, but, apparently, the only thanks they were now receiving was that pressure was being put on in the way it was to have some agreement initialled before its terms were finally agreed upon.

In reply to what Sir Gerald Campbell had said as to the Australians being put out at not being invited sooner to meet my colleagues and myself, along with the British Mission, I said there could not be any ground for any feeling of slight or occasion for disappointment in that regard. That I had, the minute I saw Fairbairn after his arrival, and later Saunders, said to each of them that I regretted, in order to get matters under way, we had found it necessary to go ahead and meet the British Mission and get under way with our agreement with them before they, the Australians and New Zealanders, had arrived. We had mentioned, however, the matter to the British Mission before the Australians and New Zealanders arrived, and we were agreed that the British Mission would wish to meet with the Australians and with the New Zealanders before we met with them and take up with them, and as they had taken up with us, the matter of the terms of the agreements to be worked out. That once preliminaries had been worked out between the different governments and the British Government, it had been understood that all Missions would meet together for the purpose, so to speak, of confirming the arrangement as each had understood it separately and as all were prepared to confirm it collectively. That, as he would recall, the only reason it was suggested there should be a meeting with the British delegates again prior to the meeting of all Missions combined was that we wished to be sure, before all meeting together, that there was no misunderstanding as between the British Government and ours as to our particular understanding and terms, just as we knew they would wish to have no misunderstanding between themselves and the British Mission at the time we might all be meeting together.

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As to initialling any agreement at this time, I said we were ready to initial today, tomorrow, or any day, once we received word from the British Government that they were prepared to accept the recommendation of the British Mission as understood many days ago, but that all we asked was to be in the same position as Australia and New Zealand.

Apparently, from what Fairbairn had said over the radio, there was a complete understanding between the British Government and the Australian as to what they were agreed to do. I gathered from Sir Gerald himself that there had been no misunderstanding at any time between the New Zealand government and the British government as to what their mutual obligations were; that all we wished was to be in the same position as New Zealand and Australia before we initialled any agreement.

I said to Sir Gerald that we knew in addition that the British Government were prepared to stand behind the New Zealand government financially to enable them to perform their part, and we understood the same might be the case with regard to the Australian government. We were not asking the British government to stand behind us in meeting our part of the undertaking. On the other hand, we felt we could not give that undertaking until we were in a position ourselves to see how we were going to be able to meet it, and that the British government had known from the beginning that that would not be possible until the terms we had spoken of were met.

I said that he, Sir Gerald, had said to me he was sorry the British government could not get matters settled and understand our position over there. That Lord Riverdale had said the same; that he was being embarrassed. That Balfour had said the same to me. That Greenly had said the same. That they were all admitting to us here that they could not understand why the British government should not settle definitely these matters of credit, contract, etc., on which we could base our undertaking. Sir Gerald said that of course they had many problems there and great difficulties. I said that we equally had great problems here and difficulties.

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C 268044

He said he thought it was a matter of their several departments. I said I regarded it as a matter of Cabinet policy; that all that was necessary was for the War Cabinet to authorize, between now and Monday, agreement to these two clauses, and we would then be in a position to set forth the terms of agreement on which we were ready to go ahead. I said a good many of us felt, not only surprised, but hurt; that, in the endeavour to do all we could to help the British Government in this great scheme. matters should be so construed at this stage as to try and throw on to us the onus for delays, which we had done everything possible to avoid, and for which we were not responsible, and to leave us before our own Parliament and the country in the position where we would be justly liable to censure, if we incurred obligations without seeing how we were going to find it possible to meet them.

I said to Sir Gerald that Fairbairn's statement last night, about having matters settled so far as Australia was concerned, and what he had told me about New Zealand having the same belief, made the matter of initialling of any joint agreement, from our point of view, quite secondary. That, evidently, there was the equivalent to an initialling and an understanding between the British Government, Australia, and New Zealand, and that all we asked was a like degree of confirmation of agreement between ourselves and the British Government. I added that our Parliament would be meeting now in a few weeks and that I could not afford the risk of being asked about the agreement when Parliament met and not being in a position to state the basis or the terms on which it had been made. That if the British Government intended to meet our conditions, which now had become the recommendation of their own Mission, they could do so at any meeting of the War Cabinet as well as at some months hence. That we were ready to agree to initial an agreement the moment these matters were settled, but that he would have to tell his Government, until they were settled, I could not alter the position which our Cabinet had agreed was the only one on which we would be prepared to initial an agreement.

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I then said to Sir Gerald there was one other matter which I thought would have to be understood before any agreement could be signed, if ~~it were,~~ there was doubt in the minds of ~~everyone~~ one concerning it, and that was as to administration of the scheme so far as training of Canadian airmen were concerned. Sir Gerald said that he did not think there was possibility of any misunderstanding on this; that he had discussed the matter with both Lord Riverdale and Captain Balfour, and had said from the start that administration would have to be under the Canadian Department of Defence. That he did not see how it could be otherwise. I told him that I could not see how it could be otherwise; that the position was much the same as that of Canadian forces in Great Britain. That we could not undertake to take responsibility here for operations in Britain. Similarly, our government would have to take responsibility for operations in Canada.

In discussing the matter of principle of the air training scheme, Sir Gerald did not raise the point which I myself had detected in looking at the communication received from him, namely, that the latter was so worded as to indicate principle of agreement with respect to operation as distinguished from agreement as to air training scheme. He put the matter as indicated above on the basis of numbers, finances, etc. which, of course, is not a principle but the details which result from acceptance of a principle and which represent not the principle but the scheme itself. Sir Gerald did not raise this point, and I, myself, did not raise it.

Before leaving, Sir Gerald said he was sorry that I felt about the matter as I did. I said to him that I did not see why he was sorry I felt about the matter as I did; that I thought the true presentation of the situation would be that he might feel sorry that the British Government were unable to meet the recommendations of their own Mission, and to see matters as he, himself, saw them. He then said he was sorry the situation was what it is at the moment. I said I could agree with that, but that I felt quite clear in my own mind as to there being no responsibility on our government for any delays or willingness to do what was obviously fair to

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all concerned.

He then said he would have to see Riverdale and Balfour and see what he could do. I told him that he must make it plain to them and to the British Government that I would not, myself, make any decision on the matter of initialling the agreement until there was time for me to meet with my colleagues, and have the matter approved by them. That the necessity for the whole Cabinet considering the matter would not arise if the conditions agreed to and explained at Thursday's meeting of the Cabinet were met.

I stressed again that there was no need of waiting for Towers' arrival in London to settle that aspect. That if Balfour felt that it would require his personal explanation to get the matter cleared up, that was, of course, for him to decide.

In the course of our conversation, I spoke twice of the responsibility the government had to Parliament and through Parliament, to the people. I said I thought Ralston's statement last night would give the people a pretty clear understanding of the extent of obligations we had already assumed, and they would be quick to realize why we could not enter into indefinite commitments or taking on obligations of present scheme without having some assurance which we would be able to give to Parliament and the country that this was regarded as more important than anything which might subsequently be requested, and also that we had settled the financial matters on which our ability to carry out our part in the undertaking was necessarily based. That if the plan could not go through because of our unwillingness to initial an agreement without these understandings being reached, we would just have to give the explanation to Parliament and to the people. That I knew the Canadian people well enough to know what their attitude would be to the whole matter when fully explained; that I thought they had sufficient trust in my loyalty and integrity to know that my action in a matter of this kind would be based on what I felt was owing to our own people and our own country in the effort it was putting forth at this time.

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When Sir Gerald mentioned that there might be misunderstandings about Fairbairn and others leaving before an agreement was initialled, I said to him that I thought the British Government could avoid anything of the kind by requesting these gentlemen to remain until they had had time themselves to settle the points that we had raised, but that if they were unable to do this, I thought we would just have to let the people themselves know exactly why it had not been possible to initial an agreement all around, and that this, of course, we would be prepared to make clear if the necessity arose.

Sir Gerald spoke as he was going away about his own difficulties and the way in which the Britigh Government pressed him. I told him I thought that was unnecessary and unfair; that I saw no reason why they should not communicate in despatches direct to our government; that I would like him to understand and also to make perfectly clear to the British Government that I could not make decisions myself without a chance of conferring with my colleagues concerning them, and did not wish to depart from that practice. To please keep this in mind in anticipating situations that might from time to time arise.

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"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA C 268048

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

IMPORTANT

SECRET

CYPHER

NO. 118.

OTTAWA, November 27th, 1939.

Following from Prime Minister for your Prime Minister, Begins:

Discussions regarding Air Training Scheme have been proceeding favourably but we were not in a position to initial the agreement today as suggested. After consideration by the several Air Training Delegations today it was, however, agreed to make the following announcement which will appear in tomorrow's press:

"The Missions and Committees representing the Governments of the United Kingdom, Australia, New Zealand and Canada have completed their discussions with regard to the joint Air Training Scheme. They have worked out a basis of agreement which is now being referred to their respective Governments for decision."

With reference to your telegram of today I shall reply after consultation with colleagues tomorrow. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

(Corrected Copy)

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"R"

TELEGRAM

C 268049

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, November 27th, 1939.

MOST IMMEDIATE

SECRET

CYPHER

No. 111

file re

No. 111. Secret. Most Immediate. Following from Prime Minister for your Prime Minister, Begins:

As I understand the full reports which have reached me from Air Mission now at Ottawa we are within sight of agreement on Air Training Scheme which, with modifications now being made to meet points most recently raised by Australian and New Zealand delegations, retains its cooperative character as a Scheme of most far reaching importance. We are grateful for all that you and your Ministers have done to ensure success of these negotiations and we also appreciate greatly the cooperation extended to Mr. Osborne in the financial discussions which have proceeded the same time on wider aspects of our war-time economic relations. These we hope to bring to a mutually satisfactory conclusion as soon as possible after Mr. Graham Towers has joined Mr. Crerar here.

2. I fully understand that contribution from Canada which Draft Scheme contemplates has been proposed subject to these financial discussions leading to a mutually and reasonably satisfying agreement and, given the good will which exists on both sides, there is no reason to suppose that such an agreement will not be reached.

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TELEGRAM

C 268030

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

3. I understand that, before initialling the agreement, you wish to have an assurance from us that the Canadian Government's views as to preference of effort are primarily for themselves to decide and that we would accept their decision in that spirit. I have no hesitation in giving this assurance as I entirely agree that it is for Canada to decide

NO

Must be passed post haste — Hon Ministers will be considered — or many friends to anything that may be subsequently put forward by Mr Gouk —

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TELEGRAM

C268051

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

on priority of her effort and therefore it could not think of interfering in it whatever our own opinions might be.

4. I should explain that we ourselves have attached the highest priority to this training scheme, as indeed to our air effort as a whole, which we believe may be a decisive factor in the war. If the Canadian Government decided to contribute to the scheme on the scale contemplated, their policy will be in the closest correspondence with our own. But we should not have liked to emphasize the priority of the training scheme lest it should have embarrassing effects on our relations with the French who are pressing us strongly to increase our effort on land.

5. I hope that what I have said will remove any misapprehensions which may exist as to the extent Canada would be committed by the initialling of the air training agreement before the Australian and New Zealand delegates leave Ottawa. In the circumstances I should like to appeal to you to agree to initial the agreement with us so that we may now take this essential step forward in our joint war effort. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

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R. "R" Ans T.

file re

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.
TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

C 268032

Telegram No. 120

SECRET

CYPHER

IMMEDIATE

Ottawa, November 28th, 1939.

Your telegram No. 111. Following from Prime Minister for your Prime Minister, Begins:

1. I am much obliged by your observations on the two points which it was indicated the Canadian Government regarded as an integral part of an agreement on the joint air training scheme.

2. The position of the Government of the United Kingdom as indicated in your telegram and in communications from the United Kingdom High Commissioner has been considered by our Cabinet today.

3. As regards the necessity which we have been emphasizing for some weeks of reaching conclusions on the general financial and economic requirements before it could be determined how the air training scheme would fit into the arrangements, we have noted your conclusion that there is no reason to suppose that a mutually and reasonably satisfying agreement will not be reached.

4. As regards the question of priority of military efforts, there appears to be some misunderstanding of our position. Your telegram indicates that your Government understands that what is desired is an assurance that the Canadian Government's views as to preference of effort are primarily for ourselves to decide. We of course recognize that we, like the other Governments of the Commonwealth, must assume the primary responsibility for the nature and extent of the contribution we are to make to the joint war effort. We also believe, however, that it is essential to consult with our associates in the conflict, and it was for this purpose that from the outset we requested the opinion particularly of the Government of the United Kingdom as to what would be the most effective form

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C 268053

our effort could take, and as far as conditions permitted, we have adopted the measures proposed.

5. After a programme largely based on the recommendations of the United Kingdom Government had been drawn up and was being put into force, your telegram of September 26th was received suggesting as an addition to the programme the air training scheme as being of vital and decisive importance. In our reply we indicated that we agreed that Canadian co-operation in this scheme would be particularly appropriate and probably the most effective military co-operation which Canada could furnish, and we would, therefore, be prepared to accept the scheme in principle and in the light of the scheme to review the plans already made for military and economic co-operation. We have on several occasions since indicated our view that an essential factor in our acceptance of the air training scheme would be an indication by the United Kingdom Government of its view that the proposed effort was the most essential military action that Canada could take. On November 14th at a meeting between the War Committee of the Cabinet and Captain Balfour and Lord Riverdale it was stated that as it was on the strong representations of the United Kingdom as to the vital necessity and decisive effect of this project that we had agreed in principle to undertake so great a task, we considered it essential to the agreement which we hoped to be able to reach that the United Kingdom Government would be prepared to have it made known that considering present and future requirements they felt that participation in the Air Training Scheme would provide more effective assistance than any other form of co-operation which Canada could give. It was entirely understood by the United Kingdom representatives that this was an essential factor in our concurrence in the scheme.

6. With regard to the possibility of difficulty with France, to which reference is made in your telegram, I may add that we had not intended to suggest that the United Kingdom should indicate in the statement the order of preference to be attached to its own war efforts.

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7. The question of administration and also the question of identity and command of formations and units in the field have been discussed by the Minister of National Defence with Captain Balfour and we have every reason to believe that agreement will be reached on these points. On agreement being reached as to these points and as to the statement as to participation in the scheme providing most effective form of our co-operation, the Minister feels that he will be in a position to recommend our acceptance of the agreement. Ends. Message ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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268035

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON.

Ottawa, 28 November, 1939

Telegram No.

Secret

Cypher

Immediate.

7 other copies

Your telegram No. 111. Following from Prime Minister for your Prime Minister. Begins.

I am much obliged by your observations on the two points which it was indicated the Canadian Government regarded as an integral part of an agreement on the joint air training scheme.

The position of the Government of the United Kingdom as indicated in your telegram and in communications from the United Kingdom High Commissioner have been considered by our Cabinet today.

As regards the necessity which we have been emphasizing for some weeks of reaching conclusions on the general financial and economic requirements before it could be determined how the air training scheme would fit into the arrangements, we have noted your conclusion that there is no reason to suppose that a mutually and reasonably satisfying agreement will not be reached.

As regards the question of priority of military efforts, there appears to be some misunderstanding of our position. Your telegram indicates that your Government understands that what is desired is an assurance that the Canadian Government's views as to preference of effort are primarily for ourselves to decide. We of course recognize that we, like the other Governments of the Commonwealth, must assume the primary responsibility for the nature and extent of the contribution to be made to the joint war effort. We also believe, however, that it is essential to consult with our associates in the conflict, and it was for this purpose that from the outset we requested the opinion particularly of the Government of the United Kingdom as to what would be the most effective form our effort could take, and as far as conditions permitted, we have adopted the measures proposed.

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C 268057

S E C R E T

MEMORANDUM FOR UNITED KINGDOM MISSION PRESENTED ON BEHALF OF AUSTRALIAN MISSION AND SUBMITTED TO CANADIAN SUB-COMMITTEE ON NOVEMBER 22, 1939.

In the original proposal for an Empire Air Training plan to train annually 20,000 pilots and 30,000 aircrew personnel, it was proposed by the United Kingdom that four ninths of the personnel should be trained in the United Kingdom by the United Kingdom, and the remaining five ninths of the personnel should receive its service training in Canada. The Canadian Government should undertake to produce 48% of the personnel and bear 48% of the residuary cost of the scheme after allowing for contributions by the United Kingdom; that Australia should similarly undertake to produce 40% of the personnel and bear 40% of the residual cost; and that New Zealand should undertake to produce 12% of the personnel and bear 12% of the residual cost. This allotted to Australia and New Zealand a considerably greater proportion than their share on a population basis. On behalf of the Australian Government I pointed this out immediately to the United Kingdom Mission, but said that Australia would examine the position carefully and see if it was physically possible for it to undertake this high proportion of the scheme. The Australian Government has now reviewed the position and has decided that it is not possible for Australia to produce more than its population proportion of the pilots and aircrews that the United Kingdom has suggested that the three Dominions should produce and train: But although the task of raising in three years from a small community of seven millions even its proportion computed on a population basis, namely 26,000 personnel of the high standard required is a colossal one, Australia is prepared to attempt it.

To lessen the dollar exchange difficulty and to reduce somewhat Canada's problem of producing ground personnel and for various other reasons, Australia has decided that of the share it is prepared to bear, it will undertake to completely train seven ninths in Australia, sending two ninths to Canada for service training. In effect Australia will undertake to set up nine elementary pilot training schools and seven service pilot training schools in Australia, and a similar proportion of schools for observers and air gunners and will send the personnel for two service training schools to Canada, and a corresponding number of observers and air gunners. Australia is prepared to undertake this proportion of pilot and aircrew training in Canada on the general terms and conditions set out in a draft memorandum that was submitted by the United Kingdom Mission after arriving at more or less agreement with the Canadian Cabinet on the share Canada could do, with the exception that Australia

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contends that the cost of transport of Australian and New Zealand personnel to Canada be included in the costs of Canadian training which are to be borne by the respective Governments in proportion approximately to numbers trained.

The Australian Government wishes as far as possible for Australian personnel to retain its Australian identity on joining the Royal Air Force; to be grouped as far as possible into squadrons which will bear the name of "Australia", and also to wear some indication on their uniforms of their Australian identity. Also as far as is practicable Australian regular officers will, on exchange with Royal Air Force Officers, command Australian units. Although Australia wishes this to be done to the greatest extent practicable, it will not insist on anything that makes organization difficult.

Australia undertakes the financial burden of the Canadian training on the assumption that the United Kingdom will help it to overcome the dollar exchange problem, as owing to Australia's adverse trade balance with Canada and the United States, it is impossible for Australia to produce any Canadian dollars.

Australia will undertake the proportion of training suggested above in Australia on the assumption that the United Kingdom will give to Australia all the assistance in aircraft equipment and instructor personnel, that it has agreed to provide for the Canadian training scheme in the same proportions.

If the above proposal by the Australian Government does not fit itself in with the ideas of the United Kingdom, Canadian and New Zealand Governments, Australia will attempt the whole of its population proportion of the training in Australia.

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R. J

C 268039

FOR THE PRIME MINISTER

memo - 22nd.

FOR COUNCIL: November 23rd, 1939.

SUBJECT: Air Training Scheme;

REMARKS: Copy of Secret Memorandum from Australian Mission attached.

CONSIDERED BY COUNCIL:

ACTION TAKEN:

DISPOSED OF:

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2. Under the ~~Agreement~~, ~~Canadians, Australians, and New Nealandens are to be identified~~ with their respective Dominions in a manner to be agreed upon between each separate Dominion and the United Kingdom.

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Air T.

C 268061

Memorandum of Agreement between the Governments of the United Kingdom, Canada, Australia and New Zealand relating to training of pilots and aircraft crews in Canada and their subsequent service.

---

1. It is agreed between the Governments of the United Kingdom, Canada, Australia and New Zealand that there shall be set up in Canada a co-operative air training scheme as set out in this agreement, and that the personnel so trained shall be allocated in accordance with Articles 14 and 15.

2. This Agreement shall become operative at once and shall remain in force until 31st March, 1943; unless, by agreement between the Governments concerned, it be extended or terminated at an earlier date.

3. The Government of Canada will act as administrator of the scheme for itself and the other Governments concerned, as hereinafter provided, and it is understood that the undertakings given herein by the Government of Canada to the other Governments concerned are respectively subject to the due performance on the part of such Governments of their several undertakings given herein in support of the scheme.

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4. The Government of Canada acting as administrator as aforesaid will take the measures it considers necessary for the setting up of an organisation which, when fully developed, will be capable of completing the training of the following numbers every four weeks:-

Pilots (elementary flying training) 520

Pilots (Service flying training) 544

Observers 340

Wireless operator-air gunners 580

The Government of Canada will, moreover, endeavour to complete the organisation it considers necessary to give the above outputs so as to accord as nearly as may be found practicable with the programme of development set out in Appendix I.

5. (a) The Governments of Australia and New Zealand will endeavour to send from time to time enough pupils for training to Canada to keep filled the following proportions of places in the appropriate training schools, as shown in Tables A, B and C of Appendix I, which proportions will be allotted to them for this purpose :-

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Australia

Pilots (Service flying training).....2 16ths.

Observers.....1 10th.

Wireless operator-air gunners.....1 10th.

New Zealand

Pilots (Service flying training).....1 16th.

Observers.....1 10th.

Wireless operator-air gunners.....1 10th.

(b) The Government of Canada will endeavour to provide from time to time enough pupils for training in Canada to keep filled the following proportions of places in the appropriate training schools as shown in Tables A, B and C of appendix I, less the ten per cent or portion thereof supplied by the Government of the United Kingdom under the provisions of clause (c) hereof:-

Pilots (elementary flying training)..... The whole.
Pilots (Service flying training)..... 13/16 ths.

Observers..... 8/10 ths.

Wireless operator-air gunners..... 8/10 ths.

(c) The Government of the United Kingdom may send and the Government of Canada undertakes, as administrator of the scheme to receive

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C 268064

pupils for pilot and observer training in Canada in numbers not exceeding ten per cent of the intake of the elementary flying training schools and air observer schools in Canada; and in addition the Government of the United Kingdom will endeavour to send and the Government of Canada undertakes as administrator of the scheme to receive pupils for training in Canada in sufficient numbers to keep filled any deficiency in the supply of such pupils from Australia, New Zealand and Canada. The numbers sent by the Government of the United Kingdom may also include pupils from Newfoundland.

(d) The numbers, and the categories of pupils sent, may be varied from time to time by agreement between the Governments concerned.

(e) It is agreed that if the Governments of Canada, Australia and New Zealand fail to keep filled the training places allotted to them respectively they will nevertheless bear their full respective shares of the costs and expenses as provided for in Article 10.

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6. Pupils sent for training in Canada under the provisions of Article 5 will receive pay, allowances and other emoluments in accordance with the provisions set out in Appendix II to this Agreement.

7. The training to be given shall be in accordance with the syllabus of instruction laid down for each similar course of training in the United Kingdom.

8. To assist in the carrying-out of the training scheme, the Governments of the United Kingdom, Canada, Australia and New Zealand will lend personnel in such ranks and in such numbers as may be agreed upon with the Government of Canada as administrator of the scheme.

9. The share of the cost of the scheme to be borne by the Government of the United Kingdom will take the form of contributions in kind, to be delivered at such times and in such numbers as may be required for the efficient carrying out of the scheme in accordance with the programme of development set out in Appendix I as follows :-

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(a) Engines for Moth airframes manufactured in Canada up to a maximum of 50% of the total number of aircraft required for the initial equipment and immediate reserve establishments for the full training capacity, in accordance with Appendix I, of the elementary flying training schools.

(b) All the Anson aircraft without wings) that may be required for the initial equipment and immediate reserve establishments for the full training capacity, in accordance with Appendix I, of the advanced flying training schools, the air observers schools and the air navigation schools.

(c) All the Battle aircraft that may be required for the initial equipment and immediate reserve establishments for the full training capacity, in accordance with Appendix I, of the bombing and gunnery schools and the air armament school.

(d) The appropriate initial stock of spare parts for the airframes and engines to be supplied under the provisions of clauses (a), (b) and (c).

(e) Such numbers of airframes and engines as may be required from time to time to replace the wastage resulting from loss or damage beyond economical repair of the airframes and engines to be supplied under the provisions of clauses (a), (b) and (c).

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(f) An appropriate stock of spare parts for the running maintenance of the airframes and engines to be supplied under the provisions of clauses (a), (b) and (c).

(g) 533 Harvard airframes, 666 Wasp Engines and the appropriate share of the stock of spare parts, which have already been ordered for use in advanced flying training schools.

In addition, the Government of the United Kingdom will bear the cost of packing, loading and transporting to Canada the airframes, engines and equipment to be supplied under the provisions of clauses (a), (b), (c), (d), (e), (f) and (g) above. The cost of unloading and of transportation in Canada will be borne by the Government of Canada, as administrator of the scheme.

The types of aircraft and aircraft engines and spare parts to be supplied by the United Kingdom Government under the foregoing arrangements may be varied from time to time by agreement between the Governments concerned.

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10. The Governments of Canada, Australia and New Zealand agree that costs and expenses paid or incurred by the Government of Canada as administrator of the scheme (exclusive of the contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9) shall be apportioned between them as follows :-

(a) The Government of Canada will bear the whole costs and expenses of the Initial Training and Elementary Flying Training.

(b) The costs and expenses remaining will be apportioned in the following percentages :-

Canada..... 80.64
Australia..... 11.28
New Zealand..... 8.08

The foregoing percentages are based on the allocations of training places mentioned in Article 5; and it is agreed that if any substantial changes in these allocations are made by mutual agreement between the Governments concerned the percentages will be reviewed.

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11. (a) Except for any advances made by the other Governments concerned as provided for in clause (b) of this Article, the Government of Canada, as administrator of the scheme, will in the first instance advance all the costs and expenses incurred as such administrator under the provisions of this Agreement, and the Governments of Australia and New Zealand will repay to the Government of Canada, as herein provided for, in Canadian dollars, their share of the amounts so advanced, in the proportions specified in Article 10.

(b) The Governments of the United Kingdom, Australia, and New Zealand will make advance payments necessary for pay and allowances, transportation charges, and other expenses during the journey to Canada in respect of pupils sent to Canada by such Governments for training, and for such other costs and expenses as may be agreed to from time to time; and the Governments of the United Kingdom, Australia, and New Zealand will, immediately after the end of each month, notify the Government of Canada, as administrator of the scheme, of the amounts of any advance payments made by them during such month and will, as soon as possible thereafter, send to the Government of Canada a detailed statement in respect of such advance payments.

(c) In connection.....

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(c) In connection with the repayments to be made by the Governments of Australia and New Zealand, as provided for in clause (a), due allowance will be made for any advance payments made and notified by the Governments of Australia and New Zealand under the provisions of clause (b).

(d) The Government of Canada, as administrator of the scheme, will refund to the Government of the United Kingdom any advance payments made by that Government under the provisions of clause (b), and the amount of such refunds shall be included in the costs and expenses of the scheme to be apportioned between the Governments of Canada, Australia, and New Zealand, as provided for in clause (a) and in Article 10.

(e) In this Agreement the term "costs and expenses" shall mean all expenditures, costs, charges and liabilities made or incurred by the Government of Canada as administrator of the scheme, and without restricting the generality of the foregoing shall include :-

(i) Pay, allowances, and other expenses of the personnel lent under the provisions of Article 8 and a cash contribution (computed in accordance with recognized practice as between Governments in such cases) towards the future non-effective benefits of such personnel.

(ii) Pay,.....

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(ii) Pay, allowances, transportation charges, and other expenses connected with the training of Canadian pupils in Canada from the dates of their enlistment to the dates of their embarkation in Canada under the provisions of Article 16 or, in the case of Canadian pupils taken to fill vacancies in the Home Defence Squadrons of the Royal Canadian Air Force as provided for in Article 14, to the dates of their being so taken.

(iii) Pay and allowances, transportation charges, and other expenses connected with the training of pupils in Canada from the dates of their leaving the United Kingdom, Australia, New Zealand or Newfoundland for the purpose of taking up training in Canada to the dates of their embarkation in Canada under the provisions of Article 16.

But the term "cost and expenses" shall not include:-

(iv) The contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9.

(v) Costs and expenses of clothing and personal equipment of pupils other than such replacements as may be necessary during the period of training and other than flying clothing and equipment.

(vi) Pensions or allowances to personnel lent under the provisions of Article 8 and to

/pupils or.....

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pupils or their dependants in respect of disability or death.

The costs and expenses mentioned in (v) and (vi) above will be borne by the Governments lending the personnel and sending the pupils in respect of whom such costs, expenses, pensions or allowances are incurred.

12. The Governments of Australia and New Zealand will from time to time, within one month after a summarized statement of accounts has been presented to them (showing the payments made during the preceding month by the Government of Canada, as administrator of the scheme, and taking account of any receipts, and of any advance payments made and notified, as provided for in Article 11(b), by the Governments of Australia and New Zealand, and also of any adjustments in respect of previous months) pay or cause to be paid to the Government of Canada their due proportion as agreed upon in Article 10 of the costs and expenses of the scheme as shown by such statement.

These monthly payments will be regarded as advances on account, and the costs and expenses of the scheme as at the end of each financial year will be finally adjusted and paid when the accounts for such year have been audited.

13. (a) The Government of Canada will, in consultation with the other Governments concerned, appoint an officer to act as its Financial Adviser in carrying out its functions as administrator of the scheme. Such proposals for expenditure as the said Financial Adviser may require shall be referred to him for approval and no expenditure on such proposals shall be incurred until his approval has

been given.....

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been given. Any proposal disapproved by the Financial Adviser may at the instance of the officers responsible therefor be referred to the Minister of National Defence for final decision. Any reports made by the Financial Adviser shall be made available by the Government of Canada to all the other Governments concerned, and these latter shall be entitled to obtain from the Financial Adviser information on all matters affecting the cost of the scheme and their participation in it.

(b) Monthly financial statements shall be furnished by the Government of Canada to the Governments of Australia and New Zealand.

(c) A record of all expenditure and all sums received in connection with the training of pupils in Canada under this shceme will be maintained by the Comptroller of the Treasury of the Government of Canada, and will be audited by the Auditor General of Canada. This record will be made available after audit for examination by representatives of the Governments concerned.

(d) The Government of Canada shall make available to the Governments of Australia and New Zealand, as early as possible after the close of each financial year ending the 31st March, a statement, accompanied by a certificate of the Auditor General, of the receipts and payments in connection with the scheme showing the expenditure under appropriate heads.

14. It is agreed that the Government of Canada may, out of the Canadian pupils who complete their training under this scheme, fill vacancies which occur in the Home Defence Squadrons of the Royal Canadian Air Force.

/Provided,.....

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Provided, however, that the numbers so disposed of shall not exceed the following :-

Pilots.....	136 a year
Air Observers.....	34 a year
Wireless operator-air gunners	58 a year

All the other pupils, on completion of their training, will be placed at the disposal of the Government of the United Kingdom, subject to that Government's making the arrangements indicated in Article 15, and bearing liability as provided for in Articles 16 and 17 of this Agreement.

15. The United Kingdom Government undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion Units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-governmental discussions to this end.

16. The Government of the United Kingdom will, subject to the provisions of Article 17, provide the pay, allowances, pensions and other non-effective benefits, maintenance and other expenses of the pilots and aircraft crews who are trained in Canada (other than those made available for service with the Royal Canadian Air Force in accordance with the provisions of Article 14) with effect from the dates of their embarkation in Canada for service with or in conjunction

/with the Royal.....

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with the Royal Air Force. The Government of the United Kingdom also undertakes to arrange for those pupils who are made available for service with, or in conjunction with, the Royal Air Force, to be embarked as speedily as possible after the completion of their training, and to defray the cost of their passages to the stations to which they are appointed on leaving Canada.

17. The pay, allowances, pensions and other non-effective benefits, maintenance and other expenses, for which the Government of the United Kingdom undertakes liability under the provisions of Article 16 will be as laid down in Royal Air Force regulations. If it should be decided by the Government of Canada, the Government of Australia, or the Government of New Zealand to supplement the amounts so issued, any such supplement will be borne by the Government concerned.

18. The Government of Canada as administrator of the scheme will have charge of the assets acquired for the purposes of the scheme. On the termination of this Agreement such of the said assets as have been acquired and paid for as part of the cost of the scheme will be disposed of as follows:-

(a) Any land, but not buildings, structures or fixtures thereon, acquired or improved for the purpose of the scheme will become the property of the Government of Canada.

(b) The assets acquired for the purposes of the Initial Training Schools and the Elementary Flying Training Schools will

/become the property....

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become the property of the Government of Canada.

(c) All other assets, except those contributed in kind by the Government of the United Kingdom, will be shared between the Governments of Canada, Australia and New Zealand in the same proportions as are laid down in Article 10 for the apportionment of the costs.

(d) Any of the assets contributed by the Government of the United Kingdom which remain will revert to that Government.

The distribution of the assets under the above arrangements may be made in kind or otherwise, as may be agreed upon.

19. Arrangements will be made between the Governments concerned to facilitate communications between them under this Agreement or otherwise in connection with the Scheme either by means of cable or through representatives in Canada to be named by them.

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APPENDIX I.

Programme of development of the training scheme in Canada.

To produce the output given in paragraph 3 of the Agreement, the following schools will be necessary in Canada:

Initial Training Schools.....	3
Elementary Flying Training Schools....	13
Service Flying Training Schools.....	16
Air Observer Schools.....	10
Bombing and Gunnery Schools.....	~~14~~
Air Navigation Schools.....	2
Wireless Schools.....	4

2. The organisation of these schools is shown on Tables A to C attached to this Appendix. A target programme showing dates of opening of the schools is attached at Table D.

3. The flying training and air observer schools will be developed at rates which will provide for their peak capacity for training pupils being reached by the following number of weeks after the date of opening:-

Elementary Flying Training Schools	4 weeks
Service Flying Training Schools	12 "
Air Observer Schools	6 "

The remaining schools will open at full capacity.

4. It will also be necessary to establish :-

(i) Schools for the training of the staffs of the schools given in paragraph 1, and for the organisation at (ii) below.

(ii) An appropriate command, recruiting and maintenance organisation.

These will include -

(iii)	Air Armament School 1	
(iv)	School of Aeronautical Engineering 1	
(v)	School of Administration 1	
(vi)	Equipment and Accountant School ... 1	
(vii)	Flying Instructors' School 1	
(viii)	Recruit Depots 2	
(ix)	Technical Training Schools 2	
(x)	Repair Depots 3	
(xi)	Equipment Depots 3	
(xii)	Record Office 1	(or enlargement of existing organisation).

The dates of formation and rate of development of these units will be governed by the dates of opening of the pilot and air training schools. (iii) to (ix) will cease to function, or will be reduced to the size necessary to meet wastage, as the scheme develops.

5. Tables E and F show the requirements in aircraft and personnel when the scheme is in operation.

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TABLE 'A'.

PILOT TRAINING.

Weeks	Initial Training	Elementary Training 4	Service Training 12 28
	Initial Training Schools in Canada or United Kingdom.	No. 1 E.F.T.S.	No. 1 S.F.T.S. (Canada)
		No. 2 "	No. 2 " "
		No. 3 "	No. 3 " "
		No. 4 "	No. 4 " "
		No. 5 "	No. 5 " "
		No. 6 "	No. 6 " "
		No. 7 "	No. 7 " "
		No. 8 "	No. 8 " "
		No. 9 "	No. 9 " "
		No. 10 "	No. 10 " "
		No. 11 "	No. 11 " "
		No. 12 "	No. 12 " "
		No. 13 "	No. 13 " "
	The initial training and elementary flying training of pupils for No. 14 S.F.T.S. will be carried out in New Zealand, and that for Nos. 17 and 18 S.F.T.S.s in Australia.		No. 14 " "
			No. 17 " "
			No. 18 " "

	Intake	Output	Intake	Output
Per four weeks, per school.....	48	40	40	34
Total all schools in Canada.....	624	520	640	544

Wastage .... $16^{2}/3\%$ 15%

29% on original elementary school intake.

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TABLE 'B'.

AIR OBSERVER TRAINING.

Weeks 0	4	16	22	26
Initial Training Schools in Canada (or U.K. for air observers from U.K.)	No. 1 Observer School (Canada)	No. 1 B.G.S. (Canada)	No. 1 A.N.S. (Canada)	
	No. 2 " "	No. 2 "		
	No. 3 " "	No. 3 "		
	No. 4 " "	No. 4 "		
	No. 5 " "	No. 5 "		
	No. 6 " "	No. 6 "	No. 2 A.N.S. (Canada)	
	No. 7 " "	No. 7 "		
	No. 8 " "	No. 8 "		
The initial training of pupils for these schools will be carried out in Australia or New Zealand	No. 9 " "	No. 9 "		
	No. 10 " "	No. 10 "		

	Intake	Output	Intake	Output	Intake	Output
Per school per four weeks.	42	35	35	34	170	170
Total per four weeks for schools in Canada	420	350	350	340	340	340

Wastage..... $16^{2}/3\%$ 3%

19%

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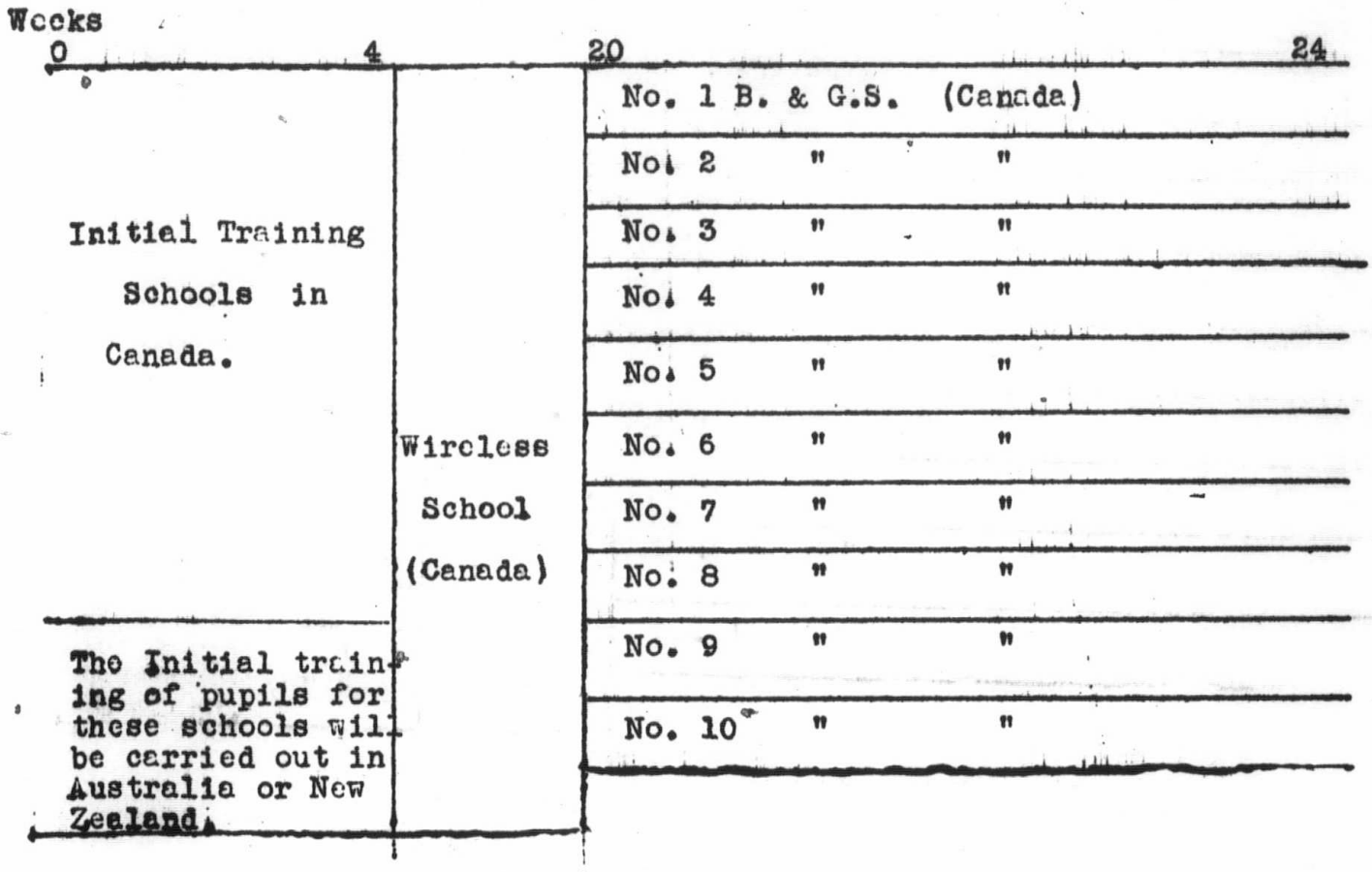
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TABLE 'C'

AIR GUNNER TRAINING.



	In-take	Out-put	Intake	Output
Per school per four weeks	720	600	60	58
Total per four weeks	720	600	600	580
Wastage	16 2/3%		3 1/3%	

19½%

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TABLE 'D'.

Programme showing dates of opening of pilot and air crew training schools.

Date.	Initial Training School.	Elementary Flying Training School.	Service Flying Training School.	Air Observer School.	Bombing and Gunnery School.	Wireless School.	Air Navigation School.
1940							
Apl.	-	-	-	-	-	-	-
May	1	1	-	1	-	1	-
June	-	1	-	-	-	-	-
July	-	-	1	1	-	-	-
Aug.	-	1	1	-	1	-	-
Sept.	1	-	1	1	-	-	-
Oct.	-	1	1	-	1	-	1
Nov.	-	-	-	1	-	1	-
Dec.	-	1	1	-	1	-	-
1941							
Jan.	-	-	1	1	-	-	-
Feb.	-	1	1	-	1	-	-
Mar.	-	1	-	1	-	-	-
Apl.	-	1	2	1	1	1	-
May	-	-	1	-	1	-	-
June	-	1	1	-	-	-	-
July	1	-	-	-	1	-	1
Aug.	-	1	1	1	-	-	-
Sept.	-	-	-	-	-	-	-
Oct.	-	1	1	1	-	-	-
Nov.	-	-	-	-	1	1	-
Dec.	-	1	1	1	-	-	-
1942.							
Jan.	-	-	-	-	1	-	-
Feb.	-	1	1	-	-	-	-
Mar.	-	-	-	-	1	-	-
Apl.	-	-	1	-	-	-	-
Total	3	13	16	10	10	4	2

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TABLE 'E'.

AIRCRAFT REQUIREMENTS.

The airframes and engines required for the initial equipment and immediate reserve of the schools in Canada when the full scheme is in operation are as under.

Type and Purpose.	Airframes (includes 50% immediate reserve).	Engines. (includes 100% immediate reserve).
CANADA.		
Moths and/or Fleets for Elementary Flying Training Schools	702	936
Harvards for Service Flying Training Schools.	720	960
Ansons for Service Flying Training Schools, Observer Schools, and Air Navigation Schools.	1368	3648
Battles for Bombing and Gunnery Schools.	750	1000

Note: Aircraft required for the Flying Instructors School, the Air Armament School and the Instructors sections of the Air Navigation Schools are not included in the above. These Schools and Sections are disbanded as the scheme approaches completion, and the aircraft used by them in the early stages are absorbed into other units.

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TABLE 'F'.

PERSONNEL REQUIREMENTS.

The personnel required to man the schools etc. in Canada when the scheme is in full operation is as under.

	Officers.	Airmen.	Civilians.	Works Maintenance personnel
Commands and Groups, and Extra Headquarters organisation.	288	603	134	
Initial Training Schools	39	393	-	36
Service Flying Training Schools	752	11,376	64	320
Air Observer Schools	250	2,470	-	100
Bombing and Gunnery Schools	450	6,920	-	150
Elementary Flying Training Schools	351	4,134	-	130
Wireless Schools	96	1,284	-	80
Air Navigation Schools	126	1,278	-	40
Repair Depots	51	141	1,308	36
Equipment Depots	66	228	3,318	60
Technical Training Schools	41	627	-	45
Records Office	14	277	-	-
Recruit Depots	28	424	-	40
Recruiting Organisation	134	211	105	
	2,686	30,366	4,929	1,037

(a) Civilians may replace a proportion of the airmen in certain units.

(b) The above table does not include schools etc. which close as the scheme approaches completion; the personnel from these schools will be absorbed into other units.

(c) Some, or all, of the Elementary Flying Training Schools and Air Observer Schools may be organised on a civilian basis.

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APPENDIX II.

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CONDITIONS OF SERVICE OF PILOTS AND AIRCRAFT CREWS.

(a) PUPILS FROM CANADA.

Enlistment.

Pupils will be enlisted in the Royal Canadian Air Force as aircraftmen, Class II (standard group).

Rank during Training in Canada.

Course.	Rank.
Initial ground training	Aircraftman, Class II (standard group)
Pilot	Leading aircraftman " "
Observer	" " " "
Wireless operator (air crew)	Aircraftman, Class II " "
Air gunner	" " " " "

Rank on completion of Training.

Duty.	Rank.
Pilot	*Sergeant (group B)
Observer	*(Acting Sergeant (group C) / Sergeant (group B))
Wireless operator (air crew)	(L.A.C., A.C.I. or A.C.II (group B), according to percentage of marks obtained on passing out of training
Air gunner	(L.A.C., A.C.I. or A.C.II (standard group), according to percentage of marks obtained on passing out of training.

Pay and additional pay will be at the rates and subject to the conditions laid down from time to time in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

During service in Canada, allowances etc. will be admissible under the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

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*A number of pilots and observers will be selected, on passing out of training, for commissioned rank in the Royal Canadian Air Force (General List). Observers will be on probation as acting observer for a period (normally six months) after passing out of training.

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Pay, allowances, etc. during service with, or in conjunction with, the Royal Air Force.

On embarkation for service with, or in conjunction with, the Royal Air Force, officers and airmen will, subject to the conditions laid down in King's Regulations and Air Council Instructions, receive from the appropriate Royal Air Force paying authority the pay, allowances, etc. of the rank and branch (or group) in the Royal Air Force corresponding to that held in the Royal Canadian Air Force, except that the following special arrangements will be made in regard to the issue of allowances to dependants in Canada.

The allowances and compulsory allotment from pay in respect of family or other dependants which may be payable under Royal Air Force regulations will, if the family or other dependants reside in Canada, be credited to the Government of Canada, as administrator of the scheme, who will issue to the family or other dependants the allowance and assigned pay which may be payable under Royal Canadian Air Force regulations.

If the pay and allowances admissible under Royal Canadian Air Force regulations should exceed those admissible under Royal Air Force regulations, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Canada as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers and employees shares) necessary to ensure benefits under Canadian schemes will be paid by the Government of Canada, as administrator of the scheme, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

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(b) PUPILS OTHER THAN THOSE ENLISTED IN THE ROYAL CANADIAN AIR FORCE THE ROYAL AUSTRALIAN AIR FORCE AND THE ROYAL NEW ZEALAND AIR FORCE.

Pupils other than those enlisted in the Royal Canadian Air Force, the Royal Australian Air Force and the Royal New Zealand Air Force will be enlisted in the Royal Air Force.

For the period of the journey to Canada, airmen of the Royal Air Force will receive pay, allowances, etc. at the rates and subject to the conditions laid down from time to time in King's Regulations and Air Council Instructions for the Royal Air Force.

During service in Canada, airmen of the Royal Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc. of the rank and group in the Royal Canadian Air Force, as appropriate under (a) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependants outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependants which would be appropriate under Royal Air Force regulations will, if the family or other dependant reside outside Canada, be issued by the Government of the United Kingdom, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airmen will deduct from the airmen's pay the amount of the assigned pay under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes and any insurance contributions (employers and employees shares) necessary to ensure benefits for United Kingdom airmen under United Kingdom schemes will be paid by the Government of the United Kingdom, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees shares of such contributions so recoverable.

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(c) PUPILS SENT BY AUSTRALIA AND NEW ZEALAND.

Pupils sent by Australia and New Zealand will be enlisted in the Royal Australian Air Force and in the Royal New Zealand Air Force, respectively.

Pay Allowances, etc. for the period of journey to Canada.

For the period of the journey to Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will receive pay, allowances, etc. at the rates and subject to the conditions laid down from time to time in the Regulations for the Royal Australian Air Force and the Royal New Zealand Air Force, respectively.

Pay, allowances, etc. during service in Canada.

During service in Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc. of the rank and group in the Royal Canadian Air Force, as appropriate under (a) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependants outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependants which would be appropriate under Royal Australian Air Force or Royal New Zealand Air Force regulations will, if the family or other dependants reside outside Canada, be issued by the Government of Australia or the Government of New Zealand, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airman will deduct from the airman's pay the amount of the assigned pay chargeable under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes, and any insurance contributions (employers and employees shares) necessary to ensure benefits for Australian or New Zealand airmen under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

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Pay, allowances, etc. during service with the Royal Air Force.

On embarkation for service with the Royal Air Force, officers and airmen will be attached to that force, and, subject to the conditions laid down in King's Regulations and Air Council Instructions, they will receive from the appropriate Royal Air Force paying authority the pay, allowances, etc. of the rank and branch (or group) in the Royal Air Force corresponding to that held in the Royal Australian Air Force or in the Royal New Zealand Air Force, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependants in Australia or New Zealand.

The allowances and compulsory allotment from pay in respect of family or other dependants which may be payable under Royal Air Force regulations will, if the family or other dependants reside in Australia or New Zealand, be credited to the Government of Australia or to the Government of New Zealand, who will issue to the family or other dependant the allowance and compulsory allotment from pay which may be payable under Royal Australian Air Force or Royal New Zealand Air Force regulations.

If the pay and allowances admissible under Royal Australian Air Force or Royal New Zealand Air Force regulations exceed those admissible under Royal Air Force regulations, and the Government of Australia or the Government of New Zealand decide that this difference is to be credited to the officer or airman, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Australia or the Government of New Zealand as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers and

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employees shares) necessary to ensure benefits under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

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R.

C268089A

OFFICE OF THE PRIME MINISTER

MEMORANDUM

memo. Nov. 30 - '39

December 2, 1939.

For the Prime Minister:

Re Air Training Scheme

-- Attached is a revised Memorandum of Agreement just received from the Secretary of the British Mission. This will replace the memorandum which the Prime Minister already has.

Just

J. W. P.

for A. D. P. H.

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30/11/39. C 268090

Memorandum of Agreement between the Governments of the United Kingdom, Canada, Australia and New Zealand relating to training of pilots and aircraft crews in Canada and their subsequent service.

---

1. It is agreed between the Governments of the United Kingdom, Canada, Australia and New Zealand that there shall be set up in Canada a co-operative air training scheme as set out in this agreement, and that the personnel so trained shall be allocated in accordance with Articles 14 and 15.

2. This Agreement shall become operative at once and shall remain in force until 31st March, 1943; unless, by agreement between the Governments concerned, it be extended or terminated at an earlier date.

3. The Government of Canada will act as administrator of the scheme for itself and the other Governments concerned, as hereinafter provided, and it is understood that the undertakings given herein by the Government of Canada to the other Governments concerned are respectively subject to the due performance on the part of such Governments of their several undertakings given herein in support of the scheme.

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4. The Government of Canada acting as administrator as aforesaid will take the measures it considers necessary for the setting up of an organisation which, when fully developed, will be capable of completing the training of the following numbers every four weeks:-

Pilots (elementary flying training)	520
Pilots (Service flying training)	544
Observers	340
Wireless operator-air gunners	580

The Government of Canada will, moreover, endeavour to complete the organisation it considers necessary to give the above outputs so as to accord as nearly as may be found practicable with the programme of development set out in Appendix I.

5. (a) The Governments of Australia and New Zealand will endeavour to send from time to time enough pupils for training to Canada to keep filled the following proportions of places in the appropriate training schools, as shown in Tables A, B and C of Appendix I, which proportions will be allotted to them for this purpose :-

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Australia

Pilots (Service flying training).....$\frac{2}{16}$ ths.

Observers.....$\frac{1}{10}$ th.

Wireless operator-air gunners.....$\frac{1}{10}$ th.

New Zealand

Pilots (Service flying training).....$\frac{1}{16}$ th.

Observers.....$\frac{1}{10}$ th.

Wireless operator-air gunners.....$\frac{1}{10}$ th.

(b) The Government of Canada will endeavour to provide from time to time enough pupils for training in Canada to keep filled the following proportions of places in the appropriate training schools as shown in Tables A, B and C of appendix I, less the ten per cent or portion thereof supplied by the Government of the United Kingdom under the provisions of clause (c) hereof:-

Pilots (elementary flying training)..... The whole.
Pilots (Service flying training)..... $\frac{13}{16}$ ths.

Observers..... $\frac{8}{10}$ ths.

Wireless operator-air gunners..... $\frac{8}{10}$ ths.

(c) The Government of the United Kingdom may send and the Government of Canada undertakes, as administrator of the scheme to receive

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pupils for pilot and observer training in Canada in numbers not exceeding ten per cent of the intake of the elementary flying training schools and air observer schools in Canada; and in addition the Government of the United Kingdom will endeavour to send and the Government of Canada undertakes as administrator of the scheme to receive pupils for training in Canada in sufficient numbers to keep filled any deficiency in the supply of such pupils from Australia, New Zealand and Canada. The numbers sent by the Government of the United Kingdom may also include pupils from Newfoundland.

(d) The numbers, and the categories of pupils sent, may be varied from time to time by agreement between the Governments concerned.

(e) It is agreed that if the Governments of Canada, Australia and New Zealand fail to keep filled the training places allotted to them respectively they will nevertheless bear their full respective shares of the costs and expenses as provided for in Article 10.

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6. Pupils sent for training in Canada under the provisions of Article 5 will receive pay, allowances and other emoluments in accordance with the provisions set out in Appendix II to this Agreement.

7. The training to be given shall be in accordance with the syllabus of instruction laid down for each similar course of training in the United Kingdom.

8. To assist in the carrying-out of the training scheme, the Governments of the United Kingdom, Canada, Australia and New Zealand will lend personnel in such ranks and in such numbers as may be agreed upon with the Government of Canada as administrator of the scheme.

9. The share of the cost of the scheme to be borne by the Government of the United Kingdom will take the form of contributions in kind, to be delivered at such times and in such numbers as may be required for the efficient carrying out of the scheme in accordance with the programme of development set out in Appendix I as follows :-

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(a) Engines for Moth airframes manufactured in Canada up to a maximum of 50% of the total number of aircraft required for the initial equipment and immediate reserve establishments for the full training capacity, in accordance with Appendix I, of the elementary flying training schools.

(b) All the Anson aircraft (without wings) that may be required for the initial equipment and immediate reserve establishments for the full training capacity, in accordance with Appendix I, of the advanced flying training schools, the air observers schools and the air navigation schools.

(c) All the Battle aircraft that may be required for the initial equipment and immediate reserve establishments for the full training capacity, in accordance with Appendix I, of the bombing and gunnery schools and the air armament school.

(d) The appropriate initial stock of spare parts for the airframes and engines to be supplied under the provisions of clauses (a), (b) and (c).

(e) Such numbers of airframes and engines as may be required from time to time to replace the wastage resulting from loss or damage beyond economical repair of the airframes and engines to be supplied under the provisions of clauses (a), (b) and (c).

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(f) An appropriate stock of spare parts for the running maintenance of the airframes and engines to be supplied under the provisions of clauses (a), (b) and (c).

(g) 533 Harvard airframes, 666 Wasp Engines and the appropriate share of the stock of spare parts, which have already been ordered for use in advanced flying training schools.

In addition, the Government of the United Kingdom will bear the cost of packing, loading and transporting to Canada the airframes, engines and equipment to be supplied under the provisions of clauses (a), (b), (c), (d), (e), (f) and (g) above. The cost of unloading and of transportation in Canada will be borne by the Government of Canada, as administrator of the scheme.

The types of aircraft and aircraft engines and spare parts to be supplied by the United Kingdom Government under the foregoing arrangements may be varied from time to time by agreement between the Governments concerned.

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10. The Governments of Canada, Australia and New Zealand agree that costs and expenses paid or incurred by the Government of Canada as administrator of the scheme (exclusive of the contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9) shall be apportioned between them as follows :-

(a) The Government of Canada will bear the whole costs and expenses of the Initial Training and Elementary Flying Training.

(b) The costs and expenses remaining will be apportioned in the following percentages :-

Canada.....	80.64
Australia.....	11.28
New Zealand.....	8.08

The foregoing percentages are based on the allocations of training places mentioned in Article 5; and it is agreed that if any substantial changes in these allocations are made by mutual agreement between the Governments concerned the percentages will be reviewed.

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11. (a) Except for any advances made by the other Governments concerned as provided for in clause (b) of this Article, the Government of Canada, as administrator of the scheme, will in the first instance advance all the costs and expenses incurred as such administrator under the provisions of this Agreement, and the Governments of Australia and New Zealand will repay to the Government of Canada, as herein provided for, in Canadian dollars, their share of the amounts so advanced, in the proportions specified in Article 10.

(b) The Governments of the United Kingdom, Australia, and New Zealand will make advance payments necessary for pay and allowances, transportation charges, and other expenses during the journey to Canada in respect of pupils sent to Canada by such Governments for training, and for such other costs and expenses as may be agreed to from time to time; and the Governments of the United Kingdom, Australia, and New Zealand will, immediately after the end of each month, notify the Government of Canada, as administrator of the scheme, of the amounts of any advance payments made by them during such month and will, as soon as possible thereafter, send to the Government of Canada a detailed statement in respect of such advance payments.

(c) In connection.....

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(c) In connection with the repayments to be made by the Governments of Australia and New Zealand, as provided for in clause (a), due allowance will be made for any advance payments made and notified by the Governments of Australia and New Zealand under the provisions of clause (b).

(d) The Government of Canada, as administrator of the scheme, will refund to the Government of the United Kingdom any advance payments made by that Government under the provisions of clause (b), and the amount of such refunds shall be included in the costs and expenses of the scheme to be apportioned between the Governments of Canada, Australia, and New Zealand, as provided for in clause (a) and in Article 10.

(e) In this Agreement the term "costs and expenses" shall mean all expenditures, costs, charges and liabilities made or incurred by the Government of Canada as administrator of the scheme, and without restricting the generality of the foregoing shall include :-

(i) Pay, allowances, and other expenses of the personnel lent under the provisions of Article 8 and a cash contribution (computed in accordance with recognized practice as between Governments in such cases) towards the future non-effective benefits of such personnel.

(ii) Pay,.....

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(ii) Pay, allowances, transportation charges, and other expenses connected with the training of Canadian pupils in Canada from the dates of their enlistment to the dates of their embarkation in Canada under the provisions of Article 16 or, in the case of Canadian pupils taken to fill vacancies in the Home Defence Squadrons of the Royal Canadian Air Force as provided for in Article 14, to the dates of their being so taken.

(iii) Pay and allowances, transportation charges, and other expenses connected with the training of pupils in Canada from the dates of their leaving the United Kingdom, Australia, New Zealand or Newfoundland for the purpose of taking up training in Canada to the dates of their embarkation in Canada under the provisions of Article 16.

But the term "cost and expenses" shall not include:-

(iv) The contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9.

(v) Costs and expenses of clothing and personal equipment of pupils other than such replacements as may be necessary during the period of training and other than flying clothing and equipment.

(vi) Pensions or allowances to personnel lent under the provisions of Article 8 and to

/pupils or.....

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pupils or their dependants in respect of disability or death.

The costs and expenses mentioned in (v) and (vi) above will be borne by the Governments lending the personnel and sending the pupils in respect of whom such costs, expenses, pensions or allowances are incurred.

12. The Governments of Australia and New Zealand will from time to time, within one month after a summarized statement of accounts has been presented to them (showing the payments made during the preceding month by the Government of Canada, as administrator of the scheme, and taking account of any receipts, and of any advance payments made and notified, as provided for in Article 11(b), by the Governments of Australia and New Zealand, and also of any adjustments in respect of previous months) pay or cause to be paid to the Government of Canada their due proportion as agreed upon in Article 10 of the costs and expenses of the scheme as shown by such statement.

These monthly payments will be regarded as advances on account, and the costs and expenses of the scheme as at the end of each financial year will be finally adjusted and paid when the accounts for such year have been audited.

13. (a) The Government of Canada will, in consultation with the other Governments concerned, appoint an officer to act as its Financial Adviser in carrying out its functions as administrator of the scheme. Such proposals for expenditure as the said Financial Adviser may require shall be referred to him for approval and no expenditure on such proposals shall be incurred until his approval has

been given.....

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been given. Any proposal disapproved by the Financial Adviser may at the instance of the officers responsible therefor be referred to the Minister of National Defence for final decision. Any reports made by the Financial Adviser shall be made available by the Government of Canada to all the other Governments concerned, and these latter shall be entitled to obtain from the Financial Adviser information on all matters affecting the cost of the scheme and their participation in it.

(b) Monthly financial statements shall be furnished by the Government of Canada to the Governments of Australia and New Zealand.

(c) A record of all expenditure and all sums received in connection with the training of pupils in Canada under this shceme will be maintained by the Comptroller of the Treasury of the Government of Canada, and will be audited by the Auditor General of Canada. This record will be made available after audit for examination by representatives of the Governments concerned.

(d) The Government of Canada shall make available to the Governments of Australia and New Zealand, as early as possible after the close of each financial year ending the 31st March, a statement, accompanied by a certificate of the Auditor General, of the receipts and payments in connection with the scheme showing the expenditure under appropriate heads.

14. It is agreed that the Government of Canada may, out of the Canadian pupils who complete their training under this scheme, fill vacancies which occur in the Home Defence Squadrons of the Royal Canadian Air Force.

/Provided,.....

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Provided, however, that the numbers so disposed of shall not exceed the following :-

Pilots.....	136 a year
Air Observers.....	34 a year
Wireless operator-air gunners	58 a year

All the other pupils, on completion of their training, will be placed at the disposal of the Government of the United Kingdom, subject to that Government's making the arrangements indicated in Article 15, and bearing liability as provided for in Articles 16 and 17 of this Agreement.

15. The United Kingdom Government undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion Units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-governmental discussions to this end.

16. The Government of the United Kingdom will, subject to the provisions of Article 17, provide the pay, allowances, pensions and other non-effective benefits, maintenance and other expenses of the pilots and aircraft crews who are trained in Canada (other than those made available for service with the Royal Canadian Air Force in accordance with the provisions of Article 14) with effect from the dates of their embarkation in Canada for service with or in conjunction

/with the Royal.....

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with the Royal Air Force. The Government of the United Kingdom also undertakes to arrange for those pupils who are made available for service with, or in conjunction with, the Royal Air Force, to be embarked as speedily as possible after the completion of their training, and to defray the cost of their passages to the stations to which they are appointed on leaving Canada.

17. The pay, allowances, pensions and other non-effective benefits, maintenance and other expenses, for which the Government of the United Kingdom undertakes liability under the provisions of Article 16 will be as laid down in Royal Air Force regulations. If it should be decided by the Government of Canada, the Government of Australia, or the Government of New Zealand to supplement the amounts so issued, any such supplement will be borne by the Government concerned.

18. The Government of Canada as administrator of the scheme will have charge of the assets acquired for the purposes of the scheme. On the termination of this Agreement such of the said assets as have been acquired and paid for as part of the cost of the scheme will be disposed of as follows:-

(a) Any land, but not buildings, structures or fixtures thereon, acquired or improved for the purpose of the scheme will become the property of the Government of Canada.

(b) The assets acquired for the purposes of the Initial Training Schools and the Elementary Flying Training Schools will

/become the property....

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become the property of the Government of Canada.

(c) All other assets, except those contributed in kind by the Government of the United Kingdom, will be shared between the Governments of Canada, Australia and New Zealand in the same proportions as are laid down in Article 10 for the apportionment of the costs.

(d) Any of the assets contributed by the Government of the United Kingdom which remain will revert to that Government.

The distribution of the assets under the above arrangements may be made in kind or otherwise, as may be agreed upon.

19. Arrangements will be made between the Governments concerned to facilitate communications between them under this Agreement or otherwise in connection with the Scheme either by means of cable or through representatives in Canada to be named by them.

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APPENDIX I.

Programme of development of the training scheme in Canada.

To produce the output given in ~~paragraph 6~~ Article 4 of the Agreement, the following schools will be necessary in Canada:

Initial Training Schools.....	3
Elementary Flying Training Schools....	13
Service Flying Training Schools.....	16
Air Observer Schools.....	10
Bombing and Gunnery Schools.....	19
Air Navigation Schools.....	2
Wireless Schools.....	4

2. The organisation of these schools is shown on Tables A to C attached to this Appendix. A target programme showing dates of opening of the schools is attached at Table D.

3. The flying training and air observer schools will be developed at rates which will provide for their peak capacity for training pupils being reached by the following number of weeks after the date of opening:-

Elementary Flying Training Schools	4 weeks
Service Flying Training Schools 12	"
Air Observer Schools 6	"

The remaining schools will open at full capacity.

4. It will also be necessary to establish :-

(i) Schools for the training of the staffs of the schools given in paragraph 1, and for the organisation at (ii) below.

(ii) An appropriate command, recruiting and maintenance organisation.

These will include -

(iii)	Air Armament School 1	
(iv)	School of Aeronautical Engineering 1	
(v)	School of Administration 1	
(vi)	Equipment and Accountant School ... 1	
(vii)	Flying Instructors' School 1	
(viii)	Recruit Depots 2	
(ix)	Technical Training Schools 2	
(x)	Repair Depots 3	
(xi)	Equipment Depots 3	
(xii)	Record Office 1	(or enlargement of existing organisation).

The dates of formation and rate of development of these units will be governed by the dates of opening of the pilot and air training schools. (iii) to (ix) will cease to function, or will be reduced to the size necessary to meet wastage, as the scheme develops.

5. Tables E and F show the requirements in aircraft and personnel when the scheme is in operation.

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TABLE 'A'.

P I L O T T R A I N I N G.

Weeks	Initial Training	Elementary Training 4	Service Training 12 28
	Initial Training Schools in Canada or United Kingdom.	No. 1 E.F.T.S.	No. 1 S.F.T.S. (Canada)
		No. 2 "	No. 2 " "
		No. 3 "	No. 3 " "
		No. 4 "	No. 4 " "
		No. 5 "	No. 5 " "
		No. 6 "	No. 6 " "
		No. 7 "	No. 7 " "
		No. 8 "	No. 8 " "
		No. 9 "	No. 9 " "
		No. 10 "	No. 10 " "
		No. 11 "	No. 11 " "
		No. 12 "	No. 12 " "
		No. 13 "	No. 13 " "
	The initial training and elementary flying training of pupils for No. 14 S.F.T.S. will be carried out in New Zealand, and that for Nos. 17 and 18 S.F.T.S.s in Australia.		No. 14 " "
			No. 17 " "
			No. 18 " "
		Intake Output	Intake Output
	Per four weeks, per school.....	48 40	40 34

Total all schools in Canada.....	624	520	640	544
Wastage		$16^{2}/_{3}\%$		15%

29% on original elementary school intake.

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TABLE 'B'.

AIR OBSERVER TRAINING.

Weeks 0	4	16	22	26
Initial Training Schools in Canada (or U.K. for air observers from U.K.)	No. 1 Observer School (Canada)	No. 1 B.G.S. (Canada)	No. 1 A.N.S. (Canada)	
	No. 2 " "	No. 2 "		
	No. 3 " "	No. 3 "		
	No. 4 " "	No. 4 "		
	No. 5 " "	No. 5 "		
	No. 6 " "	No. 6 "	No. 2 A.N.S. (Canada)	
	No. 7 " "	No. 7 "		
	No. 8 " "	No. 8 "		
The initial training of pupils for these schools will be carried out in Australia or New Zealand	No. 9 " "	No. 9 "		
	No. 10 " "	No. 10 "		

	Intake	Output	Intake	Output	Intake	Output
Per school per four weeks.	42	35	35	34	170	170
Total per four weeks for schools in Canada	420	350	350	340	340	340

Wastage..... $16^{2}/_{3}\%$ 3%

19%

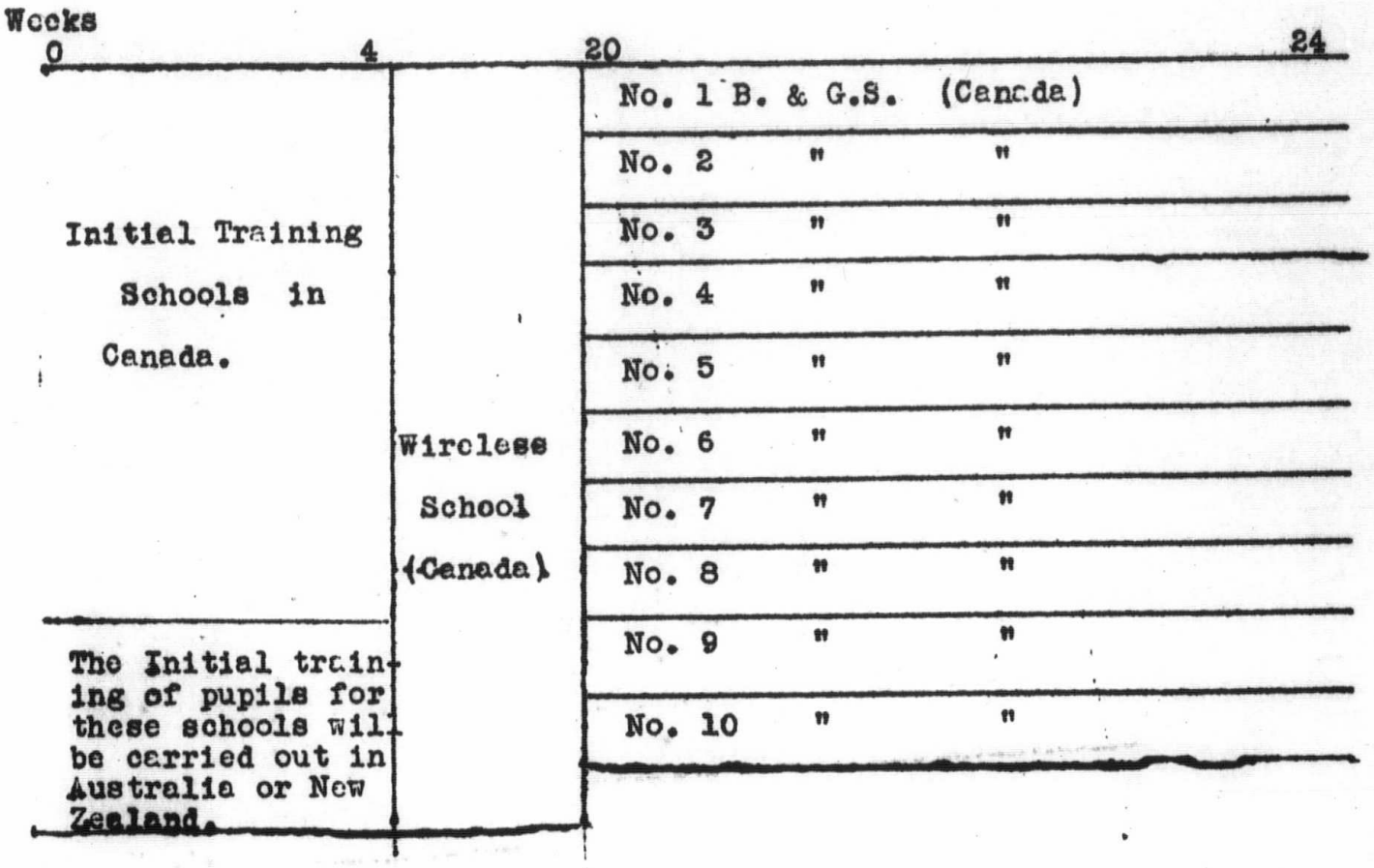
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TABLE 'C'

AIR GUNNER TRAINING.



	In-take	Out-put	Intake	Output
Per school per four weeks	720	600	60	58
Total per four weeks	720	600	600	580
Wastage	16 2/3%		3 1/3%	

19½%

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TABLE 'D'.

Programme showing dates of opening of pilot and air crew training schools.

Date.	Initial Training School.	Elementary Flying Training School.	Service Flying Training School.	Air Observer School.	Bombing and Gunnery School.	Wireless School.	Air Navigation School.
1940							
Apl.	-	-	-	-	-	-	-
May	1	1	-	1	-	1	-
June	-	1	-	-	-	-	-
July	-	-	1	1	-	-	-
Aug.	-	1	1	-	1	-	-
Sept.	1	-	1	1	-	-	-
Oct.	-	1	1	-	1	-	1
Nov.	-	-	-	1	-	1	-
Dec.	-	1	1	-	1	-	-
1941							
Jan.	-	-	1	1	-	-	-
Feb.	-	1	1	-	1	-	-
Mar.	-	1	-	1	-	-	-
Apl.	-	1	2	1	1	1	-
May	-	-	1	-	1	-	-
June	-	1	1	-	-	-	-
July	1	-	-	-	1	-	1
Aug.	-	1	1	1	-	-	-
Sept.	-	-	-	-	-	-	-
Oct.	-	1	1	1	-	-	-
Nov.	-	-	-	-	1	1	-
Dec.	-	1	1	1	-	-	-
1942.							
Jan.	-	-	-	-	1	-	-
Feb.	-	1	1	-	-	-	-
Mar.	-	-	-	-	1	-	-
Apl.	-	-	1	-	-	-	-
Total	3	13	16	10	10	4	2

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TABLE 'E'.

AIRCRAFT REQUIREMENTS.

The airframes and engines required for the initial equipment and immediate reserve of the schools in Canada when the full scheme is in operation are as under.

Type and Purpose.	Airframes (includes 50% immediate reserve).	Engines. (includes 100% immediate reserve).
CANADA.		
Moths and/or Fleets for Elementary Flying Training Schools	702	936
Harvards for Service Flying Training Schools.	720	960
Ansons for Service Flying Training Schools, Observer Schools, and Air Navigation Schools.	1368	3648
Battles for Bombing and Gunnery Schools.	750	1000

Note: Aircraft required for the Flying Instructors School, the Air Armament School and the Instructors sections of the Air Navigation Schools are not included in the above. These Schools and Sections are disbanded as the scheme approaches completion, and the aircraft used by them in the early stages are absorbed into other units.

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PERSONNEL REQUIREMENTS.

The personnel required to man the schools etc. in Canada when the scheme is in full operation is as under.

	Officers.	Airmen.	Civilians.	Works Maintenance personnel
Commands and Groups, and Extra Headquarters organisation.	288	603	134	
Initial Training Schools	39	393	-	36
Service Flying Training Schools	752	11,376	64	320
Air Observer Schools	250	2,470	-	100
Bombing and Gunnery Schools	450	6,920	-	150
Elementary Flying Training Schools	351	4,134	-	130
Wireless Schools	96	1,284	-	80
Air Navigation Schools	126	1,278	-	40
Repair Depots	51	141	1,308	36
Equipment Depots	66	228	3,318	60
Technical Training Schools	41	627	-	30
Records Office	14	277	-	-
Recruit Depots	28	424	-	40
Recruiting Organisation	134	211	105	
	2,686	30,366	4,929	1,022

(a) Civilians may replace a proportion of the airmen in certain units.

(b) The above table does not include schools etc. which close as the scheme approaches completion; the personnel from these schools will be absorbed into other units.

(c) Some, or all, of the Elementary Flying Training Schools and Air Observer Schools may be organised on a civilian basis.

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APPENDIX II.

CONDITIONS OF SERVICE OF PILOTS AND AIRCRAFT CREWS.

(a) PUPILS FROM CANADA.

Enlistment.

Pupils will be enlisted in the Royal Canadian Air Force as aircraftmen, Class II (standard group).

Rank during Training in Canada.

Course.	Rank.
Initial ground training	Aircraftman, Class II (standard group)
Pilot	Leading aircraftman " "
Observer	" " " "
Wireless operator (air crew)	Aircraftman, Class II " "
Air gunner	" " " " "

Rank on completion of Training.

Duty.	Rank.
Pilot	*Sergeant (group B)
Observer	*(Acting Sergeant (group C) / Sergeant (group B)
Wireless operator (air crew)	(L.A.C., A.C.I. or A.C.II (group B), according to percentage of marks obtained on passing out of training
Air gunner	(L.A.C., A.C.I. or A.C.II (standard group), according to percentage of marks obtained on passing out of training.

Pay and additional pay will be at the rates and subject to the conditions laid down from time to time in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

During service in Canada, allowances etc. will be admissible under the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

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*A number of pilots and observers will be selected, on passing out of training, for commissioned rank in the Royal Canadian Air Force (General List). Observers will be on probation as acting observer for a period (normally six months) after passing out of training.

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Pay, allowances, etc. during service with, or in conjunction with, the Royal Air Force.

On embarkation for service with, or in conjunction with, the Royal Air Force, officers and airmen will, subject to the conditions laid down in King's Regulations and Air Council Instructions, receive from the appropriate Royal Air Force paying authority the pay, allowances, etc. of the rank and branch (or group) in the Royal Air Force corresponding to that held in the Royal Canadian Air Force, except that the following special arrangements will be made in regard to the issue of allowances to dependents in Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which may be payable under Royal Air Force regulations will, if the family or other dependents reside in Canada, be credited to the Government of Canada, as administrator of the scheme, who will issue to the family or other dependents the allowance and assigned pay which may be payable under Royal Canadian Air Force regulations.

If the pay and allowances admissible under Royal Canadian Air Force regulations should exceed those admissible under Royal Air Force regulations, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Canada as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers and employees shares) necessary to ensure benefits under Canadian schemes will be paid by the Government of Canada, as administrator of the scheme, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

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(b) PUPILS OTHER THAN THOSE ENLISTED IN THE ROYAL CANADIAN AIR FORCE THE ROYAL AUSTRALIAN AIR FORCE AND THE ROYAL NEW ZEALAND AIR FORCE.

Pupils other than those enlisted in the Royal Canadian Air Force, the Royal Australian Air Force and the Royal New Zealand Air Force will be enlisted in the Royal Air Force.

For the period of the journey to Canada, airmen of the Royal Air Force will receive pay, allowances, etc. at the rates and subject to the conditions laid down from time to time in King's Regulations and Air Council Instructions for the Royal Air Force.

During service in Canada, airmen of the Royal Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc. of the rank and group in the Royal Canadian Air Force, as appropriate under (a) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependants outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependants which would be appropriate under Royal Air Force regulations will, if the family or other dependant reside outside Canada, be issued by the Government of the United Kingdom, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airmen will deduct from the airmen's pay the amount of the assigned pay under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes and any insurance contributions (employers and employees shares) necessary to ensure benefits for United Kingdom airmen under United Kingdom schemes will be paid by the Government of the United Kingdom, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

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(c) PUPILS SENT BY AUSTRALIA AND NEW ZEALAND.

Pupils sent by Australia and New Zealand will be enlisted in the Royal Australian Air Force and in the Royal New Zealand Air Force, respectively.

Pay, allowances, etc. for the period of journey to Canada.

For the period of the journey to Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will receive pay, allowances, etc. at the rates and subject to the conditions laid down from time to time in the Regulations for the Royal Australian Air Force and the Royal New Zealand Air Force, respectively.

Pay, allowances, etc. during service in Canada.

During service in Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc. of the rank and group in the Royal Canadian Air Force, as appropriate under (a) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependants outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependants which would be appropriate under Royal Australian Air Force or Royal New Zealand Air Force regulations will, if the family or other dependants reside outside Canada, be issued by the Government of Australia or the Government of New Zealand, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airman will deduct from the airman's pay the amount of the assigned pay chargeable under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes, and any insurance contributions (employers and employees shares) necessary to ensure benefits for Australian or New Zealand airmen under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

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Pay, allowances, etc. during service with the Royal Air Force.

On embarkation for service with the Royal Air Force, officers and airmen will be attached to that force, and, subject to the conditions laid down in King's Regulations and Air Council Instructions, they will receive from the appropriate Royal Air Force paying authority the pay, allowances, etc. of the rank and branch (or group) in the Royal Air Force corresponding to that held in the Royal Australian Air Force or in the Royal New Zealand Air Force, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependants in Australia or New Zealand.

The allowances and compulsory allotment from pay in respect of family or other dependants which may be payable under Royal Air Force regulations will, if the family or other dependants reside in Australia or New Zealand, be credited to the Government of Australia or to the Government of New Zealand, who will issue to the family or other dependant the allowance and compulsory allotment from pay which may be payable under Royal Australian Air Force or Royal New Zealand Air Force regulations.

If the pay and allowances admissible under Royal Australian Air Force or Royal New Zealand Air Force regulations exceed those admissible under Royal Air Force regulations, and the Government of Australia or the Government of New Zealand decide that this difference is to be credited to the officer or airman, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Australia or the Government of New Zealand as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers and

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employees shares) necessary to ensure benefits under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

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ODS/ET
28 Nov.1939
C 268119

2.

MEMORANDUM FOR THE
PRIME MINISTER:

re air training

Sir Gerald Campbell has given me the attached copy of the note which Colonel Ralston made of the discussion in the War Cabinet yesterday as to the summary of the statement that Canada would like to obtain from the United Kingdom Government. He states that in the telegram which he sent to Mr.Chamberlain last night, he quoted this sentence as embodying the Canadian request. He noted from your telegram of today that you are going to send a further telegram after Council,and hoped that there would not be too much divergence between the form used in your telegram and the form(i.e. the attached sentence) which he had represented to his Government as being the Canadian Government's view.

OSK.

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Considering present and future requirements we feel that participation in the Air Training Scheme would provide more effective assistance than any other form of co-operation which Canada could give.

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November 28th,1939.

Discussion as to priority of Air Training Scheme.

1. Initial United Kingdom Proposal. Mr.Chamberlain's telegram of September 26th stated that the scheme was of "first importance" and that the problem of matching German air strength was of "vital importance" and that an overwhelming air force would be needed "in combination with other military measures and economic pressure to bring ultimate victory". The project would have immense influence. "It might even prove decisive". It was added that "in a solution of this problem the overseas parts of the Empire may well be able to play a decisive part."

2. Canadian Reply, September 28th. It refers to War Cabinet's conclusion that a greatly enlarged air force has become of vital importance and adds that Canadian Government fully agrees that Canadian cooperation in this field would be particularly appropriate and probably the most effective in the military sphere which Canada could furnish. We would,therefore,"he prepared to accept the scheme in principle." It was added, after considering the extent of Canadian participation in the proposed air training plan, that it would be necessary in the light thereof to review the plans already made for military and economic cooperation .

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3. On September 29th a draft telegram was prepared on the subject of an announcement of the scheme containing the following sentence:

> "We assume the British Government would desire to state that the air training plan was the most effective form which cooperation could take in the light of the developments which have already taken place and probable future developments."

It was decided not to send this telegram.

4. In connection with the announcement to be made by the Secretary of State for Air in the British House of Commons on the 10th October, the Prime Minister orally emphasized to Sir Gerald Campbell the desirability of including a statement as to this being the most effective form of military cooperation.

In a letter of the 9th October to Sir Gerald Campbell it was stated that the draft speech did not meet the point which had been indicated on several occasions and which was an essential factor in the decision of the Canadian Government to agree in principle to a scheme of greatly enlarged air training. It was suggested that the following revised paragraph should be included:

> "It will be seen that the scheme involves a concentration of air training largely in Canada. With the facilities which Canada possesses, this would in the

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C 268123

opinion of the Government of the United Kingdom constitute the most decisive and essential effort that Canada could put forward in the field of military cooperation."

On the 10th October after consulting London by telephone Sir Gerald Campbell stated that the United Kingdom were not prepared to include a statement to the above effect, presumably on the ground that they did not wish to indicate to the Germans that our overseas military force would be in any way less than our air contribution. They were including in the place of the second sentence quoted immediately above the following:

> "With the facilities that Canada possesses, this effort by Canada may in the opinion of the United Kingdom Government prove to be a contribution of the most essential and decisive character."

This suggestion was accepted and Sir Kingsley Wood's statement was made in these terms. The statement did not include any reference to the relative importance of the plan.

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5. November 14th. At a meeting between the War Committee of the Cabinet and Lord Riverdale and Captain Balfour, it was stated by Canadian Ministers that the proposed agreement was subject first, to the satisfactory outcome of the discussions between the United Kingdom and Canada on financial and economic war problems, and second, to the United Kingdom stating their opinion that Canadian participation in the air training scheme should take priority over all other Canadian commitments not already entered into. Captain Balfour and Lord Riverdale ~~concurred.~~ agreed that the Agreement was subject to these two conditions

The substance of these two conditions was communicated to London by the British Mission in a telegram which was shown to Dr.Clark and Mr. Heeney and which in their opinion fairly represented the Canadian position.

6. November 27th, Mr.Chamberlain's reply.

Economic relations - Hopes discussions would be brought to a mutually satisfactory conclusion as soon as possible after Mr. Towers had joined Mr. Crerar - Fully understands such Canadian contribution to air training scheme is subject to such an agreement being reached and forecasts that given goodwill that exists on both sides, there is no reason to suppose that such an agreement would not be reached.

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Regarding priority, Mr. Chamberlain assumes that what the Canadian Government wished was an assurance that their views as to preference of effort was primarily for themselves to decide. Mr.Chamberlain states he entirely agrees that it is for the Canadian Government to decide on priority of her effort and the United Kingdom could not think of interfering whatever their own opinions might be. Mr.Chamberlain adds that "we ourselves have attached the highest priority to our training scheme, as indeed to the air effort as a whole, which we believe may be a decisive factor in the war." He concludes the discussion on this point with the following sentence:

> "But we should not have liked to emphasize the priority of the training scheme lest it should have embarrassing effects on our relations with the French who are pressing us strongly to increase our effort on land."

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PRESS CLIPPINGS C268126

Office of The Prime Minister

Name of Publication Ottawa M.Citizen

Date November 28, 1939

Subject "Air Training"

Basis Reached For Agreement On Empire Plan

Formal Announcement Is Made Concerning Air Training. Proposals Sent To Respective Govts.

Formal announcement was made last night from the office of Prime Minister Mackenzie King that basis of agreement had been worked out between the missions and committees representing the United Kingdom, Australia, New Zealand and Canada on the establishment of an Empire air training center in Canada.

Referred to Govts.

This basis for agreement is now being referred to the respective governments concerned for their approval. The announcement was made following a meeting of the missions and the Dominion cabinet.

Formal discussions on the project were initiated here early in October by the British mission headed by Lord Riverdale. Later a mission came from Australia headed by Hon. J. V. Fairbairn, then minister of civil aviation and now minister for air, and a third mission from New Zealand headed by Group-Captain H. W. L. Saunders.

Mr. Fairbairn left for Australia last night, accompanied by his secretary, R. E. Elford. The New Zealand mission will probably leave Wednesday night and the British mission heads will follow shortly after.

Staff Organizations

All three countries will later establish staff organizations here to administer their individual parts in the air training scheme.

Canada's representatives in the discussions were Defence Minister Rogers, Transport Minister Howe and Finance Minister Ralston, with Prime Minister Mackenzie King as chairman, assisted by departmental experts.

Official Announcement

Yesterday afternoon's final conference included the mission heads and chief advisers with the entire cabinet. The following official announcement was made:

"The missions and the committees, representing the governments of the United Kingdom, Australia, New Zealand and Canada, have completed their discussions with regard to the joint air training scheme. They have worked out a basis of agreement which is now being referred to the respective governments for decision."

Australia and New Zealand will send airmen with preliminary training to complete their instruction in Canada before going overseas, under the scheme shortly to be launched.

Great Britain will also send partly trained personnel and probably a large number of instructors, the former to complete their training here and the latter to aid in the instruction of fliers.

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PRESS CLIPPINGS C268176

Office of
The Prime Minister

Name of Publication Ottawa Citizen

Date November 25, 1939

Subject Air Training

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PRESS CLIPPINGS C268126

Office of The Prime Minister

Name of Publication Ottawa M. Citizen

Date November 28, 1939

Subject "Air Training"

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REPEAT
REPETER

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AIR TRAINING SCHEME

	Original	Final
1. Total cost of Scheme:	Millions 888	Millions 607
2. Total cost by years:		
1939-40	27	28
1940-41	203	188
1941-42	333	214
1942-43	288	164
3. Total cost to Canada:	374	353
1939-40	10	18
1940-41	75	94
1941-42	135	109
1942-43	135	122
4. Total annual output in pilots and air-crews:	28,990	18,980
Canada's share -	13,915	15,314
Australia's share -	11,596	2,028
New Zealand's share -	3,479	1,638

5. Total annual output under final scheme:

	Pilots	Observers	Gunners
May 1st 1940-41	850	612	1,160
" 1941-42	5,372	3,111	5,452
" 1942-43	7,072	4,388	7,540

(of these approximately 80% will be Canadians)

Note - Above figures are approximate only.

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6. Total number of schools in Canada under final scheme:

Inital Training Schools - ✓	3	
Elementary Flying Training Schools ✓	13	
Service Flying Training Schools	16	Now (with 2)
Air Observer Schools	10	"
Bombing and Gunnery Schools	10	"
Air Navigation Schools	2	"
Wireless Schools	4	"
Total	58	

It will also be necessary to establish in Canada approximately 16 schools and depots for the training of the staffs of the 58 schools above, and for organization, recruiting and maintenance purposes.

(Will now undertake)

A.D.P.H.

A. D. P. H.

November 29th, 1939;

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R. Air Training

OFFICE OF THE PRIME MINISTER

MEMORANDUM

November 30th, 1939.

Strictly Confidential

C268129

For the Prime Minister:

Re: Air Training Scheme - administration and organization.

Attached are copies of correspondence exchanged between Mr. Rogers and Captain Balfour, Mr. Fairbairn and Group Captain Saunders. These are for the Prime Minister's information and subsequent fyling with war records at Laurier House.

A. D. P. H.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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C 268130

Note

"Mr. Rogers is proposing to Captain Balfour two slight revisions in the text of his letter, namely, in paragraph (4) line 1, substitute "supervision" for "direction"; in paragraph (7) line 1, substitute "supplementary" for "separate".

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C268131

COPY

Ottawa, November 27, 1939.

Dear Captain Balfour,

Since your arrival in Ottawa, you and I have had a number of discussions with respect to the future administration and organization of the air training plan in Canada. I now have pleasure in confirming my understanding of the conclusions we have reached regarding the recommendations we should make to our respective Governments.

(1) The air training plan in Canada will be administered through the organization of the R.C.A.F. and the executive command shall be in the hands of the R.C.A.F.

(2) You will recall that I pointed out to you that the R.C.A.F. command will be concentrated largely on the training scheme. As a result of this fact the work relating to administration, supply and operation for our other squadrons at home and abroad will be a comparatively small task in relation to that of the training plan.

(3) You readily accepted the view that, so far as the training plan operates within the boundaries of Canada, the Canadian Government must be responsible.

(4) For the general direction of the air training plan it is proposed to set up a Supervisory Board in Canada. The main duties of this Board would be generally to supervise the financial administration of the plan and to watch and check from time to time the progress that is being made in setting up the organization which, when fully developed, will be capable of completing the training of the desired number of pilots and crews.

(5) The Supervisory Board will be under the chairmanship of the Minister of National Defence and will include the following members:

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Minister of National Defence,

Minister of Finance,

Minister of Transport,

Representatives of the United Kingdom Government, the Australian Government and the New Zealand Government,

Deputy Minister for Air, Department of National Defence,

Chief of Air Staff.

(6) The contact between this Board and the Government would be through the Chairman of the Board, and the contact with the R.C.A.F. would be through the Chief of Air Staff.

(7) Provision will be made for a separate financial control of the expenditures in accordance with the general agreement and arrangements will be made to keep the Board informed.

(8) It is understood that you will be making provision for the appointment of a Liaison Officer in Chief R.A.F. in Canada. This officer will, if you desire, have a seat on the Board as the United Kingdom representative. It is assumed that the other interested Governments will make similar appointments.

(9) It is understood that the Liaison Officer in Chief will be free to report to your own Government in regard to the progress of the plan.

(10) He would have authority to visit any stations or units of the plan at any time.

(11) He would make any criticisms or suggestions to the Board having first given notice of his intention to do so to the Chief of Air Staff, in so far as they related to service matters.

(12) He would assist in keeping the R.C.A.F. advised as to any new developments in training technique.

(13) It is understood that Liaison Officers appointed by the Governments of Australia and New Zealand would have

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C 268134

similar privileges and duties.

(14) With respect to the loan of staff and instructional personnel I made it clear to you during our discussions that we would appreciate the full co-operation of the various Governments concerned. Having regard to the proportions of the air training plan, we readily understand that we would require the loan of considerable numbers of R.A.F. personnel who would hold staff and instructor appointments within the Canadian organization. This will be not only necessary for the successful working of the air training plan, but will also express our mutual desire for continuing co-operation in the successful conduct of the plan.

(15) It is also hoped that officers for similar duties will be obtained from the Australian and New Zealand Air Forces.

Our discussions on these questions of administration and organization have been most valuable. I feel sure that any further points which may arise as the training plan develops will be settled on the same basis of consultation and co-operation by the Governments concerned.

Yours sincerely,

(Sgd) Norman McL. Rogers.

Captain H. H. Balfour, M.C., M.P.,
Under-Secretary of State for Air,
His Majesty's Government of the United Kingdom,
Ottawa.

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C 268135

COPY

UNITED KINGDOM AIR MISSION

HOUSE OF COMMONS

Ottawa, November 27th, 1939.

Honourable Norman McL. Rogers, M.P.,
Minister of National Defence,
Ottawa.

Dear Mr. Rogers:

Thank you for your letter of November the 27th on the question of the future administration and organization of the Air Training Scheme in Canada. Its contents confirm the general conclusions we have reached during our discussions since I have been in Ottawa.

I leave for England early tomorrow morning and amongst other matters, which I shall place before my government, I shall submit our proposals and take steps immediately to let your government know, through the High Commissioner in the United Kingdom, whether the conclusions we have come to are acceptable.

Yours sincerely,

(Sgd) Harold Balfour.

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R

C 268136

COPY

Ottawa, November 29, 1939.

Dear Mr. Fairbairn,

I enclose herewith copies of letters exchanged between Captain Balfour and myself on the administration and organization of the Air Training Plan in Canada. Captain Balfour informed me that he had discussed with you and Group Captain Saunders the general principles set out in my letter and that he believed the proposed arrangements would be acceptable to the Australian and New Zealand Missions as proposals which they would submit to their respective Governments.

If these proposals are acceptable to the Governments concerned, the present understanding with respect to the administration and organization of the Air Training Plan in Canada can then be given formal expression as a supplement to the general Memorandum of Agreement if its terms are found acceptable.

I am proposing to Captain Balfour two slight revisions in the text of my letter. In paragraph (4) line 1, substitute "supervision" for "direction"; in paragraph (7) line 1, substitute "supplementary" for "separate".

Yours sincerely,

The Honourable J. V. Fairbairn,
Australia House,
LONDON.

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C 268137

COPY

Ottawa, November 29, 1939.

Dear Group Captain Saunders,

I enclose herewith copies of letters exchanged between Captain Balfour and myself on the administration and organization of the Air Training Plan in Canada. Captain Balfour informed me that he had discussed with Mr. Fairbairn and youself the general principles set out in my letter and that he believed the proposed arrangements would be acceptable to the Australian and New Zealand Missions as proposals which they would submit to their respective Governments.

If these proposals are acceptable to the Governments concerned, the present understanding with respect to the administration and organization of the Air Training Plan in Canada can then be given formal expression as a supplement to the general Memorandum of Agreement if its terms are found acceptable.

I am proposing to Captain Balfour two slight revisions in the text of my letter. In paragraph (4) line 1, substitute "supervision" for "direction"; in paragraph (7) line 1, substitute "supplementary" for "separate".

Yours sincerely,

Group Captain H. W. L. Saunders,
New Zealand Air Mission,
Ottawa.

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Copy of letter to Capt. Balfour from Mr Rogers, Min Nat Def. Nov. 27

Memorandum re

air training administration

C 268138

During the last few days you and I have had a number of discussions with respect to the future administration and organization of the air training scheme in Canada. I now have pleasure in confirming my understanding of the conclusions we have reached regarding the recommendations we should make to our respective Governments.

(1) It is the intention that the air training scheme in Canada will be administered through the organization of the R.C.A.F. and that the executive command shall be in the hands of the R.C.A.F.

(2) You will recall that I pointed out to you that the R.C.A.F. command will largely be concentrated on the training scheme. As a result of this fact the work relating to administration, supply and operation for our other squadrons at home and abroad will be a comparatively small task in relation to that of the training plan.

(3) You readily accepted the view that so far as the training plan operates within the boundaries of Canada, the Canadian Government must be responsible.

(4) For the general supervision direction of the air training

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scheme it is proposed to set up a Board of Management in Canada. The main duties of this Board would be generally to supervise the financial administration of the scheme and to watch and check from time to time the progress that is being made in setting up the organization which, when fully developed, will be capable of completing the training of the desired number of pilots and crews.

(5) The Board of Management will be under the chairmanship of the Minister of National Defence and will be composed of the following members:

Minister of National Defence

Minister of Finance

Minister of Transport

Representatives of the United Kingdom Government, the Australian Government and the New Zealand Government

Deputy Minister for Air, Department of National Defence

Chief of Air Staff

(6) The contact between this Board and the Government would be through the Chairman of the Board, and the contact with the R.C.A.F. would be through the Chief of Air Staff.

(7) Provision will be made for a ~~separate~~ financial control of the expenditures in accordance with the general

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agreement, and arrangements will be made to keep the Board informed.

(8) It is understood that you will be making provision for the appointment of a Liaison Officer in Chief R.A.F. in Canada. This officer will, if you desire, have a seat on the Board as the United Kingdom representative. It is assumed that the other interested Governments will make similar appointments.

(9) It is understood that the Liaison Officer in Chief will be free to report to your own Government from time to time in regard to the progress of the scheme.

(10) He would have authority to visit any stations or units of the scheme at any time.

(11) He would make any criticisms or suggestions to the Board having first given notice of his intention to do so to the Chief of Air Staff, in so far as they related to service matters.

(12) He would assist in keeping the R.C.A.F. advised as to any new developments in training technique.

(13) It is understood that Liaison Officers appointed by the Governments of Australia and New Zealand would have similar privileges and duties.

(14) With respect to the loan of staff and instructional personnel I made it clear to you during our discussions

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that we would appreciate the full co-operation of the various Governments concerned. Having regard to the proportions of the air training scheme, we readily understand that we would require the loan of considerable numbers of R.A.F. personnal who would hold staff and instructor appointments within the Canadian organization. This will be not only necessary for the successful working of the air training plan, but will also express our mutual desire for continuing co-operation in the successful conduct of the plan.

(15) It is also hoped that officers for similar duties will be obtained from the Australian and New Zealand Air Forces.

Original cable from Ottawa read & approved by Council with changes
Nov 28-39

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SECRET AND PRIVATE

C26814

MEMORANDUM FOR DR. SKELTON:

Re: Telegram No. 116, Section 5

I would suggest that the word "military" be inserted before the word "cooperation" in line 6 thereof, so as to make clear that military co-operation is not regarded as more important than economic co-operation. Members of the financial mission, in particular, have stressed the great importance of not permitting skilled mechanics to leave industrial establishments to enter any of the military services, repeatedly stating that the economic effort will probably count for most in the end.

I would also suggest that, at the beginning of the last line, the words "at the earliest possible moment" should be inserted. These are the words with which paragraph 4 concludes. Apart from mention of military and psychological points of view, they clearly indicate the importance attached by both the British and the French to a land force from Canada reaching the theatre of war at the earliest moment. It is only in that connection that the British Government have thus far expressed their desire for a land force from Canada. Indeed early despatches indicated that men were seeking to enlist much too rapidly and that the sending of too many men overseas would be an embarrassment. Not to insert these words is to destroy altogether the significance of any statement as to priority in its relation to the air training scheme as providing the most effective assistance towards ultimate victory.

It might be well to get from the Chief of Staff of the Department of Defence, an exclusive statement as to the significance of the word "military" as applied to all defence services, as applicable to army, navy and air services alike, and as distinguished from economic forms of war effort.

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The word "would" in the second last line of the 5th paragraph should perhaps be changed to "will" in consequence of the other changes.

In a word, I am quite in favour of the British Government's position as stated in paragraph 4, and all that I would ask is that the British Government's position with respect to the matters referred to in paragraph 5 should not differ in possible meaning or emphasis from the meaning as set forth in paragraph 4. It is, of course, desirable that before any reply is finally despatched, that it should be approved by members of the government who have had most to do with the negotiations to date.

W. L. M. K.

December 1, 1939

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"R"

Mil. Co-op. ~~Expend. Fund~~
Air Training

TELEGRAM

C 268144

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE LONDON, December 1, 1939.

CYPHER

No. 116

No. 116. Your telegram No. 120, November 28th. Following for your Prime Minister from my Prime Minister, Begins:

1. I am very grateful to you for the full statement of your views which greatly clarifies the position.

2. I am satisfied that no question of principle divides us. Our common approach to the problem expressed most clearly in your personal and secret telegram of November 4th proceeds on basis that there is no thought on the part of our Governments or our people of stinting or sparing our efforts or resources and that we are determined to throw ourselves into the war to our utmost capacity.

3. There are obvious limits to the efforts of which Canada is capable, as indeed there are to the resources of all parts of the British Commonwealth and our common concern is to put these resources to the best use in the prosecution of the war until victory is achieved.

4. I now understand that you consider it essential to publish the opinion of the United Kingdom Government that the Air Training Scheme should have priority in Canada's war effort. This is, in fact, our view and we have no objection to its being made public, provided it is made clear at the same time that we also attach very great importance both from a military and a psychological point of view to the presence of Canadian land

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TELEGRAM

C 268145

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

forces in the theatre of war at the earliest possible moment.

5. We would therefore suggest that the announcement should be in the following terms. "The United Kingdom Government have informed us that, considering present and future requirements, they feel that participation in the Air Training Scheme would provide for more effective assistance towards our ultimate victory than any other form of cooperation which Canada can give. At the same time they would wish it to be clearly understood that they would welcome no less heartily the presence of Canadian land forces in the theatre of war." Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

Received Ottawa 11.55 a.m.

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TELEGRAM

C 268145

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

forces in the theatre of war at the earliest possible moment.

5. We would therefore suggest that the announcement should be in the following terms. "The United Kingdom Government have informed us that, considering present and future requirements, they feel that participation in the Air Training Scheme would provide for more effective assistance towards our ultimate victory than any other form of cooperation which Canada can give. At the same time they would wish it to be clearly understood that they would welcome no less heartily the presence of Canadian land forces in the theatre of war." Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

Received Ottawa 11.55 a.m.

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"R" C 268146 Pt.

FROM: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

SECRET

CYPHER CANBERRA, December 2nd, 1939.

Secret. Members of Australian Mission Empire Air Training Conference now all travelling en route to Australia and cannot be contacted. Would appreciate information on scheme as follows:-

(a) What is progression of observer through Training School from initial ground training centre to active service.

(b) In general what subjects are taught in Observers' School of Wireless, Air Gunners' School, Bombing and Gunnery School and Air Navigation School.

(c) Was any rate of wastage for replacement of gift aircraft from United Kingdom funds submitted at Conference.

(d) Are you able yet to say what numbers of each class of personnel you will train in Canada up to March 1943 and time table arrival Canada to begin training.

(e) Earliest possible advice desired regarding relevant Canadian rates of pay, allowance, pension, etc. Ends.

Read Mackenzie 2-12-39

PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

Rec'd Ottawa: 2.37 A.M., December 2nd, 1939.

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R.

C 268147 ODS/AH

December 4th, 1939.

MEMORANDUM FOR THE PRIME MINISTER.

Air Training.

Sir Gerald Campbell called yesterday after his return from Halifax to enquire whether any reply had been sent to Mr. Chamberlain's telegram No. 116. I told him that the matter was before the Prime Minister and the three Ministers immediately concerned. The Minister of National Defence, however, would not be returning until Monday night. The question would be considered on Tuesday and a reply sent then.

Sir Gerald said he had been glad to see that the sentence suggested regarding the air training priority had been agreed to. He admitted that at first glance he had been somewhat uncertain as to the effect of the second sentence, which no doubt had been put in by "honest Halifax" for fear of the effect on French opinion. On reflection, however, it seemed to him entirely clear that the sentence was meant to deal with present plans for sending a division to France rather than to apply to the future. (I did not tell him that the Prime Minister had considered emphasizing this present phase of the situation by suggesting the insertion of the words "at the earliest possible moment" found in paragraph 4 of Mr. Chamberlain's telegram). Sir Gerald referred to press

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C 268148

articles, including the one in the Montreal Star of Saturday, referring to the scheme as costing eight hundred million dollars and Canada's share as being 80% as a reason for reaching conclusions as early as possible to avoid too erroneous guesses.

I told him that I understood it was still necessary to obtain the consent of Australia and New Zealand. Sir Gerald said that Fairbairn had sent a letter to Lord Riverdale authorizing him to initial the agreement provided no changes of any importance were made, and that Saunders had sent a letter to Lord Riverdale and himself to the same effect just before leaving. I said I was not clear whether their initialing meant final consent from the two Governments. He thought it did, but he would send us copies of Fairbairn's and Saunders' letters. He added he understood from Lord Riverdale that Colonel Ralston had gone over the agreement again and that any changes that would be made were clerical and not of importance.

In connection with revision of this second sentence, its application to the present could be made doubly clear if instead of saying that "they would welcome no less

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heartily the presence" they could say that "they have welcomed no less heartily the presence (or the arrival),etc." This phrasing, of course, would only be possible if the announcement were not being used until the actual arrival of the first division in England and if England can be called the "theatre of war".

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R.

file re

C 268130

Confidential

Ottawa, December 5th, 1939.

MEMORANDUM FOR THE PRIME MINISTER:

Re: Air Training Scheme

Attached are copies of letters exchanged between Lord Riverdale and Mr. Ralston, with respect to the provision of Canadian dollars by the United Kingdom government for the Australian and New Zealand contributions, under the Scheme, if required.

At Mr. Ralston's request, the original of Lord Riverdale's letter and a copy of Mr. Ralston's reply, have been sent to Dr. Skelton, to be kept with the records of the department, pending disposition of the proposed Memorandum of Agreement.

A. D. P. H.

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C 268151

COPY

MINISTER OF FINANCE

CANADA

Ottawa, December 4, 1939.

The
Lord Riverdale,
United Kingdom Air Mission,
House of Commons,
Ottawa.

Dear Lord Riverdale:

I acknowledge with thanks your letter of December 3rd, respecting the provision by the Government of the United Kingdom of Canadian dollars for the Australian and New Zealand Governments on the latter's request, in connection with the proposed Memorandum of Agreement in regard to the scheme for the training of pilots and aircraft crews in Canada, which is now under discussion.

Yours sincerely,

(Sgd) J. L. Ralston.

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UNITED KINGDOM AIR MISSION C 268152

Strictly Confidential

House of Commons,
Ottawa.
3rd December, 1939.

Dear Colonel Ralston:

In the course of our discussions about the proposed Memorandum of Agreement in regard to the scheme for training of pilots and aircraft crews in Canada, the question was raised as to difficulties which the Governments of Australia and New Zealand might experience in raising the Canadian dollars necessary to make the payments which under the scheme they undertake to make from time to time to the Canadian Government as the administrator of the scheme.

I am authorised by the Government of the United Kingdom to confirm what I told you when you last mentioned this point to me, namely, that the Government of the United Kingdom will be prepared, in case such difficulties arise, to find for the Australian and New Zealand Governments, if they so request, the Canadian dollars which will be required for this purpose.

Yours sincerely,

(Sgd) Riverdale.

Col. the Hon. J. L. Ralston
Minister of Finance
Ottawa.

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R.

ODS/HMP.
December 6th, 1939.

C 268133

MEMORANDUM FOR THE

PRIME MINISTER -

Attached is the Air Training telegram sent last night.

Sir Gerald Campbell called up to inquire if a decision had been reached. I told him that a slight modification in the announcement had been proposed. He did not think there would be any difficulty about it, but he went on to say that he assumed if a reply could be received on these points this afternoon, it would be possible to initial the agreement. I told him this did not necessarily follow. I then got in touch with Mr. Rogers to ascertain whether any decision had been made in Council other than as regards the announcement. He told me that it had not and that the matters of administration and organization were still outstanding. He suggested that, if necessary, we could indicate acceptance of the agreement "subject to confirmation of letters exchanged between the Minister of National Defence and Captain Balfour, regarding administration and organization of training plan in Canada, and to further assurance that the United Kingdom will accept the principle that Canadian personnel from the training plan will, on request from the Canadian Government, be organized in R.C.A.F. units and formations in the field."

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As I did not know what was in either the letter or the agreement, I thought it simpler at this stage to add the final sentence in the telegram attached, regarding an answer to our other points. At the same time I suggested to Sir Gerald Campbell, who was saying Lord Riverdale was anxious to go out of town, that the best way to speed up the matter would be for him to telegraph immediately to his Government, reminding them of the points still outstanding. At the same time I read him the sentence above that Mr. Rogers had suggested.

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"R"

C 268155

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

IMMEDIATE

CYPHER

NO. 125

Ottawa, December 5th, 1939.

Your telegram No. 116, December 1st. Following from Prime Minister for your Prime Minister, Begins:

1. My colleagues and I have noted with pleasure the confirmation given by your telegram of the common approach made by the Governments of the United Kingdom and Canada to the problem of ensuring the most effective utilization of the resources available for the successful prosecution of the war.

2. We appreciate the importance you attach to including in any public statement a reference to the presence in the theatre of war of Canadian land troops at the earliest possible moment. We quite concur in the inclusion of such a reference, and would suggest the incorporation in the announcement as set forth in paragraph 5 of your telegram the phrase at the end of paragraph 4, that is, after the concluding words of paragraph 5,"in the theatre of war", add "at the earliest possible moment." We would also suggest a further clarifying modification in the first sentence of the announcement, by inserting the word "military" before "cooperation." With these modifications the announcement would be entirely acceptable to us. I assume a communication on the other points mentioned in paragraph 7 of my telegram No. 120 of November 28th will be sent as soon as there has been an opportunity of consulting with Captain Balfour. Ends.

Dec 5. 39.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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COLOURED PAPER
PAPIER DE COULEUR

"R"

TELEGRAM

C 268156

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

LONDON, December 7th, 1939.

SECRET

CYPHER

NO. 120.

No. 120. Secret. Your telegram No. 125 of December 6th. Following for Prime Minister from my Prime Minister, Begins:

1. We are willing in the circumstances to accept two modifications suggested in paragraph 2 of your telegram and are happy to think that this point is now disposed of to our mutual satisfaction.

2. As regards questions mentioned in paragraph 7 of your telegram No. 120 of November 28th, we shall examine proposals being brought by Captain Balfour immediately he arrives and will communicate with you about them as soon as possible. He has unfortunately been delayed by bad weather and has not yet arrived. Ends.

SECRETA Y OF STATE FOR DOMINION AFFAIRS

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R.

C 268137

Ottawa, December 6th, 1939.

MEMORANDUM FOR THE PRIME MINISTER:

Re: Air Training Scheme

Following the Prime Minister's direction, I suggested to the U. K. Air Mission that they mark a copy of the final version of the Memorandum, indicating such portions which, in their opinion, should, for military or other reasons, remain secret.

This has now been done, and I propose to pass similarly marked copies of the Memorandum to the Minister of National Defence and the Minister of Finance, for their confidential comment in case their departments may have other ideas as to portions of the document inappropriate to be made public.

Is it the Prime Minister's wish that the Memorandum of Agreement should now be printed, and if so, should expurgated and unexpurgated editions be made?

Would the Prime Minister wish me to obtain the views of Mr. Rogers and Mr. Ralston with regard to printing?

A. D. P. H.

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"R"

TELEGRAM

C 268158

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

SECRET

CYPHER

NO. 120.

LONDON, December 7th, 1939.

No. 120. Secret. Your telegram No. 125 of December 6th. Following for Prime Minister from my Prime Minister, Begins:

1. We are willing in the circumstances to accept two modifications suggested in paragraph 2 of your telegram and are happy to think that this point is now disposed of to our mutual satisfaction.

2. As regards questions mentioned in paragraph 7 of your telegram No. 120 of November 28th, we shall examine proposals being brought by Captain Balfour immediately he arrives and will communicate with you about them as soon as possible. He has unfortunately been delayed by bad weather and has not yet arrived. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec 'd Ottawa: 11.55 A.M.

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R.

"R"

Air Training

C 268159

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE PRIME MINISTER OF AUSTRALIA, CANBERRA.

Ottawa, 7th December, 1939

Telegram No 23

Secret

Cypher

Most Immediate

Your telegram December 2nd regarding air training information. Following information is furnished by Department of National Defence. Begins.

(a) The progression of observers through Training Schools is:

Initial training	-	4 weeks
Air Observers	-	12 weeks
Bomber and Gunnery	-	6 weeks
Air Navigation School	-	4 weeks.

(b) For subjects taught in Observers School of Wireless, Air Gunners' School, Bombing and Gunnery School and Air Navigation School, see W.T.O.S.D.138, parts one and two.

(c) The rate of wastage for the replacement of Gift Aircraft from United Kingdom fund was set at twenty five per cent initial equipment, Engines twenty per cent initial equipment, Appendix "A" Equipment twenty per cent initial equipment.

(d) Assuming "Z" Day 1st May, 1940, monthly intake and commencement training in Canada of Australian personnel as follows:-

Pilots	- 40 from 21st August, 1940 80 from 11th December, 1940
Air Observers	- 42 from 16th October, 1940
Air Gunners	- 72 from 16th October, 1940

Output Australian personnel by March, 1943, after deducting wastage

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C 268160

during training as follows:-

Pilots - 1836
Air Observers - 816
Air Gunners - 1508

(e) Advice regarding relevant Canadian rates of pay,allowances,pensions,etc., will be sent at the earliest moment.

Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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R.

Air Training

2nd Draft

Proposed Press release

C 268161

CONFIDENTIAL

December 8, 1939

BRITISH COMMONWEALTH AIR TRAINING PLAN

Agreement has now been reached by the Governments of the United Kingdom, Canada, Australia and New Zealand on a Co-operative Air Training Plan. The details of the agreement were under discussion for several weeks at Ottawa. They have since been approved by the Governments concerned.

The purpose of the plan, as it will be recalled, is to achieve, by co-operative effort within the British Commonwealth, air forces of overwhelming strength. The many varied details of a plan of the magnitude proposed have necessarily been the subject of prolonged and careful scrutiny.

The air training programmes of the several countries have been so planned that full advantage will be taken of their existing establishments and, in particular, of the special facilities and great natural advantages for air training possessed by Canada.

The development of the plan will result in an extensive establishment of air training schools particularly in Canada. It will achieve a steadily increasing output of pilots, observers and air gunners which combined with the output in the United Kingdom, Australia and New Zealand, will enable the four countries to meet the greatly increasing requirements of trained personnel for their respective air forces.

Schools for pilots will be set up in all the participating Dominions. Schools for air observers and wireless operator-air gunners will be set up in Canada and Australia only. All pupils in the categories of air observers and wireless operator-air gunners from New Zealand, and some of the pupils in these categories from Australia will be trained in Canada. Some of the pupils from Australia

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and New Zealand will get their advanced flying training in Canada. Pupils from the United Kingdom and Newfoundland will also be sent to Canada for training.

As a result of the discussion, it was realized that the training facilities required in Australia and New Zealand would be capable of training a larger personnel than was needed to maintain the air forces of the two countries. It was agreed that their facilities for training in excess of local needs should be used to train Australians and New Zealanders for service overseas in furtherance of the common cause.

The joint training will be carried on in Canada. The training in Australia and New Zealand will be confined to pupils from those countries. Training for the Royal Canadian Air Force will be merged with the joint training programme. Canada will necessarily have the predominant part in the joint training programme and Canada's participation will be a correspondingly decisive factor in its success. The joint training programme will be administered by the Canadian Government.

Steps are being taken to ensure that the plan in all its aspects, as regards both the training of personnel and the provision of the aircraft required, will be brought into full operation with all possible speed. In a short time many thousands of young men from different parts of the Commonwealth will be working and training side by side in the common effort to which they and their countries have devoted themselves.

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With the completion of these negotiations, the world has once more been given a stirring proof of the manner in which the members of the British Commonwealth of Nations are determined to co-operate with each other and with their Allies to the full to ensure that the great causes for which they are contending shall prevail.

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R.

Keep for Mr. Rogers
Air Training

UNITED KINGDOM AIR MISSION C 268184

House of Commons
Ottawa.

8th December, 1939.

Dear Mr. Rogers,

I have considered your letter of today's date, about the interpretation of paragraph 15 of the Memorandum of Agreement between the Governments of the United Kingdom, Canada, Australia and New Zealand, relating to training of pilots and aircraft crews in Canada, and I do not think that it would be in conflict with the provisions of paragraph 14 of that Agreement, in which it is stated that the pupils who complete their training, other than those placed at the disposal of the Government of Canada for the filling of vacancies which occur in the Home Defence squadrons of the Royal Canadian Air Force, will on completion of their training be placed at the disposal of the Government of the United Kingdom, for me to assure you that paragraph 15 of the Agreement implies that requests by the Canadian Government for the incorporation in Royal Canadian Air Force units in the field of Canadian pupils who have been trained in Canada under the Dominion Air Training Scheme will, in all circumstances in which it is feasible, be readily accepted by the Government of the United Kingdom.

Yours sincerely,

(sgd.) Riverdale.

The Hon. Norman McLeod Rogers,
Minister of National Defence,
O t t a w a.

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C 268165

CONFIDENTIAL

December 8, 1939

BRITISH COMMONWEALTH AIR TRAINING PLAN

Agreement has now been reached by the Governments of the United Kingdom, Canada, Australia and New Zealand on a Co-operative Air Training Plan. The details of the agreement were under discussion for several weeks at Ottawa. They have since been approved by the Governments concerned.

The purpose of the plan, as it will be recalled, is to achieve, by co-operative effort within the British Commonwealth, air forces of overwhelming strength. The many varied details of a plan of the magnitude proposed have necessarily been the subject of prolonged and careful scrutiny.

The air training programmes of the several countries have been so ~~planned~~ coordinated that full advantage will be taken of their existing establishments and, in particular, of the special facilities and great natural advantages for air training possessed by ~~Canada~~ the Dominions and the production of aircraft.

The development of the plan will result in an extensive establishment of air training schools particularly in Canada. ~~It~~ The present plan aims at will achieve a steadily increasing output of pilots, observers and air gunners ~~which combined with the output in the United Kingdom, Australia and New Zealand,~~ outside and will enable the four countries to meet the greatly increasing requirements of trained personnel for their respective air forces.

Schools for pilots will be set up in all the participating Dominions. Schools for air observers and wireless operator-air gunners will be set up in Canada and Australia only. All pupils in the categories of air observers and wireless operator-air gunners from New Zealand, and some of the pupils in these categories from Australia will be trained in Canada. Some of the pupils from Australia

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and New Zealand will get their advanced flying training in Canada. Pupils from the United Kingdom and Newfoundland will also be sent to Canada for training.

~~As a result~~ of the ~~discussion~~, it was realized that the training facilities required in Australia and New Zealand would be capable of training a larger personnel than was needed to maintain the air forces of the two countries. It was agreed that their facilities for training in excess of local needs should be used to train Australians and New Zealanders for service overseas in furtherance of the common cause.

~~The joint training will be carried on in~~ Canada. The training in Australia and New Zealand will be confined to pupils from those countries. Training for the Royal Canadian Air Force will be merged with the joint training programme. ~~Canada will necessarily have the predominant part in the joint training programme and Canada's participation will be a correspondingly decisive factor in its success.~~ The joint training programme will be administered by the Canadian Government.

Steps are being taken to ensure that the plan in all its aspects, as regards both the training of personnel and the provision of the aircraft required, will be brought into full operation with all possible speed. In a short time many thousands of young men from different parts of the Commonwealth will be working and training side by side in the common effort to which they and their countries have devoted themselves.

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C 268167

With the completion of these negotiations, the world has once more been given a stirring proof of the manner in which the members of the British Commonwealth of Nations are determined to co-operate with each other and with their Allies to the full to ensure that the great causes for which they are contending shall prevail.

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FOURTH DRAFT STATEMENT RE ~~CO-OPERATIVE~~ AIR TRAINING ~~PROGRAMME~~

Agreement has now been reached by the Governments of the United Kingdom, Canada, Australia and New Zealand on a Co-operative Air Training ~~Programme in Canada~~. The agreement is based on an outline of arrangements for the rapid expansion of air training on a co-operative basis, proposed to the Governments of Canada, Australia and New Zealand, toward the end of September, by the Government of the United Kingdom.

The undertaking ~~proposed~~ is one of great magnitude. Its development will result in a rapid increase in the number of air training schools in Canada, and achieve a steadily increasing output of pilots, observers and air gunners, which, combined with the output in the United Kingdom, Australia and New Zealand, will enable the four ~~nations~~ countries to meet the greatly increasing requirements of trained personnel for their respective air forces. The aim, in short, is to achieve, by co-operative effort, air forces whose co-ordinated strength will be overwhelming.

A few days after receiving the proposal, the Governments of Canada, Australia and New Zealand signified their agreement in principle. No time was lost in making

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MEMORANDUM

Office of the Prime Minister C268169

Ottawa, Dec 8

Prime Minister

This is the revision of the draft Communiqué re Air Training Scheme handed me by P.M. after approval by Council last evening.

A.D.M.

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1st read by P.M.

CONFIDENTIAL December 8, 1939 C 268170

THE BRITISH COMMONWEALTH AIR TRAINING PLAN

Agreement has now been reached by the governments of the United Kingdom, Canada, Australia and New Zealand on a co-operative air training plan. The details of the agreement were under discussion for several weeks at Ottawa. They have since been approved by the governments concerned.

The purpose of the plan, as it will be recalled, is to achieve, by co-operative effort within the British Commonwealth, air forces of overwhelming strength. The many varied details of a plan of the magnitude proposed have necessarily been the subject of prolonged and careful scrutiny.

The development of the plan will result in the establishment of training schools for pilots, air observers and wireless operator-air gunners.

The air training programmes of the several countries have been so planned that full advantage will be taken of the special facilities and great natural advantages for air training possessed by Canada.

Schools for pilots will be set up in all the participating Dominions. Schools for air observers and wireless operator-air gunners will be set up in Canada and Australia only. All pupils in the categories of air observers and wireless operator-air gunners from New Zealand, and some of the pupils in these categories from Australia will be trained in Canada. Some of the pupils from Australia and New Zealand will get their advanced flying training in Canada. Pupils from the United Kingdom and Newfoundland will also be sent to Canada for training.

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C268471

As a result of the discussion, it was realized that the training facilities required in Australia and New Zealand would be capable of training a larger personnel than was needed to maintain the air forces of the two countries. It was agreed that their facilities for training in excess of local needs should be used to train Australians and New Zealanders for service overseas in furtherance of the common cause.

The joint training will be carried on in Canada. The training in Australia and New Zealand will be confined to pupils from those countries. Training for the Royal Canadian Air Force will be merged with the joint training programme. Canada will necessarily have the predominant part in the joint training programme and Canada's participation will be a correspondingly decisive factor in its success. The joint training programme will be administered by the Canadian Government.

Steps are being taken to ensure that the pla in all its aspects, as regards both the training of personnel and the provision of the aircraft required, will be brought into full operation with all possible speed. In a short time many thousands of young men from different parts of the Commonwealth will be working and training side by side in the common effort to which they and their countries have devoted themselves.

With the completion of these negotiations the world has once more been given a stirring proof of the manner in which the members of the British Commonwealth of Nations are determined to co-operate with each other and with their Allies to the full to ensure that the great causes for which they are contending shall prevail.

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Second revise of draft statement prepared by United Kingdom Mission for simultaneous release.

J.W.P.
7.12.39

O/Bruce telegram Dec 8 '39

British Commonwealth Air Training Plan C 268172

Agreement has now been reached by the Governments of the United Kingdom, Canada, Australia and New Zealand, on a Co-operative Air Training ~~Programme~~ plan in Canada. The details of the agreement ~~which have been~~ under discussion for several weeks at Ottawa by some time have been approved by the Governments concerned.

2. ~~It will be recalled that~~ The purpose of the ~~proposed programme now agreed upon was to~~ plan achieve, by co-operative effort within the British Commonwealth, air forces of overwhelming strength. As a result of the discussions, it was realized that the training facilities required in Australia and New Zealand would be capable of training a larger personnel than was needed to maintain the air forces of the two countries. It was agreed that their facilities for training, in excess of local needs, should be used to train Australians and New Zealanders for service overseas in furtherance of the common cause. The air training programmes of ~~both~~ the several countries have ~~therefore~~ been ~~integrated with the Co-operative Air Training Programme in Canada, so~~ planned so that full advantage ~~is~~ could be taken of the special facilities and great natural advantages for air training possessed by all ~~three countries.~~

3. ~~In a general statement of the present kind it is not possible to enter at length into~~ The many varied details of a ~~programme~~ plan of ~~this~~ magnitude ~~and importance~~ have necessarily been the subject of prolonged and careful scrutiny. In a word

4. It may be said that the agreement will result in ~~the~~ establishment of training schools for pilots, air observers and wireless operator-air gunners. Schools for pilots will be set up in all three Dominions, ~~but~~ some of the pupils from Australia and New Zealand will get their advanced flying training in Canada. Schools for air observers and wireless operator-air gunners will be set up in Canada and Australia only, ~~and~~ all the pupils of these categories from New Zealand and some of the pupils from Australia will be trained in Canada. Pupils from the United Kingdom and Newfoundland will

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C 268173

also be sent to Canada for training.

5. While the training in Australia and New Zealand will be confined to pupils from those countries, the co-operative training will be carried on in Canada. Training for the Royal Canadian Air Force will be merged with the ~~Co-operative~~ Training Programme. ~~Because of the parallel training programmes in Australia and New Zealand~~, Canada will have the predominant part in the joint training programme in Canada, ~~which~~ will be administered by the Canadian government, ~~and her~~ participation will be a correspondingly decisive factor in its success.

6. Steps are being taken to ensure that the ~~scheme~~ plan in all its aspects, both as regards the training of personnel and the provision of the aircraft required, will be brought into full operation with all possible speed. In a short time many thousands of young men from different parts of the Commonwealth will be working and training side by side in the common effort to which they and their countries have devoted themselves.

7. With the completion of these negotiations the world has once more been given a stirring proof of the manner in which the members of the British Commonwealth of Nations are determined to co-operate with each other and with their Allies to the full to ensure that the great causes for which they are contending shall prevail.

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Mr King - Joint Statement

C 268174

December , 1939.

BRITISH COMMONWEALTH AIR TRAINING PLAN

Agreement has now been reached by the Governments of the United Kingdom, Canada, Australia and New Zealand on a Co-operative Air training Plan. The details of the agreement were under discussion for several weeks at Ottawa. They have since been approved by the Governments concerned.

The purpose of the plan, as it will be recalled, is to achieve, by co-operative effort within the British Commonwealth, air forces of overwhelming strength. The many varied details of a plan of the magnitude proposed have necessarily been the subject of prolonged and careful scrutiny.

The plan agreed upon will achieve a steadily increasing output of pilots, observers and air gunners, and will also enable the four countries to meet the greatly increasing requirements of trained personnel for their respective air forces.

The air training programmes of the several countries have been so coordinated that full advantage will be taken of their existing establishments and, in particular, of the special facilities and great natural advantages for air training and the production of aircraft possessed by the Dominions.

The development of the plan will result in an extensive establishment of air training schools particularly in Canada. Schools for pilots will be set up in all the participating Dominions. Schools for air observers and wireless operator-air gunners will be set up in Canada

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C 268175

and Australia only. All pupils in the categories of air observers and wireless operator-air gunners from New Zealand, and some of the pupils in these categories from Australia will be trained in Canada. Some of the pupils from Australia and New Zealand will get their advanced flying training in Canada. Pupils from the United Kingdom and Newfoundland will also be sent to Canada for training.

It was realized in the course of the conferences that the training facilities in Australia and New Zealand could be expanded quickly so as to render them capable of training a larger personnel than was needed to maintain the air forces of the two countries and it was agreed that the facilities which could be made available for training in excess of local needs would be used to train Australians and New Zealanders for service overseas in furtherance of the common cause. The training in Australia and New Zealand will be confined to pupils from those countries.

An outstanding feature of the plan is the programme of joint training. Of the joint training programme, Canada will be the focus. The effort which the Canadian Government will accordingly be called upon to make will constitute a correspondingly decisive factor in the success of the plan. The joint training programme will be administered by the Canadian Government. Training for the Royal Canadian Air Force will be merged with the joint training programme.

Steps are being taken to ensure that the plan, as regards both the training of personnel and the provision of the aircraft required, will be brought into full operation with all possible speed.

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In a short time many thousands of young men from different parts of the Commonwealth will be working and training side by side in the common effort to which they and their countries have devoted themselves.

With the completion of these negotiations, the world has once more been given a stirring proof of the manner in which the members of the British Commonwealth of Nations are determined to co-operate with each other and with their Allies to the full to ensure that the great causes for which they are contending shall prevail.

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2nd revision Mackenzie Dec 8-39

CONFIDENTIAL

December 8, 1939

BRITISH COMMONWEALTH AIR TRAINING PLAN

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The development of the plan will result in an extensive establishment of air training schools particularly in Canada. It will achieve a steadily increasing output of pilots, observers and air gunners which combined with the output in the United Kingdom, Australia and New Zealand, will enable the four countries to meet the greatly increasing requirements of trained personnel for their respective air forces.

Schools for pilots will be set up in all the participating Dominions. Schools for air observers and wireless operator-air gunners will be set up in Canada and Australia only. All pupils in the categories of air observers and wireless operator-air gunners from New Zealand, and some of the pupils in these categories from Australia will be trained in Canada. Some of the pupils from Australia

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C 268178

and New Zealand will get their advanced flying training in Canada. Pupils from the United Kingdom and Newfoundland will also be sent to Canada for training.

As a result of the discussion, it was realised that the training facilities required in Australia and New Zealand would be capable of training a larger personnel than was needed to maintain the air forces of the two countries. It was agreed that their facilities for training in excess of local needs should be used to train Australians and New Zealanders for service overseas in furtherance of the common cause.

The joint training will be carried on in Canada. The training in Australia and New Zealand will be confined to pupils from those countries. Training for the Royal Canadian Air Force will be merged with the joint training programme. Canada will necessarily have the predominant part in the joint training programme and Canada's participation will be a correspondingly decisive factor in its success. The joint training programme will be administered by the Canadian Government.

Steps are being taken to ensure that the plan in all its aspects, as regards both the training of personnel and the provision of the aircraft required, will be brought into full operation with all possible speed. In a short time many thousands of young men from different parts of the Commonwealth will be working and training side by side in the common effort to which they and their countries have devoted themselves.

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CONFIDENTIAL

December 8, 1939

BRITISH COMMONWEALTH AIR TRAINING PLAN

Agreement has now been reached by the Governments of the United Kingdom, Canada, Australia and New Zealand on a Co-operative Air Training Plan. The details of the agreement were under discussion for several weeks at Ottawa. They have since been approved by the Governments concerned.

The purpose of the plan, as it will be recalled, is to achieve, by co-operative effort within the British Commonwealth, air forces of overwhelming strength. The many varied details of a plan of the magnitude proposed have necessarily been the subject of prolonged and careful scrutiny.

The plan agreed upon will achieve a steadily increasing output of pilots, observers and air gunners, and will enable the four countries to meet the greatly increasing requirements of trained personnel for their respective air forces.

The air training programmes of the several countries have been so coordinated that full advantage will be taken of their existing establishments and, in particular, of the special facilities and great natural advantages for air training and the production of aircraft possessed by the Dominions.

The development of the plan will result in an extensive establishment of air training schools particularly in Canada. Schools for pilots will be set up in all the participating Dominions. Schools for air observers and wireless operator-air gunners will be set up in Canada

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and Australia only. All pupils in the categories of air observers and wireless operator-air gunners from New Zealand, and some of the pupils in these categories from Australia will be trained in Canada. Some of the pupils from Australia and New Zealand will get their advanced flying training in Canada. Pupils from the United Kingdom and Newfoundland will also be sent to Canada for training.

It was realized in the course of the conferences that the training facilities required in Australia and New Zealand would be capable of training a larger personnel than was needed to maintain the air forces of the two countries. It was later agreed that their facilities for training in excess of local needs would be used to train Australians and New Zealanders for service overseas in furtherance of the common cause. The training in Australia and New Zealand will be confined to pupils from those countries.

An outstanding feature of the plan is the programme of joint training. Of the joint training programme, Canada will be the focus. The effort which the Canadian Government will accordingly be called upon to make will constitute a correspondingly decisive factor in the success of the plan. The joint training programme will be administered by the Canadian Government. Training for the Royal Canadian Air Force will be merged with the joint training programme.

Steps are being taken to ensure that the plan, as regards both the training of personnel and the provision of the aircraft required, will be brought into full operation with all possible

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speed. In a short time many thousands of young men from different parts of the Commonwealth will be working and training side by side in the common effort to which they and their countries have devoted themselves.

With the completion of these negotiations, the world has once more been given a stirring proof of the manner in which the members of the British Commonwealth of Nations are determined to co-operate with each other and with their Allies to the full to ensure that the great causes for which they are contending shall prevail.

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SUMMARY OF

MEMORANDUM OF AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED KINGDOM, CANADA, AUSTRALIA AND NEW ZEALAND RELATING TO TRAINING OF PILOTS AND AIRCRAFT CREWS IN CANADA AND THEIR SUBSEQUENT SERVICE.

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1. It is agreed between the Governments of the United Kingdom, Canada, Australia and New Zealand that there shall be set up in Canada a co-operative air training scheme as set out in this agreement, and that the personnel so trained shall be allocated in accordance with Articles 14 and 15.

2. This Agreement shall become operative at once and shall remain in force until 31st March, 1943; unless, by agreement between the Governments concerned, it be extended or terminated at an earlier date.

GOVERNMENT OF CANADA THE ADMINISTRATOR

3. The Government of Canada will act as administrator of the scheme for itself and the other Governments concerned, as hereinafter provided, and it is understood that the undertakings given herein by the Government of Canada to the other Governments concerned are respectively subject to the due performance on the part of such Governments of their several undertakings given herein in support of the scheme.

4. The Government of Canada, acting as administrator, will endeavour to complete, as quickly as possible, the organisation it considers necessary to give outputs of pupils in the numbers and at the rates agreed upon.

AGREEMENT AS TO PUPILS AND INSTRUCTION

5. (*a*) The Governments of the United Kingdom, Australia and New Zealand will endeavour to send from time to time enough pupils for training to Canada to keep filled the agreed proportions of places in the various training schools in Canada. The numbers sent by the United Kingdom may include pupils from Newfoundland. The Government of the United Kingdom will also endeavour to send and the Government of Canada, as administrator of the scheme, undertakes to receive pupils for training in Canada in sufficient numbers to keep filled any deficiency in the supply of such pupils from Australia, New Zealand and Canada.

(*b*) The numbers, and the categories of pupils sent, may be varied from time to time by agreement between the Governments concerned.

(*c*) It is agreed that if the Governments of Canada, Australia and New Zealand fail to keep filled the training places allotted to them respectively they will nevertheless bear their full respective shares of the costs and expenses.

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6. Pupils sent for training in Canada under the provisions of Article 5 will receive pay, allowances and other emoluments in accordance with the provisions set out in Appendix II to this Agreement.

7. The training to be given shall be in accordance with the syllabus of instruction laid down for each similar course of training in the United Kingdom.

8. To assist in the carrying out of the training scheme, the Governments of the United Kingdom, Canada, Australia and New Zealand will lend personnel in such ranks and in such numbers as may be agreed upon with the Government of Canada as administrator of the scheme.

AGREEMENT AS TO COSTS AND EXPENSES

9. The share of the cost of the scheme to be borne by the Government of the United Kingdom will take the form of contributions in kind, to be delivered at such times and in such numbers as may be required for the efficient carrying out of the scheme. In addition, the Government of the United Kingdom will bear the cost of packing, loading and transporting to Canada the supplies she contributes in kind. The cost of unloading and of transportation in Canada will be borne by the Government of Canada, as administrator of the scheme.

The supplies to be provided by the United Kingdom Government under the foregoing arrangements may be varied from time to time by agreement between the Governments concerned.

10. The Governments of Canada, Australia and New Zealand agree that costs and expenses paid or incurred by the Government of Canada as administrator of the scheme (exclusive of the contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9) shall be apportioned between them as follows:—

(*a*) The Government of Canada will bear the whole costs and expenses of the Initial Training and Elementary Flying Training.

(*b*) The costs and expenses remaining will be shared between the Governments of Canada, Australia and New Zealand, in agreed percentages based on the numbers and categories of pupils they are entitled to have trained in Canada; and it is agreed that if any substantial changes in the allocations of training places are made by mutual agreement between the Governments concerned the percentages will be reviewed.

11. (*a*) Except for any advances made by the other Governments concerned, as provided for in clause (*b*) of this Article, the Government of Canada, as administrator of the scheme, will in the first instance advance all the costs and expenses incurred as such administrator under the provisions of this Agreement, and the Governments of Australia and New Zealand will repay to the Government of Canada, as herein provided for, in Canadian dollars, their share of the amounts so advanced, in the agreed proportions.

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(*b*) The Governments of the United Kingdom, Australia, and New Zealand will make advance payments necessary for pay and allowances, transportation charges, and other expenses during the journey to Canada in respect of pupils sent to Canada by such Governments for training, and for such other costs and expenses as may be agreed to from time to time; and the Governments of the United Kingdom, Australia, and New Zealand will, immediately after the end of each month, notify the Government of Canada, as administrator of the scheme, of the amounts of any advance payments made by them during such month and will, as soon as possible thereafter, send to the Government of Canada a detailed statement in respect of such advance payments.

(*c*) In connection with the repayments to be made by the Governments of Australia and New Zealand, as provided for in clause (*a*), due allowance will be made for any advance payments made and notified by the Governments of Australia and New Zealand under the provisions of clause (*b*).

(*d*) The Government of Canada, as administrator of the scheme, will refund to the Government of the United Kingdom any advance payments made by that Government under the provisions of clause (*b*), and the amount of such refunds shall be included in the costs and expenses of the scheme to be apportioned between the Governments of Canada, Australia, and New Zealand, as provided for in clause (*a*) and in Article 10.

(*e*) In this Agreement the term "costs and expenses" shall mean all expenditures, costs, charges and liabilities made or incurred by the Government of Canada, as administrator of the scheme, and without restricting the generality of the foregoing shall include:—

(i) Pay, allowances, and other expenses of the personnel lent under the provisions of Article 8 and a cash contribution (computed in accordance with recognized practice as between Governments in such cases) towards the future non-effective benefits of such personnel.

(ii) Pay, allowances, transportation charges, and other expenses connected with the training of Canadian pupils in Canada from the dates of their enlistment to the dates of their embarkation in Canada under the provisions of Article 16; or, in the case of Canadian pupils taken to fill vacancies in the Home Defence Squadrons of the Royal Canadian Air Force as provided for in Article 14, to the dates of their being so taken.

(iii) Pay, allowances, transportation charges, and other expenses connected with the training of pupils in Canada from the dates of their leaving the United Kingdom, Australia, New Zealand or Newfoundland for the purpose of taking up training in Canada to the dates of their embarkation in Canada under the provisions of Article 16.

But the term "costs and expenses" shall not include:—

(iv) The contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9.

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(v) Costs and expenses of clothing and personal equipment of pupils other than such replacements as may be necessary during the period of training and other than flying clothing and equipment.

(vi) Pensions or allowances to personnel lent under the provisions of Article 8 and to pupils or their dependents in respect of disability or death.

The costs and expenses mentioned in (v) and (vi) above will be borne by the Governments lending the personnel and sending the pupils in respect of whom such costs, expenses, pensions or allowances are incurred.

METHOD OF PAYMENT AND ACCOUNTING

12. The Governments of Australia and New Zealand will from time to time, within one month after a summarized statement of accounts has been presented to them (showing the payments made during the preceding month by the Government of Canada, as administrator of the scheme, and taking account of any receipts, and of any advance payments made and notified, as provided for in Article 11 (*b*), by the Governments of Australia and New Zealand, and also of any adjustments in respect of previous months) pay or cause to be paid to the Government of Canada their due proportion as agreed upon in Article 10 of the costs and expenses of the scheme as shown by such statement.

These monthly payments will be regarded as advances on account, and the costs and expenses of the scheme as at the end of each financial year will be finally adjusted and paid when the accounts for such year have been audited.

13. (*a*) The Government of Canada will, in consultation with the other Governments concerned, appoint an officer to act as its Financial Adviser in carrying out its functions as administrator of the scheme. Such proposals for expenditure as the said Financial Adviser may require shall be referred to him for approval and no expenditure on such proposals shall be incurred until his approval has been given. Any proposal disapproved by the Financial Adviser may, at the instance of the officers responsible therefor, be referred to the Minister of National Defence for final decision. Any reports made by the Financial Adviser shall be made available by the Government of Canada to all the other Governments concerned, and these latter shall be entitled to obtain from the Financial Adviser information on all matters affecting the cost of the scheme and their participation in it.

(*b*) Monthly financial statements shall be furnished by the Government of Canada to the Governments of Australia and New Zealand.

(*c*) A record of all expenditure and all sums received in connection with the training of pupils in Canada under this scheme will be maintained by the Comptroller of the Treasury of the Government of Canada, and will be audited by the Auditor General of Canada. This record will be made available after audit for examination by representatives of the Governments concerned.

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(*d*) The Government of Canada shall make available to the Governments of Australia and New Zealand, as early as possible after the close of each financial year ending the 31st March, a statement, accompanied by a certificate of the Auditor General, of the receipts and payments in connection with the scheme showing the expenditure under appropriate heads.

TRAINING FOR R.C.A.F. MERGED WITH JOINT TRAINING

14. It is agreed that the Government of Canada may, out of the Canadian pupils who complete their training under this scheme, fill vacancies which occur in the Home Defence Squadrons of the Royal Canadian Air Force. All the other pupils, on completion of their training, will be placed at the disposal of the Government of the United Kingdom, subject to that Government's making the arrangements indicated in Article 15, and bearing liability as provided for in Articles 16 and 17 of this Agreement.

MAINTENANCE OF IDENTITY AND CONDITIONS OF SERVICE

15. The United Kingdom Government undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-governmental discussions to this end.

16. The Government of the United Kingdom will, subject to the provisions of Article 17, provide the pay, allowances, pensions and other non-effective benefits, maintenance and other expenses of the pilots and aircraft crews who are trained in Canada (other than those made available for service with the Royal Canadian Air Force in accordance with the provisions of Article 14) with effect from the dates of their embarkation in Canada for service with, or in conjunction with, the Royal Air Force. The Government of the United Kingdom also undertakes to arrange for those pupils who are made available for service with, or in conjunction with, the Royal Air Force, to be embarked as speedily as possible after the completion of their training, and to defray the cost of their passages to the stations to which they are appointed on leaving Canada.

17. The pay, allowances, pensions and other non-effective benefits, maintenance and other expenses, for which the Government of the United Kingdom undertakes liability under the provisions of Article 16 will be as laid down in Royal Air Force regulations. If it should be decided by the Government of Canada, the Government of Australia, or the Government of New Zealand to supplement the amounts so issued, any such supplement will be borne by the Government concerned.

DISTRIBUTION OF ASSETS UPON TERMINATION OF AGREEMENT

18. The Government of Canada as administrator of the scheme will have charge of the assets acquired for the purposes of the scheme. On the termination of this Agreement such of the said assets as have been

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acquired and paid for as part of the cost of the scheme will be disposed of as follows:—

(*a*) Any land, but not buildings, structures or fixtures thereon, acquired or improved for the purpose of the scheme will become the property of the Government of Canada.

(*b*) The assets acquired for the purposes of the Initial Training Schools and the Elementary Flying Training Schools will become the property of the Government of Canada.

(*c*) All other assets, except those contributed in kind by the Government of the United Kingdom, will be shared between the Governments of Canada, Australia and New Zealand in the same proportions as are laid down in Article 10 for the apportionment of the costs.

(*d*) Any of the assets contributed by the Government of the United Kingdom which remain will revert to that Government.

The distribution of the assets under the above arrangements may be made in kind or otherwise, as may be agreed upon.

Communications between Governments

19. Arrangements will be made between the Governments concerned to facilitate communications between them under this Agreement or otherwise in connection with the Scheme either by means of cable or through representatives in Canada to be named by them.

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APPENDIX I

SUMMARY OF SCHOOLS REQUIRED

Programme of development of the training scheme in Canada

1. To produce the necessary output of pupils, the following schools will be necessary in Canada:—

Initial Training Schools	3
Elementary Flying Training Schools	13
Service Flying Training Schools	16
Air Observer Schools	10
Bombing and Gunnery Schools	10
Air Navigation Schools	2
Wireless Schools	4

2. The Flying Training and Air Observer Schools will be developed at rates which will provide for their peak capacity for training pupils being reached by the following number of weeks after the date of opening:—

Elementary Flying Training Schools	4	weeks
Service Flying Training Schools	12	"
Air Observer Schools	6	"

The remaining schools will open at full capacity.

3. It will also be necessary to establish:—

(i) Schools for the training of the staffs of the schools given in paragraph 1, and for the organization at (ii) below.
(ii) An appropriate command, recruiting and maintenance organization.

These will include—

(iii) Air Armament School	1	
(iv) School of Aeronautical Engineering	1	
(v) School of Administration	1	
(vi) Equipment and Accountant School	1	
(vii) Flying Instructors' School	1	
(viii) Recruit Depots	2	
(ix) Technical Training Schools	2	
(x) Repair Depots	3	
(xi) Equipment Depots	3	
(xii) Record Office	1	(or enlargement of existing organization).

The dates of formation and rate of development of these units will be governed by the dates of opening of the pilot and air training schools. (iii) to (ix) will cease to function, or will be reduced to the size necessary to meet wastage, as the scheme develops.

4. Table A shows the requirements in aircraft and personnel when the scheme is in operation.

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TABLE 'A'

PERSONNEL REQUIREMENTS

THE PERSONNEL REQUIRED TO MAN THE SCHOOLS, ETC. IN CANADA WHEN THE SCHEME IS IN FULL OPERATION IS AS UNDER

—	Officers	Airmen	Civilians	Works Maintenance personnel
Commands and Groups, and Extra Headquarters Organization	288	603	134	.....
Initial Training Schools	39	393	.....	36
Service Flying Training Schools	752	11,376	64	320
Air Observer Schools	250	2,470	.....	100
Bombing and Gunnery Schools	450	6,920	.....	150
Elementary Flying Training Schools	351	4,134	.....	130
Wireless Schools	96	1,284	.....	80
Air Navigation Schools	126	1,278	.....	40
Repair Depots	51	141	1,308	36
Equipment Depots	66	228	3,318	60
Technical Training Schools	41	627	.....	30
Records Office	14	277	.....	.....
Recruit Depots	28	424	.....	40
Recruiting Organization	134	211	105	.....
	2,686	30,366	4,929	1,022

(a) Civilians may replace a proportion of the airmen in certain units.

(b) The above table does not include schools, etc. which close as the scheme approaches completion; the personnel from these schools will be absorbed into other units.

(c) Some, or all, of the Elementary Flying Training Schools and Air Observer Schools may be organized on a civilian basis.

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APPENDIX II

CONDITIONS OF SERVICE OF PILOTS AND AIRCRAFT CREWS

(*a*). PUPILS FROM CANADA.

Enlistment.

Pupils will be enlisted in the Royal Canadian Air Force as Aircraftmen, Class II (standard group).

Rank during Training in Canada.

Course	*Rank*
Initial ground training	Aircraftman, Class II (standard group)
Pilot	Leading Aircraftman " "
Observer	" " " "
Wireless operator (air crew)	Aircraftman, Class II " "
Air gunner	" " " " "

Rank on completion of Training.

Duty	*Rank*
Pilot	*Sergeant (group B)
Observer	*Acting Sergeant (group C) / Sergeant (group B)
Wireless operator (air crew)	L.A.C., A.C. I or A.C. II (group B), according to percentage of marks obtained on passing out of training.
Air gunner	L.A.C., A.C. I or A.C. II (standard group), according to percentage of marks obtained on passing out of training.

Pay and additional pay will be at the rates and subject to the conditions laid down from time to time in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

During service in Canada, allowances, etc., will be admissible under the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

Pay, allowances, etc., during service with, or in conjunction with, the Royal Air Force.

On embarkation for service with, or in conjunction with, the Royal Air Force, officers and airmen will, subject to the conditions laid down in King's Regulations and Air Council Instructions, receive from the appropriate Royal Air Force paying authority the pay, allowances, etc., of the rank and branch (or group) in the Royal Air Force corresponding to that

* A number of pilots and observers will be selected, on passing out of training, for commissioned rank in the Royal Canadian Air Force (General List). Observers will be on probation as acting observer for a period (normally six months) after passing out of training.

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held in the Royal Canadian Air Force, except that the following special arrangements will be made in regard to the issue of allowances to dependents in Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which may be payable under Royal Air Force regulations will, if the family or other dependents reside in Canada, be credited to the Government of Canada, as administrator of the scheme, who will issue to the family or other dependents the allowance and assigned pay which may be payable under Royal Canadian Air Force regulations.

If the pay and allowances admissible under Royal Canadian Air Force regulations should exceed those admissible under Royal Air Force regulations, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Canada as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits under Canadian schemes will be paid by the Government of Canada, as administrator of the scheme, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

(*b*) Pupils other than those enlisted in the Royal Canadian Air Force, the Royal Australian Air Force and the Royal New Zealand Air Force.

Pupils other than those enlisted in the Royal Canadian Air Force, the Royal Australian Air Force and the Royal New Zealand Air Force will be enlisted in the Royal Air Force.

For the period of the journey to Canada, airmen of the Royal Air Force will receive pay, allowances, etc., at the rates and subject to the conditions laid down from time to time in King's Regulations and Air Council Instructions for the Royal Air Force.

During service in Canada, airmen of the Royal Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc., of the rank and group in the Royal Canadian Air Force, as appropriate under (*a*) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which would be appropriate under Royal Air Force regulations will, if the family or other dependent reside outside Canada, be issued by the Government of the United Kingdom, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airman will deduct from the airman's pay the amount of the assigned pay under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes and any insurance contributions (employers' and employees' shares) necessary to ensure benefits for United Kingdom airmen under United Kingdom schemes

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will be paid by the Government of the United Kingdom, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

(*c*) PUPILS SENT BY AUSTRALIA AND NEW ZEALAND.

Pupils sent by Australia and New Zealand will be enlisted in the Royal Australian Air Force and in the Royal New Zealand Air Force, respectively.

Pay, allowances, etc., for the period of journey to Canada.

For the period of the journey to Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will receive pay, allowances, etc., at the rates and subject to the conditions laid down from time to time in the Regulations for the Royal Australian Air Force and the Royal New Zealand Air Force, respectively.

Pay, allowances, etc., during service in Canada.

During service in Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc., of the rank and group in the Royal Canadian Air Force, as appropriate under (*a*) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which would be appropriate under Royal Australian Air Force or Royal New Zealand Air Force regulations will, if the family or other dependents reside outside Canada, be issued by the Government of Australia or the Government of New Zealand, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airman will deduct from the airman's pay the amount of the assigned pay chargeable under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits for Australian or New Zealand airmen under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

Pay, allowances, etc., during service with the Royal Air Force.

On embarkation for service with the Royal Air Force, officers and airmen will be attached to that force, and, subject to the conditions laid down in King's Regulations and Air Council Instructions, they will receive from the appropriate Royal Air Force paying authority the pay, allowances, etc., of the rank and branch (or group) in the Royal Air Force corresponding to that held in the Royal Australian Air Force or in the Royal New Zealand Air Force, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents in Australia or New Zealand.

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The allowances and compulsory allotment from pay in respect of family or other dependents which may be payable under Royal Air Force regulations will, if the family or other dependents reside in Australia or New Zealand, be credited to the Government of Australia or to the Government of New Zealand, who will issue to the family or other dependent the allowance and compulsory allotment from pay which may be payable under Royal Australian Air Force or Royal New Zealand Air Force regulations.

If the pay and allowances admissible under Royal Australian Air Force or Royal New Zealand Air Force regulations exceed those admissible under Royal Air Force regulations, and the Government of Australia or the Government of New Zealand decide that this difference is to be credited to the officer or airman, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Australia or the Government of New Zealand as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

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SUMMARY OF

Memorandum of Agreement between the Governments of the United Kingdom, Canada, Australia and New Zealand relating to training of pilots and aircraft crews in Canada and their subsequent service.

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1. It is agreed between the Governments of the United Kingdom, Canada, Australia and New Zealand that there shall be set up in Canada a co-operative air training scheme as set out in this agreement, and that the personnel so trained shall be allocated in accordance with Articles 14 and 15.

2. This Agreement shall become operative at once and shall remain in force until 31st March, 1943; unless, by agreement between the Governments concerned, it be extended or terminated at an earlier date.

Government of Canada the Administrator

3. The Government of Canada will act as administrator of the scheme for itself and the other Governments concerned, as hereinafter provided, and it is understood that the undertakings given herein by the Government of Canada to the other Governments concerned are respectively subject to the due performance on the part of such Governments of their several undertakings given herein in support of the scheme.

4. The Government of Canada, acting as administrator, will endeavour to complete, as quickly as possible, the organisation it considers necessary to give outputs of pupils in the numbers and at the rates agreed upon.

Agreement as to Pupils and Instruction

5. (*a*) The Governments of the United Kingdom, Australia and New Zealand will endeavour to send from time to time enough pupils for training to Canada to keep filled the agreed proportions of places in the various training schools in Canada. The numbers sent by the United Kingdom may include pupils from Newfoundland. The Government of the United Kingdom will also endeavour to send and the Government of Canada, as administrator of the scheme, undertakes to receive pupils for training in Canada in sufficient numbers to keep filled any deficiency in the supply of such pupils from Australia, New Zealand and Canada.

(*b*) The numbers, and the categories of pupils sent, may be varied from time to time by agreement between the Governments concerned.

(*c*) It is agreed that if the Governments of Canada, Australia and New Zealand fail to keep filled the training places allotted to them respectively they will nevertheless bear their full respective shares of the costs and expenses.

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6. Pupils sent for training in Canada under the provisions of Article 5 will receive pay, allowances and other emoluments in accordance with the provisions set out in Appendix II to this Agreement.

7. The training to be given shall be in accordance with the syllabus of instruction laid down for each similar course of training in the United Kingdom.

8. To assist in the carrying out of the training scheme, the Governments of the United Kingdom, Canada, Australia and New Zealand will lend personnel in such ranks and in such numbers as may be agreed upon with the Government of Canada as administrator of the scheme.

AGREEMENT AS TO COSTS AND EXPENSES

9. The share of the cost of the scheme to be borne by the Government of the United Kingdom will take the form of contributions in kind, to be delivered at such times and in such numbers as may be required for the efficient carrying out of the scheme. In addition, the Government of the United Kingdom will bear the cost of packing, loading and transporting to Canada the supplies she contributes in kind. The cost of unloading and of transportation in Canada will be borne by the Government of Canada, as administrator of the scheme.

The supplies to be provided by the United Kingdom Government under the foregoing arrangements may be varied from time to time by agreement between the Governments concerned.

10. The Governments of Canada, Australia and New Zealand agree that costs and expenses paid or incurred by the Government of Canada as administrator of the scheme (exclusive of the contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9) shall be apportioned between them as follows:—

(*a*) The Government of Canada will bear the whole costs and expenses of the Initial Training and Elementary Flying Training.

(*b*) The costs and expenses remaining will be shared between the Governments of Canada, Australia and New Zealand, in agreed percentages based on the numbers and categories of pupils they are entitled to have trained in Canada; and it is agreed that if any substantial changes in the allocations of training places are made by mutual agreement between the Governments concerned the percentages will be reviewed.

11. (*a*) Except for any advances made by the other Governments concerned, as provided for in clause (*b*) of this Article, the Government of Canada, as administrator of the scheme, will in the first instance advance all the costs and expenses incurred as such administrator under the provisions of this Agreement, and the Governments of Australia and New Zealand will repay to the Government of Canada, as herein provided for, in Canadian dollars, their share of the amounts so advanced, in the agreed proportions.

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(*b*) The Governments of the United Kingdom, Australia, and New Zealand will make advance payments necessary for pay and allowances, transportation charges, and other expenses during the journey to Canada in respect of pupils sent to Canada by such Governments for training, and for such other costs and expenses as may be agreed to from time to time; and the Governments of the United Kingdom, Australia, and New Zealand will, immediately after the end of each month, notify the Government of Canada, as administrator of the scheme, of the amounts of any advance payments made by them during such month and will, as soon as possible thereafter, send to the Government of Canada a detailed statement in respect of such advance payments.

(*c*) In connection with the repayments to be made by the Governments of Australia and New Zealand, as provided for in clause (*a*), due allowance will be made for any advance payments made and notified by the Governments of Australia and New Zealand under the provisions of clause (*b*).

(*d*) The Government of Canada, as administrator of the scheme, will refund to the Government of the United Kingdom any advance payments made by that Government under the provisions of clause (*b*), and the amount of such refunds shall be included in the costs and expenses of the scheme to be apportioned between the Governments of Canada, Australia, and New Zealand, as provided for in clause (*a*) and in Article 10.

(*e*) In this Agreement the term "costs and expenses" shall mean all expenditures, costs, charges and liabilities made or incurred by the Government of Canada, as administrator of the scheme, and without restricting the generality of the foregoing shall include:—

(i) Pay, allowances, and other expenses of the personnel lent under the provisions of Article 8 and a cash contribution (computed in accordance with recognized practice as between Governments in such cases) towards the future non-effective benefits of such personnel.

(ii) Pay, allowances, transportation charges, and other expenses connected with the training of Canadian pupils in Canada from the dates of their enlistment to the dates of their embarkation in Canada under the provisions of Article 16; or, in the case of Canadian pupils taken to fill vacancies in the Home Defence Squadrons of the Royal Canadian Air Force as provided for in Article 14, to the dates of their being so taken.

(iii) Pay, allowances, transportation charges, and other expenses connected with the training of pupils in Canada from the dates of their leaving the United Kingdom, Australia, New Zealand or Newfoundland for the purpose of taking up training in Canada to the dates of their embarkation in Canada under the provisions of Article 16.

But the term "costs and expenses" shall not include:—

(iv) The contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9.

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(v) Costs and expenses of clothing and personal equipment of pupils other than such replacements as may be necessary during the period of training and other than flying clothing and equipment.

(vi) Pensions or allowances to personnel lent under the provisions of Article 8 and to pupils or their dependents in respect of disability or death.

The costs and expenses mentioned in (v) and (vi) above will be borne by the Governments lending the personnel and sending the pupils in respect of whom such costs, expenses, pensions or allowances are incurred.

METHOD OF PAYMENT AND ACCOUNTING

12. The Governments of Australia and New Zealand will from time to time, within one month after a summarized statement of accounts has been presented to them (showing the payments made during the preceding month by the Government of Canada, as administrator of the scheme, and taking account of any receipts, and of any advance payments made and notified, as provided for in Article 11 (*b*), by the Governments of Australia and New Zealand, and also of any adjustments in respect of previous months) pay or cause to be paid to the Government of Canada their due proportion as agreed upon in Article 10 of the costs and expenses of the scheme as shown by such statement.

These monthly payments will be regarded as advances on account, and the costs and expenses of the scheme as at the end of each financial year will be finally adjusted and paid when the accounts for such year have been audited.

13. (*a*) The Government of Canada will, in consultation with the other Governments concerned, appoint an officer to act as its Financial Adviser in carrying out its functions as administrator of the scheme. Such proposals for expenditure as the said Financial Adviser may require shall be referred to him for approval and no expenditure on such proposals shall be incurred until his approval has been given. Any proposal disapproved by the Financial Adviser may, at the instance of the officers responsible therefor, be referred to the Minister of National Defence for final decision. Any reports made by the Financial Adviser shall be made available by the Government of Canada to all the other Governments concerned, and these latter shall be entitled to obtain from the Financial Adviser information on all matters affecting the cost of the scheme and their participation in it.

(*b*) Monthly financial statements shall be furnished by the Government of Canada to the Governments of Australia and New Zealand.

(*c*) A record of all expenditure and all sums received in connection with the training of pupils in Canada under this scheme will be maintained by the Comptroller of the Treasury of the Government of Canada, and will be audited by the Auditor General of Canada. This record will be made available after audit for examination by representatives of the Governments concerned.

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(*d*) The Government of Canada shall make available to the Governments of Australia and New Zealand, as early as possible after the close of each financial year ending the 31st March, a statement, accompanied by a certificate of the Auditor General, of the receipts and payments in connection with the scheme showing the expenditure under appropriate heads.

TRAINING FOR R.C.A.F. MERGED WITH JOINT TRAINING

14. It is agreed that the Government of Canada may, out of the Canadian pupils who complete their training under this scheme, fill vacancies which occur in the Home Defence Squadrons of the Royal Canadian Air Force. All the other pupils, on completion of their training, will be placed at the disposal of the Government of the United Kingdom, subject to that Government's making the arrangements indicated in Article 15, and bearing liability as provided for in Articles 16 and 17 of this Agreement.

MAINTENANCE OF IDENTITY AND CONDITIONS OF SERVICE

15. The United Kingdom Government undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-governmental discussions to this end.

16. The Government of the United Kingdom will, subject to the provisions of Article 17, provide the pay, allowances, pensions and other non-effective benefits, maintenance and other expenses of the pilots and aircraft crews who are trained in Canada (other than those made available for service with the Royal Canadian Air Force in accordance with the provisions of Article 14) with effect from the dates of their embarkation in Canada for service with, or in conjunction with, the Royal Air Force. The Government of the United Kingdom also undertakes to arrange for those pupils who are made available for service with, or in conjunction with, the Royal Air Force, to be embarked as speedily as possible after the completion of their training, and to defray the cost of their passages to the stations to which they are appointed on leaving Canada.

17. The pay, allowances, pensions and other non-effective benefits, maintenance and other expenses, for which the Government of the United Kingdom undertakes liability under the provisions of Article 16 will be as laid down in Royal Air Force regulations. If it should be decided by the Government of Canada, the Government of Australia, or the Government of New Zealand to supplement the amounts so issued, any such supplement will be borne by the Government concerned.

DISTRIBUTION OF ASSETS UPON TERMINATION OF AGREEMENT

18. The Government of Canada as administrator of the scheme will have charge of the assets acquired for the purposes of the scheme. On the termination of this Agreement such of the said assets as have been

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(v) Costs and expenses of clothing and personal equipment of pupils other than such replacements as may be necessary during the period of training and other than flying clothing and equipment.

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acquired and paid for as part of the cost of the scheme will be disposed of as follows:—

(*a*) Any land, but not buildings, structures or fixtures thereon, acquired or improved for the purpose of the scheme will become the property of the Government of Canada.

(*b*) The assets acquired for the purposes of the Initial Training Schools and the Elementary Flying Training Schools will become the property of the Government of Canada.

(*c*) All other assets, except those contributed in kind by the Government of the United Kingdom, will be shared between the Governments of Canada, Australia and New Zealand in the same proportions as are laid down in Article 10 for the apportionment of the costs.

(*d*) Any of the assets contributed by the Government of the United Kingdom which remain will revert to that Government.

The distribution of the assets under the above arrangements may be made in kind or otherwise, as may be agreed upon.

COMMUNICATIONS BETWEEN GOVERNMENTS

19. Arrangements will be made between the Governments concerned to facilitate communications between them under this Agreement or otherwise in connection with the Scheme either by means of cable or through representatives in Canada to be named by them.

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APPENDIX I

SUMMARY OF SCHOOLS REQUIRED

Programme of development of the training scheme in Canada

1. To produce the necessary output of pupils, the following schools will be necessary in Canada:—

Initial Training Schools	3
Elementary Flying Training Schools	13
Service Flying Training Schools	16
Air Observer Schools	10
Bombing and Gunnery Schools	10
Air Navigation Schools	2
Wireless Schools	4

2. The Flying Training and Air Observer Schools will be developed at rates which will provide for their peak capacity for training pupils being reached by the following number of weeks after the date of opening:—

Elementary Flying Training Schools	4 weeks
Service Flying Training Schools	12 "
Air Observer Schools	6 "

The remaining schools will open at full capacity.

3. It will also be necessary to establish:—

(i) Schools for the training of the staffs of the schools given in paragraph 1, and for the organization at (ii) below.

(ii) An appropriate command, recruiting and maintenance organization.

These will include—

(iii)	Air Armament School	1
(iv)	School of Aeronautical Engineering	1
(v)	School of Administration	1
(vi)	Equipment and Accountant School	1
(vii)	Flying Instructors' School	1
(viii)	Recruit Depots	2
(ix)	Technical Training Schools	2
(x)	Repair Depots	3
(xi)	Equipment Depots	3
(xii)	Record Office	1 (or enlargement of existing organization).

The dates of formation and rate of development of these units will be governed by the dates of opening of the pilot and air training schools. (iii) to (ix) will cease to function, or will be reduced to the size necessary to meet wastage, as the scheme develops.

4. Table A shows the requirements in personnel when the scheme is in operation.

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TABLE 'A'

PERSONNEL REQUIREMENTS

THE PERSONNEL REQUIRED TO MAN THE SCHOOLS, ETC. IN CANADA WHEN THE SCHEME IS IN FULL OPERATION IS AS UNDER

—	Officers	Airmen	Civilians	Works Maintenance personnel
Commands and Groups, and Extra Headquarters Organization	288	603	134	.....
Initial Training Schools	39	393	.....	36
Service Flying Training Schools	752	11,376	64	320
Air Observer Schools	250	2,470	.....	100
Bombing and Gunnery Schools	450	6,920	.....	150
Elementary Flying Training Schools	351	4,134	.....	130
Wireless Schools	96	1,284	.....	80
Air Navigation Schools	126	1,278	.....	40
Repair Depots	51	141	1,308	36
Equipment Depots	66	228	3,318	60
Technical Training Schools	41	627	.....	30
Records Office	14	277	.....	.....
Recruit Depots	28	424	.....	40
Recruiting Organization	134	211	105	.....
	2,686	30,366	4,929	1,022

(a) Civilians may replace a proportion of the airmen in certain units.
(b) The above table does not include schools, etc. which close as the scheme approaches completion; the personnel from these schools will be absorbed into other units.
(c) Some, or all, of the Elementary Flying Training Schools and Air Observer Schools may be organized on a civilian basis.

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APPENDIX II

CONDITIONS OF SERVICE OF PILOTS AND AIRCRAFT CREWS

(*a*) PUPILS FROM CANADA.

Enlistment.

Pupils will be enlisted in the Royal Canadian Air Force as Aircraftmen, Class II (standard group).

Rank during Training in Canada.

Course	*Rank*
Initial ground training	Aircraftman, Class II (standard group)
Pilot	Leading Aircraftman " "
Observer	" " " "
Wireless operator (air crew)	Aircraftman, Class II " "
Air gunner	" " " " "

Rank on completion of Training.

Duty	*Rank*
Pilot	*Sergeant (group B)
Observer	*{Acting Sergeant (group C) Sergeant (group B)
Wireless operator (air crew)	{L.A.C., A.C. I or A.C. II (group B), according to percentage of marks obtained on passing out of training.
Air gunner	{L.A.C., A.C. I or A.C. II (standard group), according to percentage of marks obtained on passing out of training.

Pay and additional pay will be at the rates and subject to the conditions laid down from time to time in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

During service in Canada, allowances, etc., will be admissible under the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

Pay, allowances, etc., during service with, or in conjunction with, the Royal Air Force.

On embarkation for service with, or in conjunction with, the Royal Air Force, officers and airmen will, subject to the conditions laid down in King's Regulations and Air Council Instructions, receive from the appropriate Royal Air Force paying authority the pay, allowances, etc., of the rank and branch (or group) in the Royal Air Force corresponding to that

* A number of pilots and observers will be selected, on passing out of training, for commissioned rank in the Royal Canadian Air Force (General List). Observers will be on probation as acting observer for a period (normally six months) after passing out of training.

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held in the Royal Canadian Air Force, except that the following special arrangements will be made in regard to the issue of allowances to dependents in Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which may be payable under Royal Air Force regulations will, if the family or other dependents reside in Canada, be credited to the Government of Canada, as administrator of the scheme, who will issue to the family or other dependents the allowance and assigned pay which may be payable under Royal Canadian Air Force regulations.

If the pay and allowances admissible under Royal Canadian Air Force regulations should exceed those admissible under Royal Air Force regulations, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Canada as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits under Canadian schemes will be paid by the Government of Canada, as administrator of the scheme, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

(*b*) PUPILS OTHER THAN THOSE ENLISTED IN THE ROYAL CANADIAN AIR FORCE, THE ROYAL AUSTRALIAN AIR FORCE AND THE ROYAL NEW ZEALAND AIR FORCE.

Pupils other than those enlisted in the Royal Canadian Air Force, the Royal Australian Air Force and the Royal New Zealand Air Force will be enlisted in the Royal Air Force.

For the period of the journey to Canada, airmen of the Royal Air Force will receive pay, allowances, etc., at the rates and subject to the conditions laid down from time to time in King's Regulations and Air Council Instructions for the Royal Air Force.

During service in Canada, airmen of the Royal Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc., of the rank and group in the Royal Canadian Air Force, as appropriate under (*a*) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which would be appropriate under Royal Air Force regulations will, if the family or other dependent reside outside Canada, be issued by the Government of the United Kingdom, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airman will deduct from the airman's pay the amount of the assigned pay under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes and any insurance contributions (employers' and employees' shares) necessary to ensure benefits for United Kingdom airmen under United Kingdom schemes

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will be paid by the Government of the United Kingdom, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

(*c*) PUPILS SENT BY AUSTRALIA AND NEW ZEALAND.

Pupils sent by Australia and New Zealand will be enlisted in the Royal Australian Air Force and in the Royal New Zealand Air Force, respectively.

Pay, allowances, etc., for the period of journey to Canada.

For the period of the journey to Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will receive pay, allowances, etc., at the rates and subject to the conditions laid down from time to time in the Regulations for the Royal Australian Air Force and the Royal New Zealand Air Force, respectively.

Pay, allowances, etc., during service in Canada.

During service in Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc., of the rank and group in the Royal Canadian Air Force, as appropriate under (*a*) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which would be appropriate under Royal Australian Air Force or Royal New Zealand Air Force regulations will, if the family or other dependents reside outside Canada, be issued by the Government of Australia or the Government of New Zealand, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airman will deduct from the airman's pay the amount of the assigned pay chargeable under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits for Australian or New Zealand airmen under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

Pay, allowances, etc., during service with the Royal Air Force.

On embarkation for service with the Royal Air Force, officers and airmen will be attached to that force, and, subject to the conditions laid down in King's Regulations and Air Council Instructions, they will receive from the appropriate Royal Air Force paying authority the pay, allowances, etc., of the rank and branch (or group) in the Royal Air Force corresponding to that held in the Royal Australian Air Force or in the Royal New Zealand Air Force, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents in Australia or New Zealand.

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The allowances and compulsory allotment from pay in respect of family or other dependents which may be payable under Royal Air Force regulations will, if the family or other dependents reside in Australia or New Zealand, be credited to the Government of Australia or to the Government of New Zealand, who will issue to the family or other dependent the allowance and compulsory allotment from pay which may be payable under Royal Australian Air Force or Royal New Zealand Air Force regulations.

If the pay and allowances admissible under Royal Australian Air Force or Royal New Zealand Air Force regulations exceed those admissible under Royal Air Force regulations, and the Government of Australia or the Government of New Zealand decide that this difference is to be credited to the officer or airman, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Australia or the Government of New Zealand as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

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PRESS CLIPPINGS

Office of The Prime Minister

C268201

Name of Publication Ottawa Citizen

Date December 9, 1939

Subject Air Training

Canada's Air Training Trust

Perhaps the greatest responsibility ever undertaken by Canada in peace or war is about to be announced. The survival of the British Commonwealth may depend upon the ability of Canada to carry out the air training scheme as it has been agreed upon at the conference of Empire representatives recently concluded in Ottawa.

Various figures have been quoted about the estimated cost of this air training work to be done in Canada. It may amount to more than 700 million dollars to be expended in three years. Canada will undertake to make it possible to train the fighting air forces of the British Commonwealth at the rate of 25,000 pilots annually. Canadian facilities are to provide for the training of young pilots from Australia, New Zealand and the United Kingdom as well as to bring the flower of Canada's youth into the air force.

It has been stated that ten men are needed on the ground to perform the work to maintain one war pilot in the air. For this ground work, most of the men may have to be mechanics or otherwise educated to the standard of technical school or college entrance. It is sufficient to consider this responsibility alone, the necessity of recruiting perhaps 250,000 men in Canada for the air training scheme, to appreciate the magnitude of the task immediately ahead.

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PRESS CLIPPINGS

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Subject: Air Training

Canada's Air Training Trust

Perhaps the greatest responsibility ever undertaken by Canada in peace or war is about to be announced. The survival of the British Commonwealth may depend upon the ability of Canada to carry out the air training scheme as it has been agreed upon at the conference of Empire representatives recently concluded in Ottawa.

Various figures have been quoted about the estimated cost of this air training work to be done in Canada. It may amount to more than 750 million dollars to be expended in three years. Canada will undertake to make it possible to train the fighting air forces of the British Commonwealth at the rate of 25,000 pilots annually. Canadian facilities are to provide for the training of young pilots from Australia, New Zealand and the United Kingdom as well as to bring the flower of Canada's youth into the air force.

It has been stated that ten men are needed on the ground to perform the work to maintain one war pilot in the air. For this ground work, most of the men may have to be mechanics or otherwise educated to the standard of technical school or college entrance. It is sufficient to consider this responsibility alone, the necessity of recruiting perhaps 250,000 men in Canada for the air training scheme, to appreciate the magnitude of the task immediately ahead.

At the same time, however, Canada must press on with great new airports, with paved surfaces nearly a mile in length to allow the heavy bombers to operate. No mere level field of turf is adequate for the landing of the gigantic war machines or for the fast fighting aircraft, designed as they are to fly at six miles a minute. During spring months in Canada, melting snow is liable to make training impossible unless landing fields and airports have paved surfaces. The construction work ahead may soon be making a heavy demand on Canadian manual labor.

There is also the actual building of aircraft in Canada to be considered. Perhaps most of the machines for training purposes may have to be imported. Until Canadian factories are turning out more aircraft as ordered, reliance must be largely on outside sources of supply. Eventually, however, Canada has to produce machines as well as to build new airports, keep thousands of aircraft in service and train 25,000 or more pilots annually.

Word is expected at an early date from the responsible authorities. General agreement has already been announced. It is a great trust, with Canada as the key nation in the British Commonwealth's effort to overwhelm the most dangerous challenge ever hurled by the forces of human tyranny against the principle of democracy.

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R.

C 268202 topic

Air Training

DEPT. OF EXTERNAL AFFAIRS

Prime Minister :-

Sir Gerald Campbell says he has a telegram saying the Canadian Government's views of Yesterday etc re Air Training are now being considered by the U.K. War Cabinet and they will telegraph again later

He asked if you were broadcasting tonight — I said of course not.

OSD

Ottawa, ~~Dec~~ Dec 11
6 15 pm.

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R.

A. & T.

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

C 268202

CODE

UNNUMBERED

OTTAWA, December 11th, 1939.

Unnumbered message. Following for Mr. Crerar, Begins:

Only point holding up signing of Air Training Agreement by Canada is unwillingness of the United Kingdom Government to accept our proviso that Canadian personnel from the air training plan will on request from the Canadian Government be organized in R.C.A.F. formations in the field. This is what our Government all along has understood. It is, of course, obvious that question of extent and rate at which R.C.A.F. formations would be organized would be question for decision in light of future circumstances. It might save time if you would let the British Government know how strongly our Government feel on this point. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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Air Training

C 268204

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

TELEGRAM

No.

MOST IMMEDIATE

CYPHER

OTTAWA, December 11th, 1939.

Your telegram December 11th received.

I note that your government have approved principles of training agreement, but prefer that signature be made in London after receipt and approval of full text. We are of course quite ready to concur in this arrangement, and after consultation with United Kingdom delegation, propose to arrange for initialling here, to be followed by signature of four copies of agreement. Copies will be sent to London for signature there. As regards making public statement at time you propose, it will not be possible to initial agreement for one or two days longer. As it is desired to make announcements simultaneous in the four countries, we shall endeavour, in consultation with United Kingdom representatives here, to suggest date of public statements and to give adequate notice of such date to other countries concerned.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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R.

Air Training

ODS/ET
11 Dec.1939

MEMORANDUM FOR THE
PRIME MINISTER:

C268205

11 Dec.

Attached is a 'most immediate' telegram which came in last evening indicating New Zealand's full concurrence in the air training announcement. The second sentence is ambiguous; it may mean that they do not intend to give their approval until they receive the full text,(which will be about a week from now when Saunders arrives in New Zealand),and when they have approved, that they will instruct their HighCommissioner in London to sign.

That is a matter,however,which I assume the United Kingdom will deal with. I am notifying Sir Gerald immediately, and also sending copies of the telegram to Defence,Finance and Transport.

If the Prime Minister of New Zealand is not to make a public statement on Tuesday evening, he will have to be notified very shortly,as eight o'clock Tuesday evening in New Zealand is about four o'clock Tuesday morning here. Mr.Savage says he has repeated his statement to London and Canberra.

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"R"

C 268206

FROM: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

MOST IMMEDIATE

CYPHER

Wellington, December 11, 1939

New Zealand Government concur in arrangements made for announcement on Training Agreement, principles of which have their full approval. On approval of full text instructions will be issued for signature by the High Commissioner for New Zealand in London. Public statement on lines similar to your own will be made in New Zealand on Tuesday evening. Repeated to London and Canberra.

PRIME MINISTER.

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"R"

C 268206

FROM: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

MOST IMMEDIATE

CYPHER

Wellington, December 11, 1939

New Zealand Government concur in arrangements made for announcement on Training Agreement, principles of which have their full approval. On approval of full text instructions will be issued for signature by the High Commissioner for New Zealand in London. Public statement on lines similar to your own will be made in New Zealand on Tuesday evening. Repeated to London and Canberra.

PRIME MINISTER.

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C 268207

CANADA

MINISTER OF NATIONAL DEFENCE

OTTAWA, December 8th, 1939.

Dear Mr. King:-

. I am enclosing herewith copies of correspondence exchanged with Lord Riverdale to-day with reference to paragraph 15 of the Memorandum of Agreement covering the British Commonwealth Air Training Programme.

Yours sincerely,

Norman A. L. Rogers

The Right Honourable
W. L. Mackenzie King,
Prime Minister,
Ottawa.

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COPY

C268208

OTTAWA, December 8, 1939.

My dear Lord Riverdale:

Paragraph 15 of the memorandum of agreement between the Governments of the United Kingdom, Canada, Australia and New Zealand, relating to training of pilots and aircraft crews in Canada, and their subsequent service, reads as follows:

> "The United Kingdom Government undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion Units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-governmental discussions to this end."

In accordance with our conversation of yesterday, I understand that you accept as the proper interpretation of this paragraph that Canadian personnel from the training plan will, on request from the Canadian Government, be organized in Royal Canadian Air Force units and formations in the field. I shall be obliged if you will confirm this interpretation of paragraph 15, by letter.

Yours sincerely,

(Sgd.) Norman McL. Rogers

The
Lord Riverdale,
Chairman,
United Kingdom Air Mission,
Room 435, House of Commons,
OTTAWA, Ontario.

ms

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COPY

UNITED KINGDOM AIR MISSION

C 268209

House of Commons
Ottawa

8th December, 1939.

Dear Mr. Rogers,

I have considered your letter of to-day's date, about the interpretation of paragraph 15 of the Memorandum of Agreement between the Governments of the United Kingdom, Canada, Australia and New Zealand, relating to training of pilots and aircraft crews in Canada, and I do not think that it would be in conflict with the provisions of paragraph 14 of that Agreement, in which it is stated that the pupils who complete their training, other than those placed at the disposal of the Government of Canada for the filling of vacancies which occur in the Home Defence squadrons of the Royal Canadian Air Force, will on completion of their training be placed at the disposal of the Government of the United Kingdom, for me to assure you that paragraph 15 of the Agreement implies that requests by the Canadian Government for the incorporation in Royal Canadian Air Force units in the field of Canadian pupils who have been trained in Canada under the Dominion Air Training Scheme will, in all circumstances in which it is feasible, be readily accepted by the Government of the United Kingdom.

Yours sincerely,

(Sgd) RIVERDALE

The Hon. Norman McLeod Rogers,
Minister of National Defence,
Ottawa.

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C268209 A

Points referred to in present memorandum to be brought to the attention of Lord Rennell.

If any question as to meaning of article 15 - this must be cleared up before article 14 can be finally settled by the Cabinet and before any opinion is given as to whether the Agreement - the whole Agreement - is consistent with the provisions of the Statute of Westminster.

If Lord Rennell cannot give the affirmative answer required, he must first be told - and it must be made clear to him - that the Agreement cannot be signed, the matter must be left in doubt - or the possibility of any Commonwealth Cabinet on

Dec 9. 1939

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STRICTLY CONFIDENTIAL

Ottawa, December 11th, 1939.

MEMORANDUM RE:

Air Training Scheme - organization of Canadians in R.C.A.F. units and formations.

1. On Friday evening, December the 8th, Mr. Rogers spoke to me on the telephone concerning the reply which he had just received from Lord Riverdale to his letter of December the 8th, regarding the interpretation of paragraph 15 of the Memorandum of Agreement. Mr. Rogers was sending copies of his letter and Lord Riverdale's reply, to the Prime Minister, and expressed the opinion that the terms of the reply were not satisfactory. I drew this to the attention of Mr. King.

2. On Saturday morning, December the 9th, the Prime Minister told me that he had considered the exchange of letters and agreed with Mr. Rogers that Lord Riverdale's reply was quite unsatisfactory. Before the Canadian government would agree to initial or sign the Memorandum, it would be necessary to obtain, from the United Kingdom Mission, a clear and unequivocal statement that, at the request of the Canadian government, Canadian personnel from the training plan would be organized in R.C.A.F. units and formations in the field. This was a matter of principle which had been discussed on several occasions in the Cabinet, and all members of the government were agreed that it was essential to Canadian participation in the Scheme. If Lord Riverdale was unable to give assurance, in this respect, on behalf of the U.K. government, it would be necessary for the Canadian government to communicate direct, so that there should be no doubt whatever on this point, before the Agreement was signed.

Subsequently I explained the Prime Minister's

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views to Mr. Ralston and Colonel Maclachlan. Mr. Ralston spoke to Lord Riverdale on the telephone on Saturday afternoon, and subsequently Colonel Maclachlan called on Lord Riverdale and explained the position of the Canadian government, at greater length. He reported to me, later, that Lord Riverdale had said that he would consult his colleagues of the Mission. It was Colonel Maclachlan's impression that the Mission intended to cable their government for instructions on the point.

3. On Sunday morning, December the 10th, Dr. Skelton, Colonel Maclachlan and I met Sir Gerald Campbell in Dr. Skelton's office, to discuss the question further. Sir Gerald urged that the Canadian government should agree to sign, the following day, without insisting upon an undertaking from the U. K. government on the matter of the organization of R.C.A.F. units and formations. The phrase "on request from the Canadian government" raised a difficult question. He had word from his government suggesting that difficulty would, in all probability, be encountered from Australia and New Zealand, if the United Kingdom were to give such an undertaking to Canada which would not extend to the other two Dominions. The United Kingdom were prepared to comply with the Canadian request concerning organization and administration of the plan and had already agreed to make the statement concerning the priority to be given to the Scheme in Canada's war effort. The organization of R.C.A.F. units and formations was a point which could safely be left to subsequent discussion between governments, under the terms of paragraph 15. The Canadian government should have confidence in the U. K. government that such discussions would lead to the "hammering out" of a satisfactory solution of the problem.

It was pointed out to Sir Gerald that the matter under discussion was not as he implied, a new question, but an old one. Colonel Maclachlan said that it had been the subject of discussion from the beginning of the negotiations; that the Canadian viewpoint in this respect had been well known to Captain Balfour, at least as early as November the 2nd, after the arrival of the Australian delegation; that the reason why it had not been covered in terms within paragraph 15 was because it was not possible to find a formula which would fit the

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C 268212

different views, on this subject, of the three Dominions concerned.

It was emphasized to Sir Gerald that the matter of the identification of Canadian personnel was regarded by the government as an essential feature of Canadian participation; that it had been discussed on many occasions by the Cabinet. Sir Gerald had spoken of confidence between governments in the working out of the plan. It was at least equally true that the United Kingdom should have confidence that the Canadian government would not make requests for the organization of R.C.A.F. units without preliminary exploration of the practical situation from the standpoint of joint military efficiency.

Sir Gerald reiterated the strong feeling of his government that the Memorandum should be signed immediately, particularly in view of the reports which had been made public. Further delay would create an unfavourable impression and might endanger the whole agreement.

Dr. Skelton, Colonel Maclachlan and I said that we would report to the Prime Minister the views of the U. K. government, as set out by Sir Gerald, and get into touch with him later in the day.

4. After lunch, Colonel Maclachlan saw Mr. Rogers at the hospital, and subsequently reported to me. He said that Mr. Rogers remained firmly of the view that a clear understanding should be reached with the U. K. government before the Agreement was signed. Perhaps it was unfortunate that the question had been put as a matter of interpretation of paragraph 15. It was rather that the admission of a principle was asked.

He would be prepared to regard an assurance by the U. K. government, that immediately following signature, an undertaking would be given that any request of the Canadian government concerning the organization of R.C.A.F. squadrons would be met, as sufficient. This might enable the Agreement to be signed at once, as the United Kingdom requested.

5. I reported to the Prime Minister, by telephone, the substance of our interview with Sir Gerald, and the suggestion which Mr. Rogers had made to Colonel Maclachlan.

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C 268213

The Prime Minister was emphatic that he could not and would not sigh any Agreement until a categorical undertaking had been given by the U. K. government with respect to the organization of R.C.A.F. squadrons from Canadian personnel. This matter was regarded by the whole Cabinet as absolutely essential and was a prerequisite to signature by the Canadian government. Trouble had arisen in the last war over exactly the same principle and the Canadian government's attitude must be quite clear and incapable of misunderstanding. If the U. K. High Commissioner and the U. K. Mission could not give the assurances required, the Canadian government would communicate directly with the U. K. government. Mr. Rogers' letter to Lord Riverdale did not represent a new request, but described the Canadian viewpoint which had been well known to those concerned with the negotiations, for some time. It was regarded as a fixed principle by the Cabinet.

6. At the Prime Minister's direction Colonel Maclachlan and I called later in the afternoon upon Sir Gerald Campbell, and explained the attitude of the Canadian government. It was quite impossible for Canada to sign until the point at issue had been completely cleared up. The issue was not a new one, as Sir Gerald appeared to think. Mr. Rogers' letter was simply intended to record an understanding which we had believed to have existed from an early stage of the negotiations. Lord Riverdale's reply to Mr. Rogers' letter came as a shock to the Canadian government, and far from satisfying our contention, it had, by the reservations which it contained, confirmed our view that the principle involved should be settled, quite clearly, before the Memorandum could be signed.

Sir Gerald reiterated what he had said in the morning, urged the importance of immediate signature, and pleaded for confidence that the United Kingdom would respect Canadian feeling in requests for the organization of R.C.A.F. units. He felt that the United Kingdom had already made several concessions in respect of the higher command, the priority to be given to the plan, and in other particulars, though strong arguments could be advanced for the contrary view, in each of these cases. It was impossible to give the assurance requested by Mr. Rogers, without referring further to London, and delay endangered the effect of the announcement of the Agreement.

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Sir Gerald was informed that it was quite impossible for the Canadian government to recede from the position which it had taken upon this question. It was a reasonable attitude - it had been taken from the beginning; it was not a new request raised at the last moment; it was essential from the public point of view in Canada. The Canadian government had shown and would continue to show their determination to support the common cause. If the U. K. authorities felt that to admit the principle contended for would hamper efficient military action in the field, they gave little credit to the Canadian authorities who were equally desirous that the joint effort should be just as effective as it could be. Confidence would have to be shown on the side of the U. K. government, as well as on that of the Canadian government.

Sir Gerald said that he would prepare a cable, at once, to his government, setting out the Canadian viewpoint, and that he would report immediately he had word from London.

A. D. P. H.

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ODS/ET
12 Dec.,1939

air training

MEMORANDUM FOR THE PRIME MINISTER:

C 268215

Attached is the telegram which went out last night. I notice the coders have used the word"formations" instead of "units and formations",but that is not of much importance.

Attached also is a telegram from the Prime Minister of New Zealand saying that they have postponed the broadcast by the New Zealand Minister of Defence on Air Effort until a later date. We shall have to try to give New Zealand and Australia adequate notice of the hour set for the press release or broadcasting here,whichever comes first.

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R.

Air T.

"R"

FROM: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON C 268216

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

MOST IMMEDIATE

SECRET

CYPHER

WELLINGTON, December 12th, 1939.

The proposed broadcast by New Zealand Minister of Defence on New Zealand Air Effort has been postponed until a later date.

PRIME MINISTER

Rec 'd Ottawa: 9.30 A.M.

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R.

Air T.

Air training

DRAFT CONCLUSION

JWP/MS
13.12.39

C 268217

Air power is essential to Britain and France, for the protection of their people and their industry, on which depends their capacity to carry on the war successfully. In expanding Canada's effort overseas, every dollar we spend on the air arm is likely to add more to the power and strength of Britain and France than the same dollar can add when spent in any other way. Canada is acting, therefore, on the sound military principle of securing the greatest available strength for a given expenditure of effort, in concentrating on the development of that power from the skies, which may be decisive in the present struggle.

It is vital for us to remember that, in the vast expansion of air power which Canada has undertaken, in collaboration with her partners in the British Commonwealth, more than dollars are involved. The greatest of all our assets, the lives of our young men are being pledged. Like our soldiers and our sailors, the pilots and airmen to be trained in thousands in Canada are going forth to battle in the sacred cause of Freedom.

If we fail to use our geographical advantages, our mechanical skill and our material resources effectively, our cause will not prevail. The triumph of our cause will, however, depend even more on the preservation of

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C 268218

the tremendous moral advantage with which we entered the struggle. It will be fatal to allow our pre-occupation with the means of carrying on the war to obscure the great end for which it is being fought. Young Canadians are preparing to lay down their lives for the preservation of the free civilization which is at stake. All Canadians, young and old, have a duty to safeguard, at home, the freedom of the mind and of the soul, which we have taken up arms to defend.

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ODS/AH

December 13th,1939.

MEMORANDUM FOR THE PRIME MINISTER.

C268219

AIR TRAINING.

No direct telegram has yet been received on this subject and I have no communication from Sir Gerald Campbell on the matter.

I am perhaps unduly apprehensive, but I do feel there is a certain ambiguity in our proposal that the United Kingdom agree "that Canadian personnel from the training plan will on request from the Canadian Government be organized in Royal Canadian Air Force units and formations in the field." The arguments used by some of the proponents of this policy would lead logically to our undertaking to organize and maintain at the front all Canadian trainees. In any case there will be real difficulty in insisting on the one hand on our right to organize trainees in Royal Canadian Air Force units and on the other on the United Kingdom meeting the costs of the maintenance. There are, of course, various compromises that can be worked out whether on the line of our paying salaries of the men as distinct from the upkeep of machines or maintaining pilots and observers without ground crews or contenting ourselves with organizing a limited number of squadrons, but I do

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C268220

feel from what little I know of the discussions on these points that there is some danger of sliding into a position where we would have no answer either to the British Government or to some vociferous elements in the Canadian public if it were suggested that if we call the tune we should pay the Piper. I understood the eventual Empire Air Force of 196 squadrons would cost six hundred million pounds a year to maintain. Assuming that five-ninths of the men came from the Dominions and slightly over half of these from Canada it would mean £170,000,000 or $750,000,000 a year for this branch alone of our war effort.

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R.

ODS/ET
13 Dec.1939

MEMORANDUM FOR THE PRIME MINISTER:

Records Room

C 268221

After your telephone conversation at noon today, I telephoned Sir Gerald Campbell, asking him if there was any information yet as to the United Kingdom reply on the air training question. Sir Gerald said "Nothing definite yet". He understood Ministers' Committee had discussed the matter and that the War Cabinet was dealing with it this morning. A telegram would then be framed and we should get it some time this afternoon or evening. I informed him that the Cabinet had endorsed the position taken with regard to the C.A.F. matter. If the United Kingdom reply was in the affirmative, the Prime Minister would be prepared to initial the agreement at once. If it was in the negative, we should like to know exactly what the reasons advanced were so that they might be given immediate consideration.

. S.

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Dec 14-39

Several changes agreed to in Cabinet — as presented to Imp. Conference — 2nd par. not needed

In agreements made under Article 15, the United Kingdom Government will accept the principle that when Royal Canadian Air Force personnel ~~both~~ flying ~~and ground~~ are available in sufficient numbers ~~wholly~~ or predominately to man complete units, ~~they~~ shall, ~~at the request of the~~ Canadian Government be organized into units or formations of the Royal Canadian Air Force in the field.

In view of the fact that large numbers of Canadian ground personnel who would otherwise be available to man Royal Canadian Air Force units or formations in the field are absorbed by the requirements of the training scheme, the United Kingdom Government undertakes to help ~~in~~ make possible the formation of Royal Canadian Air Force units and formations either by giving training in the United Kingdom to ground personnel of the Royal Canadian Air Force or, as soon as practicable, by sending to Canada skilled tradesmen of the Royal Air Force to release the Canadian ground personnel required for the purpose of forming Royal Canadian Air Force squadrons for service overseas or by utilizing both of these methods.

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R.

Air T.

Dec 15 -
Statement of Lord Rowallan as
reported & known - agreed -
If known - if any comment concerning
of anyone - Lord Rowallan - before
Lord Rowallan
must approach
Cabinet might decide
- his report both
before
(you also may
carry on
of the
an appeal

Ottawa, December 15, 1939

C 268223

Replying to your letter of December the 8th, knowing as the earnest desire of the United Kingdom Government that the Royal Canadian Air Force shall be directly represented in the field, I can readily agree that in carrying out paragraph 15 the United Kingdom Government will, if requested by the Canadian Government, arrange that the Canadian personnel from the training plan will be organized as Royal Canadian Air Force Units and formations in the field; the detailed methods by which this will be done to be arranged by an inter-departmental committee to be appointed for this purpose under paragraph 15.

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AirT.

Dec 15

Draft of Statement on handed over
by Lord Hankey after London
Conference re Empire
Defence. Made up of
Extracts from Conclusions as amended
-ndered on pages 4 Paragraphs 2 & 3 respectively

C268224

Knowing the earnest desire of the United Kingdom Government that the Royal Canadian Air Force shall be ~~fully~~ directly represented in the field, I can readily agree that in carrying out paragraph fifteen, the United Kingdom will, if requested by the Canadian Government, organize Royal Canadian Air Force units and formations in the field.

The detailed methods by which this will be done to be arranged by an inter-governmental committee to be appointed for this purpose under paragraph fifteen.

"as" includes in and something more

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R.

MEMORANDUM
Office of the Prime Minister C 268225

Ottawa, ...

Col. Heeney.

This is Col Ralston's revised letter to Riverdale.

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R.

Air T.

C268226

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa, December 15, 1939.

The Right Honourable Lord Riverdale, K.B.E.,
2 Mt Pleasant
Ottawa, Ontario.

Dear Lord Riverdale:

This morning you asked if I would meet you in order that, together, we might endeavour to reach a decision with respect to the one matter which has been holding up the signing of the agreement respecting the Joint Air Training Plan.

I met you at my office, and together we discussed the matter both before and after luncheon; before luncheon, in the presence of my colleague, the Minister of Finance, and after luncheon, in the presence of my colleagues, the Minister of Finance and the Minister of National Defence.

At the beginning of the afternoon's conversations, you presented us with a statement which you said you were prepared to embody in a letter to Mr. Rogers in reply to his letter to you of December the 8th. In the course of our conversations, a few slight changes were made in the statement. The statement was then rewritten in the light of these modifications, to read as follows:

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C268227

"Replying to your letter of December the 8th, knowing the earnest desire of the United Kingdom Government that the Royal Canadian Air Force shall be directly represented in the field, I can readily agree that in carrying out paragraph 15 the United Kingdom Government will, if requested by the Canadian Government, arrange that the Canadian personnel from the training plan will be organized as Royal Canadian Air Force Units and formations in the field. The detailed methods by which this will be done to be arranged by an intergovernmental committee to be appointed for this purpose under paragraph 15.

You stated repeatedly that you were prepared to reply to Mr. Rogers' letter in the terms of the statement above set forth, if, on behalf of my colleagues, I would agree to this being a satisfactory reply.

As you will recall, I took the position with each of my colleagues that ~~your~~ statement accurately embodied what the government ~~had accepted as the proper interpretation of~~ paragraph 15 of the Memorandum of Agreement, and I agreed to the letter which you proposed to send Mr. Rogers, and upon its receipt by him, ~~consented~~ to sign the agreement itself on behalf of the government of Canada.

At the time of this understanding between us, there was no question of the statement being subject to further revision.

In the concluding paragraph of your letter this evening, just received, a ~~condition~~ which was never so much as referred to in any conversations I have had with you is now being made a condition precedent to a reply on your part to Mr. Rogers' letter in the terms agreed to this afternoon.

My colleagues and I are prepared to abide by the terms of the agreement reached with you this afternoon, and as soon as Mr. Rogers' letter has been replied to in accordance with the statement handed to

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A) This factor is that the organization of R.C.A.F. units is to be measured by the cold consideration of financial contribution, disregarding entirely Canada's heavy contribution of fighting men in the way of pilots, observers and gunners.

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us and agreed upon, I am prepared, on behalf of the government, to sign the Memorandum of Agreement.

~~As a criterion of identification, any financial condition is something quite new and one which has never before been proposed. I regret to have to inform you that any such criterion is not acceptable to my colleagues and myself.~~

Yours sincerely,

regret to have to inform you

~~the condition~~ ~~therefore~~

that the Government regards consent ~~as~~ ~~of~~ your letter as a ~~satisfactory~~ reply to the above letter.

~~in~~

in reference to this vital matter

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UNITED KINGDOM AIR MISSION

C 268230

HOUSE OF COMMONS,
OTTAWA,

15th December, 1939.

My dear Prime Minister,

I have discussed on the telephone this evening with Sir Kingsley Wood the matters which formed the subject of our conversation this afternoon relating to the letter which I received on the 8th December from the Minister of National Defence on the meaning of paragraph 15 of the Memorandum of Agreement.

I have now been authorised to reply to the above mentioned letter from Mr. Rogers in the following terms:-

"On the understanding that the numbers to be incorporated at any time would be the subject of agreement between the two Governments, the United Kingdom Government accepts in principle as being consonant with the intention of paragraph 15 of the Memorandum of Agreement that the United Kingdom Government on the request of the Canadian Government would agree to the incorporation of Canadian pupils when passing out from

the/

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

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HOUSE OF COMMONS,
OTTAWA,

the training scheme into units of the Royal Canadian Air Force in the field

"The detailed method by which this will be done will be arranged by an Inter-Governmental Committee for this purpose under paragraph 15.

"It would be a condition that the factor governing the numbers of such pupils to be so incorporated at any one time should be the financial contribution which the Canadian Government have already declared themselves ready to make towards the cost of the training scheme".

If the foregoing proposals meet with the approval of the Canadian Government I am authorised to sign the Memorandum of Agreement forthwith.

Yours sincerely,

Macdonald

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COPY/G

C 268232

Ottawa, December 15, 1939

The Right Honourable Lord Riverdale, K.B.E.,
Chairman,
United Kingdom Air Mission,
Ottawa, Ontario.

Dear Lord Riverdale:

This morning you asked if I would meet you in order that, together, we might endeavour to reach a decision with respect to the one matter which has been holding up the signing of the agreement respecting the Joint Air Training Plan.

I met you at my office, and together we discussed the matter both before and after luncheon; before luncheon, in the presence of my colleague, the Minister of Finance, and after luncheon, in the presence of my colleagues, the Minister of Finance and the Minister of National Defence.

At the beginning of the afternoon's conversations, you presented us with a statement which you said you were prepared to embody in a letter to Mr. Rogers in reply to his letter to you of December the 8th. In the course of our conversations, a few slight changes were made in the statement. The statement was then rewrittem in the light of these modifications, to read as follows:

> "Replying to your letter of December the 8th, knowing the earnest desire of the United Kingdom Government that the Royal Canadian Air Force shall be directly represented in the field, I can readily agree that in carrying out paragraph 15 the United Kingdom Government will, if requested by the Canadian

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"Government, arrange that the Canadian personnel from the training plan will be organized as Royal Canadian Air Force Units and formations in the field. The detailed methods by which this will be done to be arranged by an intergovernmental committee to be appointed for this purpose under paragraph 15."

You stated repeatedly that you were prepared to reply to Mr. Rogers' letter in the terms of the statement above set forth, if, on behalf of my colleagues, I would agree to this being a satisfactory reply.

As you will recall, I took the position with each of my colleagues that the above statement accurately embodied what the government had considered acceptable as the policy to be followed in carrying out paragraph 15 of the Memorandum of Agreement, and I agreed to the letter which you proposed to send Mr. Rogers, and that upon its receipt by him, I would sign the agreement itself on behalf of the government of Canada.

At the time of this understanding between us, there was no question of the statement being subject to further revision.

In the concluding paragraph of your letter this evening, just received, a factor which was never so much as referred to in any conversations I have had with you is now being made a condition precedent to a reply on your part to Mr. Rogers' letter in the terms agreed to this afternoon. This factor is that the organization of R.C.A.F. units is to be measured by the cold consideration of financial contribution, disregarding entirely Canada's heavy contribution of fighting men in the way of pilots, observers and gunners.

My colleagues and I are prepared to abide by the terms of the agreement reached with you this afternoon, and as soon as Mr. Rogers' letter has been replied to in accordance with the statement handed to

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us and agreed upon, I am prepared, on behalf of the government, to sign the Memorandum of Agreement.

I regret to have to inform you that, in reference to this vital matter, the government cannot regard your letter as a satisfactory reply to Mr. Rogers' letter.

Yours sincerely,

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C268234

On the understanding that the numbers to be organized at any time would be the subject of discussion between the two governments, the United Kingdom Government accepts in principle, as being consonant with the intention of paragraph 15 of the memorandum of agreement, that the United Kingdom Government, on the request of the Canadian Government, would agree to the organization of Canadian pupils, when passing out from the training scheme as units of the Royal Canadian Air Force in the field.

The detailed method etc.

That Canadian pupils in the field will be under the command of Canadian officers in a manner similar to that of other Canadian forces in the field. This might be done by the organization, etc.

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R.

Ans T.

C 268235

Ottawa
December 16th, 1939

On the understanding that the numbers to be incorporated or organized at any time will be the subject of discussion between the two governments, the United Kingdom Government accepts in principle as being consonant with the intention of Paragraph 15 of the Memorandum of Agreement, that the United Kingdom Government, on the request of the Canadian Government, would arrange that the Canadian pupils, when passing out from the Training Scheme, would be incorporated in or organized as units and formations of the Royal Canadian Air Force in the field. The detailed methods by which this can be done would be arranged by an intergovernmental committee for this purpose under Paragraph 15.

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OFFICE OF THE PRIME MINISTER C 268236

MEMORANDUM

Prime Minister

Col. MacLaughlin & Air Vice Marshal Croil have settled with Sir Robert Brooke-Popham and Wg. Cdr. Strathan on the attached formulae which Col. MacLaughlin and our Air Vice Marshal regard as satisfactory. Brooke Popham and Strathan are conferring now to find out if Lord Riverdale agrees. Wg. Rogers is agreeable

I shall await you in the ante-room.

Col. MacLaughlin & Croil are in my room.

Dec 14

A. D. P.-H.

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C 268237

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF AUSTRALIA, CANBERRA.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

EN CLAIR CANBERRA, December 15th, 1939.

An Agreement has been signed by the Governments of the United Kingdom and Australia as part of the vast Empire Scheme of Air Training, the Prime Minister (Mr. Menzies) said today.

The whole scheme involves the expenditure of millions of pounds, the training of many thousands of pilots, observers and air gunners in Empire countries and the mobilisation of men and modern aircraft in an Empire air effort which will play a decisive part in this war.

The Empire scheme will afford a remarkable example of the unity and strength of Great Britain and the Dominions working together for supremacy in the air.

The extent of Australia's participation is in keeping with the bold sweep of the whole scheme. Australia will make a substantial contribution to the pooling of Empire air resources in this spectacular project. Not only will we be a unit in the massed Empire forces but we will add immeasurably to the defence strength of the Commonwealth by creating in Australia an organization which will be much bigger than we could ever have hoped to attain by ourselves.

At the Conference recently held in Ottawa between representatives of the Governments concerned in the air scheme, Australia sought and obtained the right to train completely a substantial proportion of the Australian quota of men in our own country. As the first objective of the scheme contemplates an Australian quota of 26,000 men the importance of this feature in increasing the strength of our own air arm may be appreciated.

The original conception of the scheme was that all Dominions should undertake their own elementary training but that all service training should be carried out in Canada owing to its special advantages in being closest to the United Kingdom, its

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greater potentiality for the manufacture of service type of aircraft and its proximity to the great resources of the United States of America.

Having regard to current economic considerations, the avoidance of exchange difficulties and the contribution the scheme will make to national security, both during the war and from the residual value of the organisation developed, the Commonwealth Government represented that in addition to the elementary training of the full quota of pilots and the initial training of the full quota of air crews the service training of personnel should be carried out in Australia to the maximum of our resources, leaving only a relatively small proportion to be undertaken in Canada. Arrangements on these lines have now been made by Mr. Fairbairn.

An outline of the scheme as accepted is as follows:

PERSONNEL TO BE PROVIDED

On a population basis the Commonwealth is to train as soon as possible as a first objective a total of approximately 26,000, comprising 10,400 pilots and 15,600 observers and wireless operators and air gunners. All personnel will receive their elementary training in Australia and all will be completely trained in Australia, except some thousands who will receive their service training in Canada.

AIRCRAFT

Elementary Trainers

Australia is to provide all elementary training aircraft to be used in Australia but Great Britain will contribute free 50 per cent of the engines required in kind or in cash.

Intermediate Trainers

Australia is to provide all Wirraways for intermediate training but Great Britain will contribute the cost of a large number of Wirraways, calculated on the price of the corresponding type in United States of America or provide in kind an equivalent number of similar aircraft to the extent necessary to supplement local production advanced training and service training aircraft.

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Great Britain will contribute free all aircraft required in Australia for advanced training of pilots and for the training of air crews, except for the small number of aircraft necessary for the wireless training of air gunners. The types which will be supplied for this purpose will be Fairey Battles and Avro Ansons.

Wastage, Replacement and Spares

Great Britain will contribute free all aircraft to replace wastage of those originally contributed, also the appropriate maintenance spare parts.

Training Schools in Australia

Australia will accept responsibility for the establishment and maintenance of the necessary training schools and establishments in Australia except for the contribution in aircraft by Great Britain. The existing air force training organisation will be expanded considerably and the new schools to be formed are:

3 Initial Ground Training Schools,

9 Elementary Flying Training Schools,

7 Service Flying Training Schools,

4 Air Observers' Schools,

4 Bombing and Gunnery Schools,

4 Wireless Air Gunners' Schools,

1 Wireless Operators' School,

2 Air Navigation Schools.

INSTRUCTORS

Great Britain offers to provide on loan under the usual conditions the instructors necessary to supplement those which can be provided from our own resources.

Retention of Australian Identity

All trainees will be enlisted in the Royal Australian Air Force and on completion of training will be attached to the Royal Air Force from the date of embarkation for Great Britain, those completing air training in Canada will be attached to the Royal Canadian Air Force whilst in that country.

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The details of the allotment and organisation of Australians in the Empire Air Force have not been finally determined but the Government has laid it down and it has been agreed that their Australian identity is to be retained as far as possible.

Pay of Personnel

Australia will accept the responsibility for all pay and allowances whilst personnel are serving in Australia.

Great Britain will bear the cost of pay, allowances and pensions at English rates from date of embarkation for England.

The pay of the quota being trained in Canada will be borne pro rata by all Governments at Canadian rates of pay until completion of service training.

The relation of these provisions to Australian rates of pay and pensions is being examined.

COST

The cost of the training to be carried out in Australia has not yet been worked out in detail. An approximate estimate of the capital expenditure involved is £20,000,000 (Australian) and the maintenance expenditure for a full year at the maximum output (which will not of course be attained for some time) be £15,000,000 (Australian). The total cost of the scheme within the next three years is estimated to be not less than £50,000,000 (Australian)

I would express the Governments appreciation of the able manner in which my colleague, the Minister for Air, has carried out the negotiations at Ottawa.

This scheme from the Australian aspect is one in which we have an aptitude for a notable contribution by reason of our growing air mindedness, ideal flying conditions and aviation resources both air force and civil which were expended and developed as a matter of definite policy in the years preceding the war. The large proportion of local expenditure will be of some advantage and the aircraft industry will be greatly stimulated. The existence of extensive training establishments and large numbers of instructors, the great increase in the number of aircraft in the country and

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the regular output of pilots and crews will add to the defensive strength of the Commonwealth and render it more able to play its part in the war effort of the Empire generally. Message ends.

PRIME MINISTER

Rec'd Ottawa: 3.45 P.M.

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C268242

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA

MOST IMMEDIATE

CODE

No. 24 Ottawa, December 15th, 1939.

Am much obliged by your advising me in your telegram of this date of your intention to make statement for publication in the Australian press of Saturday morning. Understanding here has been that agreed public statement would be issued in all four capitals at agreed time after initialling of memorandum. I believe United Kingdom authorities have taken up this matter with you. This agreed statement could then be followed by individual supplementary statements as each Government thought desirable. We are hoping very shortly to arrange matters for final initialling here and in that event would suggest the time for simultaneous release. I very much hope it will be possible for you to postpone statement in the meantime.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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Ottawa
December 16, 1939
7:30 p.m.

C 268243

Comments by Col. Ralston

Brooke-Popham wished to strike out the word "the" before: "arrange that the Canadian pupils, etc." Ralston said he would not slaughter his own child; that the objective of the Agreement was to have all the Canadians formed into formations and units under their own command. That was the objective, and we wish to be free to say that, though we realized that it might not be possible to reach the objective. That the Canadian Government was conceding three factors; no one of which, strictly speaking, should be conceded. In the first place, they were allowing use in the memorandum of the word "numbers" - "that the numbers to be incorporated, etc." Secondly, they were asking the British Government to agree only in principle; and in the third place, they were leaving the working out of the scheme to an inter-governmental committee.

He said that Brooke-Popham wanted to have inserted the words: "the extent to which....." before the words: "the detailed methods by which...." but Ralston said he had already gone as far as he should go in meeting that point by agreeing to the reference to numbers, above. He, however, made this concession

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to Brooke-Popham: The draft had stood: "The detailed methods by which this would be done will be arranged....." He agreed to change the "will" to "can". This pleased Lord Riverdale very much. Brooke-Popham said he didn't see any difference, and asked what it meant. Ralston said it meant what it said: "That if it can be done, it should be done; if it can't be done, it can't be done." That that was something the Committee would work out and decide upon. By substituting "can" instead of "will" he had made the path easier. That if it can't be done, it won't be insisted upon.

I told Ralston that I would agree to the above text as an answer to Rogers' letter by Lord Riverdale, and I would undertake to speak for both Rogers and Howe. That, if he himself was agreeable and satisfied, I would be satisfied.

He asked me whether I felt that we should concede the words: "the extent to which." I was rather hesitant in my reply, and tried to indicate that I would go that far, inasmuch as it clearly is not going to be possible to include every individual. On the other hand, I agreed with Ralston that the third concession, above mentioned, afforded all that is necessary by way of protection to the British Government in that connection.

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Ralston is leaving in an hour for Montreal by plane. He has offered to stay behind if necessary.

Ralston said that Lord Riverdale was all right. That he thought he was anxious to have this matter concluded for my birthday. I told Ralston that I thought it should be concluded tonight, so that it would be broadcast on my birthday.

I told Ralston to advise Riverdale of my willingness to accept the above draft, and of my readiness and desire to sign the agreement tonight. I suggested to Ralston to ring up Riverdale again, not only to tell him what I was prepared to agree to, but that I wanted to point out to him that our men would be landing at once, and that our Tuesday's papers would be devoted to that event. That I thought it would be very unfortunate if the Air Training project would be announced at the same time as the landing of our troops. That the benefit of both would be, in large part, destroyed. That I thought the advantage to the British Empire in raising the spirits of its people, and the corresponding psychological effect in the spirits of the enemy would be very great if we could announce the Air Training Scheme in advance of the landing of our men and have one big stroke follow within a day or two of each other. That I thought he would realize the political significance of this and what

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his Government would wish to have done. And that I was speaking to him as Prime Minister of Canada, urging this on behalf of Canada's effort, and also on behalf of the British people themselves, and that I wanted him to see that this fact was made known to Chamberlain. That I regarded it as of the greatest possible importance.

Ralston rang me back after he had had his talk and said that Riverdale was much impressed by what I had said in this regard. That he would ring me up later on. (I had indicated my willingness to have him do so.) He had told Ralston he was having a very difficult time with Sir Brooke-Popham. That he wanted further time to think the matter over quietly. That he, Riverdale, was quite satisfied with the statement, and was anxious to have the matter settled at once.

Ralston said he would be at his office for another hour before taking the plane for Montreal, but would stay on for another hour if I wished him to do so.

W. L. M. K.

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R.

PRESS CLIPPINGS C268247 Office of The Prime Minister

Name of Publication Ottawa Evening Journal

Date December 15, 1939

Subject Air Training (Australia's part in scheme)

Will Train 26,000 Three-Year Cost Of $178,000,000

Australia Signs Empire Air Agreement— Premier Menzies Explains Pact

SYDNEY, Australia, Dec. 15.—(C.P.)—Prime Minister R. G. Menzies today announced Australia will spend £50,000,000 (Australian, $178,000,000) in the next three years in its part of the Empire air scheme involving 10,400 pilots and 15,600 observers, wireless operators and air gunners.

An agreement signed between the United Kingdom and Australian Governments provides that all Australian personnel shall complete their training in Australia except "some thousands" who will go to Canada.

Alter Original Plan.

The original proposal to train all Australians in Canada was dropped, due to current economic considerations and the desire to avoid exchange difficulties, in addition to factors of national security inherent in the new arrangement.

Australia, Mr. Menzies said, will provide all the aircraft necessary for elementary training, but Great Britain will contribute 50 percent. of the engines required. Australia will provide all airplanes for intermediate training, but Great Britain will contribute the cost of a large number, or an equivalent number of similar aircraft to the extent necessary to supplement local production.

Great Britain will contribute free of cost all Fairey battle 'planes and Avro-Ansons which are required for advance training of pilots.

Australian Air Force training organizations will be increased by 38 additional schools. Great Britain has offered to provide such instructors as may be necessary to supplement those in Australia.

Will Then Join R.A.F.

Upon the completion of their training in Australia the men will be attached to the Royal Air Force as of the date of their embarkation for England. Thereafter Great Britain will bear the cost and pay allowances and pensions, but it has been agreed that the Australians' identity will be retained as far as possible.

The estimated capital expenditure on training in Australia has bee nput at a maximum of £20,000,000, with an expenditure for maintenance of £15,000,000 a year.

This Empire scheme will afford a remarkable example of unity and strength, Great Britain and the Dominions working together for supremacy," Mr. Menzies concluded. "The scheme will aid immeasurably to the defence strength of Australia by creating an organization which will be much bigger than we could ever hope to attain ourselves."

Conferring With Government.

Lord Riverdale, head of the British Air Mission, and a large group of experts who came here early last October to arrange for an Empire air training scheme in Canada, still are conferring with the Dominion Government.

No official announcement has been made here as to details of the agreement between Canada, the United Kingdom, Australia and New Zealand.

Australian and New Zealand missions which came to Canada completed their end of the discussions in connection with the scheme some weeks ago and returned home.

The four countries will co-operate in an elaborate plan to provide advanced training for Empire air personnel in Canada. tI has been estimated total cost possibly would reach $800,000,000 on on a three-year basis.

There was no announcement forthcoming here in the wake of advice from Sydney that Prime Minister Robert Menzies of Australia stated the plan would result in training of 10,000 pilots and 15,600 observers, radio operators and runners at a cost spread over the next three years of an estimated £50,000,000.

Before the Australian and New Zealand missions left Ottawa it was announced officially that a basis for agreement had been reached and was awaiting final approval of the four governments concerned.

Formal announcement of details has been expected momentarily ever since.

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PRESS CLIPPINGS

Office of
The Prime Minister

Name of Publication [illegible]

Date [illegible]

Subject [illegible] (Australia's part in scheme)

Will Train 26,000 Three-Year Cost Of $178,000,000

Australia Signs Empire Air Agreement—Premier Menzies Explains Pact

SYDNEY, Australia, Dec. 15.—(C.P.)—Prime Minister R. G. Menzies today announced Australia will spend £50,000,000 (Australian, $178,000,000) in the next three years in its part of the Empire air scheme involving 10,400 pilots and 15,600 observers, wireless operators and air gunners.

An agreement signed between the United Kingdom and Australian Governments provides that all Australian personnel shall complete their training in Australia except "some thousands" who will go to Canada.

Alter Original Plan.

The original proposal to train all Australians in Canada was dropped, due to current economic considerations and the desire to avoid exchange difficulties, in addition to factors of national security inherent in the new arrangement.

Australia, Mr. Menzies said, will provide all the aircraft necessary for elementary training, but Great Britain will contribute 50 percent. of the engines required. Australia will provide all airplanes for intermediate training, but Great Britain will contribute the cost of a large number, or an equivalent number of similar aircraft to the extent necessary to supplement local production.

Great Britain will contribute free of cost all Fairey battle 'planes and Avro-Ansons which are required for advance training of pilots.

Australian Air Force training organizations will be increased by 34 additional schools. Great Britain has offered to provide such instructors as may be necessary to supplement those in Australia.

Will Then Join R.A.F.

Upon the completion of their training in Australia the men will be attached to the Royal Air Force as of the date of their embarkation for England. Thereafter Great Britain will bear the cost and pay allowances and pensions, but it has been agreed that the Australians' identity will be retained as far as possible.

The estimated capital expenditure on training in Australia has bee nput at a maximum of £20,000,000, with an expenditure for maintenance of £15,080,000 a year.

This Empire scheme will afford a remarkable example of unity and strength, Great Britain and the Dominions working together for supremacy", Mr. Menzies concluded. "The scheme will aid immeasurably to the defence strength of Australia by creating an organization which will be much bigger than we could ever hope to attain ourselves."

Conferring With Government.

Lord Riverdale, head of the British Air Mission, and a large group of experts who came here early last October to arrange for an Empire air training scheme in Canada, still are conferring with the Dominion Government.

No official announcement has been made here as to details of the agreement between Canada, the United Kingdom, Australia and New Zealand.

Australian and New Zealand missions which came to Canada completed their end of the discussions in connection with the scheme some weeks ago and returned home.

The four countries will co-operate in an elaborate plan to provide advanced training for Empire air personnel in Canada. tI has been estimated total cost possibly would reach $800,000,000 on on a three-year basis.

There was no announcement forthcoming here in the wake of advice from Sydney that Prime Minister Robert Menzies of Australia stated the plan would result in training of 10,000 pilots and 15,600 observers, radio operators and runners at a cost spread over the next three years of an estimated £50,000,000.

Before the Australian and New Zealand missions left Ottawa it was announced officially that a basis for agreement had been reached and was awaiting final approval of the four governments concerned.

Formal announcement of details has been expected momentarily ever since.

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PRESS CLIPPINGS 26821

Office of
The Prime Minister

Name of Publication Ottawa E. Citizen

Date December 10, 1939

Subject Empire Air Training Agreement

Long Conferences Before Signing Of Empire Agreement

Much midnight oil was burned in the East Block office of Prime Minister Mackenzie King before the Empire Air training scheme was signed early yesterday morning.

Lord Riverdale, head of the British mission, was in conference with the Prime Minister Friday afternoon and far into the night. Saturday afternoon and early evening were also occupied with conferences.

These were renewed at 10 o'clock Saturday night when the Prime Minister returned to his office where he was joined by Lord Riverdale, Sir Robert Brooke-Popham, Air Chief Marshal of the Royal Air Force, and J. B. Abraham of the British air mission.

Agreement was reached before midnight but the actual signing did not take place until the first hour of yesterday. Mr. Mackenzie King signed for Canada. Lord Riverdale signed for the United Kingdom and for the Australian and New Zealand missions which left for home when basis for agreement was reached Nov. 27. Australian representatives in London will later sign for their governments.

The agreement was signed in the presence of Sir Robert, Mr. Abraham, Dr. O. D. Skelton, under-secretary of state for external affairs, A. D. P. Heeney and Walter Turnbull of the Prime Minister's staff.

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PRESS CLIPPINGS C268248 Office of The Prime Minister

Name of Publication: Ottawa M. Citizen

Date: December 18, 1939

Subject: Empire Air Training Agreement

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PRESS CLIPPINGS

Office of
The Prime Minister

Name of Publication Ottawa J. Citizen

Date December 18, 1939

Subject Prime Minister's Radio Broadcast on Air Training Plan

Sign Pact For Great Empire Air Training Scheme

To Provide Force Of Strength Calculated To Be Overwhelming

Agreement Reached Between United Kingdom and Dominions for Vast Air Training Scheme in Canada. Total Cost Expected To Be $600,000,000, of Which Canada's Share Is Estimated at About $350,000,000.

By C. R. BLACKBURN
Canadian Press Staff Writer

Agreement was reached yesterday on a three-year, $600,000,000 Empire air training scheme, which Prime Minister Mackenzie King said was designed to provide Canada, the United Kingdom, Australia and New Zealand with air forces "whose co-ordinated strength will be overwhelming."

One of Greatest in World

In an address over a national network of the Canadian Broadcasting Corporation last night, Mr. Mackenzie King gave details of the plan by which Canada will supply the facilities, more than half the cost and the bulk of personnel in a program which, he said, "will establish Canada as one of the greatest air training centers in the world."

Concluding negotiations initiated by the United Kingdom last Sept. 26, an agreement was signed by representatives of the countries concerned shortly before one o'clock yesterday morning.

Canada's Share $350,000,000

The agreement runs until March 31, 1943, but may be extended or terminated by mutual agreement.

While some student airmen will come to Canada from the United Kingdom, Australia, New Zealand and Newfoundland, the great majority will be Canadians. The Dominion will administer the scheme and its share of the cost for the contract period will be about $350,000,000.

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60 New Flying Fields.

The plan involves establishment of 60 new flying fields scattered across Canada, enlargement and utilization of about 20 existing fields, and provision of 67 schools of all types for pilots, observers, gunners and wireless crews, instructors, ground and maintenance schools.

In effect the agreement, known as "The British Commonwealth air training plan" will mean a great enlargement of training facilities in Canada and the recruiting in this Dominion of nearly four-fifths of the personnel to be trained.

The existing Canadian air training facilities will be merged into the joint training scheme of all four countries in a joint, co-ordinated program.

Thousands of Pilots.

This joint program will provide for the training of "many thousands of pilots in Canada each year, about three-fifths as many air observers and a slightly larger number of air gunners than pilots," the Prime Minister said.

Practically all air recruits in the United Kingdom will be trained at home and all Australian and New Zealand recruits will receive their initial and elementary flying training at home.

Following is partial text of Prime Minister Mackenzie King's broadcast speech on the Empire air training agreement:

I am pleased to be able to announce that agreement has now been reached by the governments of the United Kingdom, Canada, Australia and New Zealand on a co-operative air training plan, to be known as the British Commonwealth air training plan. The agreement was signed last night very shortly after midnight in my office on Parliament Hill. It is based on a proposal made to the governments of Canada, Australia and New Zealand, on Sept. 26, by the government of the United Kingdom.

In addition to a rapid and extensive increase in the air training program of each of the three dominions, the plan visualizes joint training in Canada, in the more advanced stages, of pupils from Canada, Australia, New Zealand and the United Kingdom.

Of Great Magnitude.

The undertaking is one of great magnitude.

It will establish Canada as one of the greatest air training centers in the world. Its development will result in a rapid increase in the number of air training schools in this country, and will achieve a steadily increasing output of highly trained pilots, observers and air gunners.

The plan will enable the four countries to meet the greatly increasing requirements of trained personnel for their respective air forces, and for such service as the combined forces may be called upon to perform in the theaters of war. The aim, in short, is to achieve, by co-operative effort, air forces whose co-ordinated strength will be overwhelming.

The Canadian government accepted the United Kingdom proposal in principle on Sept. 28, that is, two days after it was received. The proposal was also accepted in principle, without delay, by the governments of Australia and New Zealand. . . .

A mission, known as the United Kingdom air training mission, was sent to Canada from the United Kingdom. It was headed by the distinguished industrialist, Lord Riverdale. Lord Riverdale and his colleagues arrived in Ottawa Oct. 15. They were joined, a few days later, by Captain H. H. Balfour, the parliamentary under-secretary of state for air. On Nov. 1 the air training mission arrived from Australia. The Australian mission was presided over by Hon. J. V. Fairbairn. During his stay in Canada, Mr. Fairbairn, as a result of the reorganization of the Australian cabinet, became Australian minister for air. The air training mission from New Zealand arrived at Ottawa Nov. 3. It was headed by Group Captain Saunders, chief of the New Zealand air staff. . . .

The negotiations on the part of Canada were carried on, in the main, by a committee of the cabinet, presided over by the Prime Minister, and composed of the ministers of national defence, finance, pensions and national health, and transport.

Most Effective Means.

The broad problem was to decide on the speediest and most effective means of training the maximum number of pilots and airmen to meet the exigencies of war. In working out the agreement, Canada, Australia and New Zealand had, necessarily, to keep in mind local defence considerations, such as the training, equipment and service of the pilots and other air personnel required to keep up their own air defences. . . .

To reach the main objective, namely, the rapid training of the greatest number of pilots and airmen, the facilities in these countries, in excess of local needs, are to be used to train Australians and New Zealanders for service overseas with the Royal Air Force. The existing training facilities in the United Kingdom will continue to be used by the Royal Air Force.

Vastly Increased.

Under the agreement as it relates to joint training in Canada, the program of training of personnel for the Royal Canadian Air Force, already enlarged since the outbreak of war, will be vastly increased. The Canadian training program will be merged with the program of joint training in Canada. In this way, co-ordinated air training will proceed simultaneously in all four countries.

The joint air training program provides for the training of many thousands of pilots in Canada each year, about three-fifths as many air observers, and a slightly larger number of air gunners than pilots. The pilots, of course, are those who actually operate the planes. The observers handle the reconnaissance cameras and the bomb sights, and, as well, do the navigating. The gunners use the machine guns in action, and also act as wireless operators.

The facilities in Canada will be used, in varying degrees, by all four parties to the agreement. Practically all air recruits in the United Kingdom will be trained at home. In Australia and New Zealand, all air recruits will receive their initial and elementary flying training at home.

Majority Canadians.

Most of the Australian pupils and some of the New Zealand pupils will also receive advanced training in their own countries. Under the agreement, however, about one-fifth of the pupils to receive advanced training in Canada will come from the other two dominions. Some pupils will be received from the United Kingdom, Newfoundland and elsewhere. The great majority of the pupils will, however, be Canadians.

The first stage of training in this country will be initial training, which is a ground course to prepare recruits for flying and for air force life in general. This will be given in three large schools. At the end of four weeks' initial training, a selection will be made of those to be pilots, observers or gunners, and they will then go to the appropriate schools.

Pilots will go to one of the elementary flying schools, where they will learn to get the feel of a plane, and to fly light machines. After some eight weeks, they will graduate to the service flying schools.

It is at this stage that the Australian and New Zealand pilots, who will receive their initial and elementary training in their own countries, will come to Canada to continue their training. In the service flying schools, of which there will be 16 in Canada, pilots will spend about 14 weeks learning intermediate and advanced flying, including night and instrument flying. They will receive instruction in bombing and fighting as well.

The air observers, including those from abroad, will spend about 12 weeks at the air observers' schools. There will be 10 of these schools at which pupils will be taught navigation, reconnaissance and photography.

Bombing and Gunnery.

They go on from air observers' schools to bombing and gunnery schools for a course in the theory and practice of bombing and gunnery. The course will take about six weeks. There will be 10 bombing and gunnery schools. Finally, in order to learn more advanced navigation, the observers will spend about four weeks in one of two air navigation schools.

The air gunners, who also serve as wireless operators, after their initial training either in Canada or abroad, will take a 16 weeks' course in the wireless training schools. There will be four wireless training schools. In them, air gunners will be taught not only the essential principles of radio work, but also operating practices in the air. They will then proceed to the bombing and gunnery schools for four weeks, to learn that phase of work before proceeding overseas.

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Schools will also be needed, at the outset, for training instructors and administrative staffs. And before the training program is brought to full capacity, ground crews and maintenance staffs will be required in large numbers to man the various schools and establishments. Repair and equipment depots, headquarters and commands, recruiting centers and records offices will also be required.

Require 67 Schools.

In addition to the 58 schools for the training of pilots, observers and air gunners, and schools needed, at the outset, for training instructors and administrative staffs, several much larger schools will also be required to train the personnel for ground crews and maintenance staffs. The total number of schools required, in Canada, for the joint training program will be 67.

Nearly 40,000 officers and men will be required to man all the various schools, depots and other parts of the organization when it is in full operation. This will include about 2,700 officers and about 6,000 civilians. The remaining 30,000 will be members of the air force other than officers. These numbers do not include the pupils undergoing training, who will also be numbered in thousands. Many of the airmen required for training the pupils will be mechanics and other skilled artisans, who constitute ground crews and maintenance staffs.

For the program of joint training full use will immediately be made of the existing facilities of the Royal Canadian Air Force, as well as of facilities generously made available by Trans-Canada Airways. However, to put the extensive program into full operation, a great deal of construction and production will be necessary.

60 New Air Fields.

Throughout the country, about a score of existing air fields will have to be enlarged, and some 60 odd new air fields constructed. The schools will be established in different parts of Canada. Large supplies of equipment, and stores of various kinds, will be required to furnish the schools, and also the equipment and repair depots. The construction and other industries of Canada may be relied upon to meet effectively the demands this program will involve.

Great quantities of aircraft and their parts will, of course, be required. The United Kingdom, as her part of the costs of the undertaking, has agreed to supply most of the aircraft, including engines and spares. Apart from the aircraft supplied by the United Kingdom, the light aircraft for elementary training and a portion of the other aircraft will be made in Canada.

The aircraft to be made in Canada will be included with the other costs of the joint training program, which are to be divided between Canada, Australia and New Zealand in proportion to the use to be made of the various facilities by the pupils of the three countries. This means that, excluding the cost of the aircraft provided by the United Kingdom, Canada will bear the cost of the initial and elementary training in Canada, and about four-fifths of the remaining costs of the program.

Duration of Agreement.

The duration of the agreement is until March 31, 1943, in other words, a little over 3¼ years. This period of time may, however, be extended or terminated by mutual agreement.

While any estimate of costs made at this time is subject to a wide margin of error, the total cost for the entire program in Canada, for the period agreed upon, will approximate $600,000,000. Canada's share will be around $350,000,000.

Up to the beginning of next September, the expenditure on the joint training program will amount to about $90,000,000. Of this $90,000,000, Canada's share will be about $48,000,000.

This amount will be in addition to the $315,000,000 which the minister of finance estimated would be the cost, in the first year of the war, of the military program already undertaken before the air training plan was proposed. In other words, in this first year of war, Canada will be spending on her military effort alone about $1,000,000 a day.

Under the terms of the agreement, the joint air training program which is to be carried out in Canada, is to be administered by the government of Canada. The organization and executive command of the training schools is entrusted to the Royal Canadian Air Force. For the general supervision of the joint air training program, a supervisory board will be established in Canada. The board will supervise the financial administration of the program. It will also, from time to time, inspect the progress being made in the setting up of the organization, and carrying out the training.

Supervisory Board.

The supervisory board will be under the chairmanship of the minister of national defence. It will also include the minister of finance, the minister of transport, representatives of the governments of the United Kingdom, Australia and New Zealand, the deputy minister for air of the Department of National Defence, and the chief of the air staff. Contact with the government will be maintained by the board through its chairman, and with the Royal Canadian Air Force through the chief of the air staff.

The representatives on the board, of the governments of the United Kingdom, Australia and New Zealand, are to report to their own governments regarding the progress of the joint training program.

They will also have authority to visit, at any time, any stations or units, and to make criticisms or suggestions to the board. It is expected that they will assist in keeping the Royal Canadian Air Force advised as to new developments in training technique which may come to their notice.

All four governments will cooperate in the provision of staff and teaching personnel. The staff officers and instructors from the United Kingdom, Australia and New Zealand will, during their period of service in Canada, hold temporary appointments in the Royal Canadian Air Force. This further co-operative arrangement should go far to assure the successful working of the joint air training program.

To Clear Misconception.

It is desirable, at this point, to clear up a misconception which has become current through frequent repetition, but which is wholly without foundation.

It has been asserted that the air training plan would have been in existence before this had the present government not declined to meet an earlier request of the United Kingdom government for the training of British pilots in Canada. Within the past week or two, it has, for example, been said: "Had we agreed to the British proposal of two years ago for the establishment of air training facilities in Canada, today, Canada would be, in reality, the air training center of the Empire."

More recently it has been said "so far as the Empire air training scheme is concerned this was proposed by the British nearly two years ago but apparently discouraged by the King government until after the outbreak of war."

I assume that what is referred to are certain informal, exploratory conversations concerning facilities for the training of British pilots in Canada which took place, not two years ago, but in May and June of last year. The facts were clearly set forth in a statement I subsequently made to Parliament.

The conversations did not relate to a joint air training plan. Their purpose was to ascertain whether it would be agreeable to the Canadian government to have United Kingdom schools for the advanced training of pilots of the Royal Air Force established in Canada, under the authority and direction of the air ministry of the United Kingdom.

Open Spaces Needed.

It was represented that it was becoming increasingly difficult to secure in the British Isles the open spaces needed for long distance flying and gunnery practice. What was contemplated was a British air training establishment in Canada, organized and controlled by the air ministry of the United Kingdom, in no way responsible to the Canadian government, but responsible solely to the government of the United Kingdom.

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PRESS CLIPPINGS

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When the matter was broached, speaking on behalf of the government, I immediately said I was sure the Canadian people would gladly have pilots of the Royal Air Force come to Canada for advanced training and would be prepared to provide the necessary facilities, but that I believed they would feel that the necessary establishments should, under terms to be agreed upon, be organized and controlled by the Royal Canadian Air Force, and that the responsibility for their administration should be that of the government of Canada, rather than that of the government of the United Kingdom. I added that I felt such a basis was indispensable to friendly and effective co-operation between the two air forces as well as between the two governments.

Long ago, the constitutional principle was accepted that military establishments in Canadian territory should be owned, maintained and controlled by the government of Canada, responsible to the Canadian people. That principle has been acted upon ever since. British naval stations and British army garrisons have been withdrawn.

Canada, herself, has assumed responsibility for all defence establishments in Canadian territory. It was felt by our government that a reversal of the principle underlying, this historical process was something which the Canadian people would not wish to entertain.

The attitude of the Canadian government, in this matter, was, however, far from being a negative one. Our desire to co-operate in the most effective manner was made abundantly clear in the following statement which I made in Parliament with respect to Canada's position. "We ourselves," I said, "are prepared to have our own establishments here and to give in those establishments facilities to British pilots to come and train here, but they must come and train in establishments which are under the control of the government of Canada and for which the minister of national defence will be able to answer in this "Parliament, with respect to everything concerning them."

A few weeks later, an officer of the Royal Air Force was sent by the British government to conduct the exploratory investigations referred to. During the stay in Canada of this expert from the air ministry, a careful survey was made of requirements and facilities available for joint advanced training of pilots for the air forces of the United Kingdom and of Canada. The survey was made in collaboration with officials of the Department of National Defence and senior officers of the Royal Canadian Air Force.

For Joint Training.

At the ensuing session, on the recommendation of the minister of national defence, our Parliament appropriated the sum of $6,000,000 for the joint training of pilots. This grant was over and above the already greatly increased appropriations for air defence. . . .

Here we have the real beginning of the present plan for joint training in Canada of pilots from the United Kingdom, Canada, Australia and New Zealand, which, under the pressure of war, has assumed the proportions of which the world is now aware. . . .

The government has not awaited the conclusion of the present agreement to begin work on the development of the additional air training facilities which the plan contemplates. Considerable progress has already been made. The Royal Canadian Air Force schools at Trenton and Camp Borden have been converted into schools for the training of instructors. For some weeks past they have been in use for that purpose.

The air training facilities, which were being developed on a less extensive scale before the war, are being brought rapidly to completion. Of about 125 air fields already developed in Canada, 42 are up to the standard set by Trans-Canada Airways. Many of these will be used for the joint training program.

Under arrangements made with the provincial governments, the highways staffs of all the provinces have been used for surveying additional airdrome sites. Full advantage has been taken of the favorable weather, and most of the sites have already been surveyed. The War Supply Board has anticipated the requirements of the program and has organized production to meet them.

Enormous Variety.

The enormous variety of equipment required for the program is being listed in detail, so that orders may be promptly placed. To prevent delays in obtaining supplies required from outside Canada, protective orders have already been placed. Now that the agreement is in force the War Supply Board will immediately begin to let the necessary contracts. Plans for the schools have already been prepared, and no time will be lost in their construction. . . .

The new program is of such magnitude, that some little time must necessarily elapse, while schools are being built, equipment obtained, and the training of additional instructors completed, before student pilots, observers and air gunners can be accepted for their training, and before the first pilots and observers, trained under the scheme, will be sufficiently skilled to proceed to the theaters of war.

Canadian Squadron.

In the meantime the United Kingdom government, appreciating the desire of the Canadian people to be represented as soon as possible by an air force unit on active service in Europe, has arranged for the immediate formation of a squadron to be commanded by a squadron leader of the Royal Canadian Air Force. All the pilots in the squadron will be Canadian. The Canadian commander and pilots will be selected from Canadians at present serving with the Royal Air Force.

The formation of this squadron has been made possible by the practical co-operation, in the training of air personnel, in recent years between the Royal Canadian Air Force and the Royal Air Force. This co-operation has resulted in the presence in the Royal Air Force of a considerable number of Canadians, some of whom, as you are aware, have already achieved distinction in the present war.

Perhaps I should mention here that, under the Commonwealth air training plan, provision has been made, after their training is completed, for the identification, in the field, of the pupils with their respective dominions, either by the method of organizing dominion units and formations, or in some other way.

In embarking upon the cast co-operative enterprise, envisaged by the Commonwealth air training plan, the government had naturally to give the most careful consideration to the plan in its relation to Canada's military effort as a whole.

The United Kingdom government has informed us that, considering present and future requirements, it feels that participation in the air training scheme would provide for more effective assistance towards ultimate victory than any other form of military co-operation which Canada can give. At the same time the United Kingdom government wishes it to be clearly understood that it would welcome no less heartily the presence of Canadian land forces in the theater of war at the earliest possible moment.

Expeditionary Force.

You will recall that, on Sept. 19, the government announced that a division was being organized for service overseas, and, as you are aware, no time is being lost in our endeavor to meet the wish of the United Kingdom for the early despatch of an expeditionary force.

Magnitude of Plan.

I have spoken of the magnitude of the joint air training plan, of what it is likely to mean in numbers of men to be trained, and in additional financial outlay upon Canada's war effort. It is well, however, to remember that, in the vast expansion of air power which Canada has undertaken, in collaboration with her partners in the British Commonwealth, something wholly different, and much more vital than numbers or material wealth, is involved.

It is the lives of our young men which are being pledged. Like our soldiers and our sailors, the pilots and airmen who are to be trained in thousands, are going forth to battle to risk their lives in conflict with forces more sinister than any the world has known.

Tonight, I am speaking particularly of those belonging to the Royal Canadian Air Force. The young men, equally with others of maturer years with whom they will be associated, are, I am convinced, fully aware of the appalling nature of the situation facing the world today, and of what it will demand by way of sacrifice ere peace is again restored.

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PRESS CLIPPINGS 23623

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Spirit of Crusaders.

It is not in a spirit of adventure that they are pressing forward in such numbers. Rather are they enlisting in the spirit of the crusaders of old, prepared, if need be, to give their lives for what, to them and to us, is holy and sacred —the birthright of liberty and happiness in a free land. This fortitude and devotion must be guarded and protected by every power we possess.

In making provision for this vast undertaking, the government has done so, knowing that nothing can be left to haste or to chance. The intricate machine must be perfect. In every phase of their work, the men must be trained by the highest skill, and under the best conditions it is possible for the country to provide. In no other arm of the defence services is a man obliged to rely more completely upon his own initiative, his own knowledge, and his own judgment.

It is the possession of these qualities in such large measure which has given to Canadians the reputation as airmen they already enjoy. Those who enlist in Canada's air force may be depended upon to do their part, however perilous it may be. We must do ours to assist them in every possible way, by adequate training and proper equipment, and by all the influences for good by which it is possible to surround their lives.

Warmly Welcomed.

I need not say to those who may come from other lands to receive their training, how warmly they will be welcomed during their brief stay in our midst. I know something of the heart of the Canadian people. I am sure, therefore, that our homes will be as open to them as they are to those of our own land, with whom they are already united as brothers, in an heroic effort to serve the world's need at this hour of its greatest peril.

Let there be no mistake about the significance of the present war. It is a desperate struggle for existence itself. On its outcome will depend the fate not of Canada alone, nor even, it seems to me, of the British Empire, the fall of which would shatter the world, but of humanity itself, in all its higher aspects. To save mankind from such a catastrophe, the airmen of the British Commonwealth, whether setting their course by the North Star or the Southern Cross, are dedicating their lives. To hasten the day when peace may be restored is, I believe, the governing motive of all our forces, whether on sea, or land, or in the air.

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Spirit of Crusaders.

It is not in a spirit of adventure that they are pressing forward in such numbers. Rather are they enlisting in the spirit of the crusaders of old, prepared, if need be, to give their lives for what, to them and to us, is holy and sacred —the birthright of liberty and happiness in a free land. This fortitude and devotion must be guarded and protected by every power we possess.

In making provision for this vast undertaking, the government has done so, knowing that nothing can be left to haste or to chance. The intricate machine must be perfect. In every phase of their work, the men must be trained by the highest skill, and under the best conditions it is possible for the country to provide. In no other arm of the defence services is a man obliged to rely more completely upon his own initiative, his own knowledge, and his own judgment.

It is the possession of these qualities in such large measure which has given to Canadians the reputation as airmen they already enjoy. Those who enlist in Canada's air force may be depended upon to do their part, however perilous it may be. We must do ours to assist them in every possible way, by adequate training and proper equipment, and by all the influences for good by which it is possible to surround their lives.

Warmly Welcomed.

I need not say to those who may come from other lands to receive their training, how warmly they will be welcomed during their brief stay in our midst. I know something of the heart of the Canadian people. I am sure, therefore, that our homes will be as open to them as they are to those of our own land, with whom they are already united as brothers, in an heroic effort to serve the world's need at this hour of its greatest peril.

Let there be no mistake about the significance of the present war. It is a desperate struggle for existence itself. On its outcome will depend the fate not of Canada alone, nor even, it seems to me, of the British Empire, the fall of which would shatter the world, but of humanity itself, in all its higher aspects. To save mankind from such a catastrophe, the airmen of the British Commonwealth, whether setting their course by the North Star or the Southern Cross, are dedicating their lives. To hasten the day when peace may be restored is, I believe, the governing motive of all our forces, whether on sea, or land, or in the air.

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Air T.

C 268253

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

MOST SECRET

TELEGRAM

CYPHER
MOST IMMEDIATE

Ottawa, December 16th, 1939

Most Secret Air Training Agreement. Following from Prime Minister for your Prime Minister Begins:

1. In my telegram this morning I referred to announcement made yesterday by the Prime Minister of Australia. We were advised yesterday morning by Prime Minister of Australia that he proposed to issue a statement regarding Agreement between Great Britain and Australia. The Prime Minister of New Zealand cabled us he had received similar information. We immediately cabled suggesting statement be deferred in view of arrangement for simultaneous issue of agreed public statement in all four capitals after initialling of Memorandum.

2. We have this morning received a reply regretting that our request had not been received until after statement had actually been released. The Prime Minister of Australia adds that the statement related only to training in Aus tralia as proposed under the United Kingdom-Australian Agreement and that it was issued after consultation with and concurrence of the United Kingdom Air Ministry. He adds that on advice of final initialling of Empire Agreement Australia will arrange for simultaneous release, presumably of agreed press statement. I am bringing this to your attention in view of the fact that announcement of Australian-

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United Kingdom Agreement, which is as was stated in that announcement yesterday "part of the vast Empire Scheme of Air Training", is indicated as having been made with United Kingdom concurrence. I cannot begin to express my amazement that without consultation with the Government of Canada, the United Kingdom Air Ministry should have concurred in the issue of the statement by Australia before agreement had been reached between all parties. I need hardly add that the publication has caused great embarrassment to our Government in relation to other Commonwealth Governments as well as to the press and people of our own country. Ends.

SECRETARY OF STATE FOR
EXTERNAL AFFAIRS.

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A.T.P. Dec. 17-'39

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SUMMARY OF

MEMORANDUM OF AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED KINGDOM, CANADA, AUSTRALIA AND NEW ZEALAND RELATING TO TRAINING OF PILOTS AND AIRCRAFT CREWS IN CANADA AND THEIR SUBSEQUENT SERVICE.

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1. It is agreed between the Governments of the United Kingdom, Canada, Australia and New Zealand that there shall be set up in Canada a co-operative air training scheme as set out in this agreement, and that the personnel so trained shall be allocated in accordance with Articles 14 and 15.

2. This Agreement shall become operative at once and shall remain in force until 31st March, 1943; unless, by agreement between the Governments concerned, it be extended or terminated at an earlier date.

GOVERNMENT OF CANADA THE ADMINISTRATOR

3. The Government of Canada will act as administrator of the scheme for itself and the other Governments concerned, as hereinafter provided, and it is understood that the undertakings given herein by the Government of Canada to the other Governments concerned are respectively subject to the due performance on the part of such Governments of their several undertakings given herein in support of the scheme.

4. The Government of Canada, acting as administrator, will endeavour to complete, as quickly as possible, the organisation it considers necessary to give outputs of pupils in the numbers and at the rates agreed upon.

AGREEMENT AS TO PUPILS AND INSTRUCTION

5. (*a*) The Governments of the United Kingdom, Australia and New Zealand will endeavour to send from time to time enough pupils for training to Canada to keep filled the agreed proportions of places in the various training schools in Canada. The numbers sent by the United Kingdom may include pupils from Newfoundland. The Government of the United Kingdom will also endeavour to send and the Government of Canada, as administrator of the scheme, undertakes to receive pupils for training in Canada in sufficient numbers to keep filled any deficiency in the supply of such pupils from Australia, New Zealand and Canada.

(*b*) The numbers, and the categories of pupils sent, may be varied from time to time by agreement between the Governments concerned.

(*c*) It is agreed that if the Governments of Canada, Australia and New Zealand fail to keep filled the training places allotted to them respectively they will nevertheless bear their full respective shares of the costs and expenses.

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6. Pupils sent for training in Canada under the provisions of Article 5 will receive pay, allowances and other emoluments in accordance with the provisions set out in Appendix II to this Agreement.

7. The training to be given shall be in accordance with the syllabus of instruction laid down for each similar course of training in the United Kingdom.

8. To assist in the carrying out of the training scheme, the Governments of the United Kingdom, Canada, Australia and New Zealand will lend personnel in such ranks and in such numbers as may be agreed upon with the Government of Canada as administrator of the scheme.

AGREEMENT AS TO COSTS AND EXPENSES

9. The share of the cost of the scheme to be borne by the Government of the United Kingdom will take the form of contributions in kind, to be delivered at such times and in such numbers as may be required for the efficient carrying out of the scheme. In addition, the Government of the United Kingdom will bear the cost of packing, loading and transporting to Canada the supplies she contributes in kind. The cost of unloading and of transportation in Canada will be borne by the Government of Canada, as administrator of the scheme.

The supplies to be provided by the United Kingdom Government under the foregoing arrangements may be varied from time to time by agreement between the Governments concerned.

10. The Governments of Canada, Australia and New Zealand agree that costs and expenses paid or incurred by the Government of Canada as administrator of the scheme (exclusive of the contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9) shall be apportioned between them as follows:—

(*a*) The Government of Canada will bear the whole costs and expenses of the Initial Training and Elementary Flying Training.

(*b*) The costs and expenses remaining will be shared between the Governments of Canada, Australia and New Zealand, in agreed percentages based on the numbers and categories of pupils they are entitled to have trained in Canada; and it is agreed that if any substantial changes in the allocations of training places are made by mutual agreement between the Governments concerned the percentages will be reviewed.

11. (*a*) Except for any advances made by the other Governments concerned, as provided for in clause (*b*) of this Article, the Government of Canada, as administrator of the scheme, will in the first instance advance all the costs and expenses incurred as such administrator under the provisions of this Agreement, and the Governments of Australia and New Zealand will repay to the Government of Canada, as herein provided for, in Canadian dollars, their share of the amounts so advanced, in the agreed proportions.

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(*b*) The Governments of the United Kingdom, Australia, and New Zealand will make advance payments necessary for pay and allowances, transportation charges, and other expenses during the journey to Canada in respect of pupils sent to Canada by such Governments for training, and for such other costs and expenses as may be agreed to from time to time; and the Governments of the United Kingdom, Australia, and New Zealand will, immediately after the end of each month, notify the Government of Canada, as administrator of the scheme, of the amounts of any advance payments made by them during such month and will, as soon as possible thereafter, send to the Government of Canada a detailed statement in respect of such advance payments.

(*c*) In connection with the repayments to be made by the Governments of Australia and New Zealand, as provided for in clause (*a*), due allowance will be made for any advance payments made and notified by the Governments of Australia and New Zealand under the provisions of clause (*b*).

(*d*) The Government of Canada, as administrator of the scheme, will refund to the Government of the United Kingdom any advance payments made by that Government under the provisions of clause (*b*), and the amount of such refunds shall be included in the costs and expenses of the scheme to be apportioned between the Governments of Canada, Australia, and New Zealand, as provided for in clause (*a*) and in Article 10.

(*e*) In this Agreement the term "costs and expenses" shall mean all expenditures, costs, charges and liabilities made or incurred by the Government of Canada, as administrator of the scheme, and without restricting the generality of the foregoing shall include:—

(i) Pay, allowances, and other expenses of the personnel lent under the provisions of Article 8 and a cash contribution (computed in accordance with recognized practice as between Governments in such cases) towards the future non-effective benefits of such personnel.

(ii) Pay, allowances, transportation charges, and other expenses connected with the training of Canadian pupils in Canada from the dates of their enlistment to the dates of their embarkation in Canada under the provisions of Article 16; or, in the case of Canadian pupils taken to fill vacancies in the Home Defence Squadrons of the Royal Canadian Air Force as provided for in Article 14, to the dates of their being so taken.

(iii) Pay, allowances, transportation charges, and other expenses connected with the training of pupils in Canada from the dates of their leaving the United Kingdom, Australia, New Zealand or Newfoundland for the purpose of taking up training in Canada to the dates of their embarkation in Canada under the provisions of Article 16.

But the term "costs and expenses" shall not include:—

(iv) The contribution in kind and expenses to be made and borne by the Government of the United Kingdom as provided for in Article 9.

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(v) Costs and expenses of clothing and personal equipment of pupils other than such replacements as may be necessary during the period of training and other than flying clothing and equipment.

(vi) Pensions or allowances to personnel lent under the provisions of Article 8 and to pupils or their dependents in respect of disability or death.

The costs and expenses mentioned in (v) and (vi) above will be borne by the Governments lending the personnel and sending the pupils in respect of whom such costs, expenses, pensions or allowances are incurred.

METHOD OF PAYMENT AND ACCOUNTING

12. The Governments of Australia and New Zealand will from time to time, within one month after a summarized statement of accounts has been presented to them (showing the payments made during the preceding month by the Government of Canada, as administrator of the scheme, and taking account of any receipts, and of any advance payments made and notified, as provided for in Article 11 (*b*), by the Governments of Australia and New Zealand, and also of any adjustments in respect of previous months) pay or cause to be paid to the Government of Canada their due proportion as agreed upon in Article 10 of the costs and expenses of the scheme as shown by such statement.

These monthly payments will be regarded as advances on account, and the costs and expenses of the scheme as at the end of each financial year will be finally adjusted and paid when the accounts for such year have been audited.

13. (*a*) The Government of Canada will, in consultation with the other Governments concerned, appoint an officer to act as its Financial Adviser in carrying out its functions as administrator of the scheme. Such proposals for expenditure as the said Financial Adviser may require shall be referred to him for approval and no expenditure on such proposals shall be incurred until his approval has been given. Any proposal disapproved by the Financial Adviser may, at the instance of the officers responsible therefor, be referred to the Minister of National Defence for final decision. Any reports made by the Financial Adviser shall be made available by the Government of Canada to all the other Governments concerned, and these latter shall be entitled to obtain from the Financial Adviser information on all matters affecting the cost of the scheme and their participation in it.

(*b*) Monthly financial statements shall be furnished by the Government of Canada to the Governments of Australia and New Zealand.

(*c*) A record of all expenditure and all sums received in connection with the training of pupils in Canada under this scheme will be maintained by the Comptroller of the Treasury of the Government of Canada, and will be audited by the Auditor General of Canada. This record will be made available after audit for examination by representatives of the Governments concerned.

(*d*) The Government of Canada shall make available to the Governments of Australia and New Zealand, as early as possible after the close of each financial year ending the 31st March, a statement, accompanied by a certificate of the Auditor General, of the receipts and payments in connection with the scheme showing the expenditure under appropriate heads.

TRAINING FOR R.C.A.F. MERGED WITH JOINT TRAINING

14. It is agreed that the Government of Canada may, out of the Canadian pupils who complete their training under this scheme, fill vacancies which occur in the Home Defence Squadrons of the Royal Canadian Air Force. All the other pupils, on completion of their training, will be placed at the disposal of the Government of the United Kingdom, subject to that Government's making the arrangements indicated in Article 15, and bearing liability as provided for in Articles 16 and 17 of this Agreement.

MAINTENANCE OF IDENTITY AND CONDITIONS OF SERVICE

15. The United Kingdom Government undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-governmental discussions to this end.

16. The Government of the United Kingdom will, subject to the provisions of Article 17, provide the pay, allowances, pensions and other non-effective benefits, maintenance and other expenses of the pilots and aircraft crews who are trained in Canada (other than those made available for service with the Royal Canadian Air Force in accordance with the provisions of Article 14) with effect from the dates of their embarkation in Canada for service with, or in conjunction with, the Royal Air Force. The Government of the United Kingdom also undertakes to arrange for those pupils who are made available for service with, or in conjunction with, the Royal Air Force, to be embarked as speedily as possible after the completion of their training, and to defray the cost of their passages to the stations to which they are appointed on leaving Canada.

17. The pay, allowances, pensions and other non-effective benefits, maintenance and other expenses, for which the Government of the United Kingdom undertakes liability under the provisions of Article 16 will be as laid down in Royal Air Force regulations. If it should be decided by the Government of Canada, the Government of Australia, or the Government of New Zealand to supplement the amounts so issued, any such supplement will be borne by the Government concerned.

DISTRIBUTION OF ASSETS UPON TERMINATION OF AGREEMENT

18. The Government of Canada as administrator of the scheme will have charge of the assets acquired for the purposes of the scheme. On the termination of this Agreement such of the said assets as have been

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acquired and paid for as part of the cost of the scheme will be disposed of as follows:—

(*a*) Any land, but not buildings, structures or fixtures thereon, acquired or improved for the purpose of the scheme will become the property of the Government of Canada.

(*b*) The assets acquired for the purposes of the Initial Training Schools and the Elementary Flying Training Schools will become the property of the Government of Canada.

(*c*) All other assets, except those contributed in kind by the Government of the United Kingdom, will be shared between the Governments of Canada, Australia and New Zealand in the same proportions as are laid down in Article 10 for the apportionment of the costs.

(*d*) Any of the assets contributed by the Government of the United Kingdom which remain will revert to that Government.

The distribution of the assets under the above arrangements may be made in kind or otherwise, as may be agreed upon.

Communications between Governments

19. Arrangements will be made between the Governments concerned to facilitate communications between them under this Agreement or otherwise in connection with the Scheme either by means of cable or through representatives in Canada to be named by them.

APPENDIX I

SUMMARY OF SCHOOLS REQUIRED

Programme of development of the training scheme in Canada

1. To produce the necessary output of pupils, the following schools will be necessary in Canada:—

Initial Training Schools	3
Elementary Flying Training Schools	13
Service Flying Training Schools	16
Air Observer Schools	10
Bombing and Gunnery Schools	10
Air Navigation Schools	2
Wireless Schools	4

2. The Flying Training and Air Observer Schools will be developed at rates which will provide for their peak capacity for training pupils being reached by the following number of weeks after the date of opening:—

Elementary Flying Training Schools	4 weeks
Service Flying Training Schools	12 "
Air Observer Schools	6 "

The remaining schools will open at full capacity.

3. It will also be necessary to establish:—

(i) Schools for the training of the staffs of the schools given in paragraph 1, and for the organization at (ii) below.

(ii) An appropriate command, recruiting and maintenance organization.

These will include—

(iii)	Air Armament School	1
(iv)	School of Aeronautical Engineering	1
(v)	School of Administration	1
(vi)	Equipment and Accountant School	1
(vii)	Flying Instructors' School	1
(viii)	Recruit Depots	2
(ix)	Technical Training Schools	2
(x)	Repair Depots	3
(xi)	Equipment Depots	3
(xii)	Record Office	1 (or enlargement of existing organization).

The dates of formation and rate of development of these units will be governed by the dates of opening of the pilot and air training schools. (iii) to (ix) will cease to function, or will be reduced to the size necessary to meet wastage, as the scheme develops.

4. Table A shows the requirements in personnel when the scheme is in operation.

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TABLE 'A'

PERSONNEL REQUIREMENTS

THE PERSONNEL REQUIRED TO MAN THE SCHOOLS, ETC. IN CANADA WHEN THE SCHEME IS IN FULL OPERATION IS AS UNDER

—	Officers	Airmen	Civilians	Works Maintenance personnel
Commands and Groups, and Extra Headquarters Organization	288	603	134	.....
Initial Training Schools	39	393	.....	36
Service Flying Training Schools	752	11,376	64	320
Air Observer Schools	250	2,470	.....	100
Bombing and Gunnery Schools	450	6,920	.....	150
Elementary Flying Training Schools	351	4,134	.....	130
Wireless Schools	96	1,284	.....	80
Air Navigation Schools	126	1,278	.....	40
Repair Depots	51	141	1,308	36
Equipment Depots	66	228	3,318	60
Technical Training Schools	41	627	.....	30
Records Office	14	277	.....	.....
Recruit Depots	28	424	.....	40
Recruiting Organization	134	211	105	.....
	2,686	30,366	4,929	1,022

(a) Civilians may replace a proportion of the airmen in certain units.
(b) The above table does not include schools, etc. which close as the scheme approaches completion; the personnel from these schools will be absorbed into other units.
(c) Some, or all, of the Elementary Flying Training Schools and Air Observer Schools may be organized on a civilian basis.

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APPENDIX II

CONDITIONS OF SERVICE OF PILOTS AND AIRCRAFT CREWS

(*a*) PUPILS FROM CANADA.

Enlistment.

Pupils will be enlisted in the Royal Canadian Air Force as Aircraftmen, Class II (standard group).

Rank during Training in Canada.

Course	*Rank*
Initial ground training	Aircraftman, Class II (standard group)
Pilot	Leading Aircraftman " "
Observer	" " " "
Wireless operator (air crew)	Aircraftman, Class II " "
Air gunner	" " " " "

Rank on completion of Training.

Duty	*Rank*
Pilot	*Sergeant (group B)
Observer	*Acting Sergeant (group C) Sergeant (group B)
Wireless operator (air crew)	L.A.C., A.C. I or A.C. II (group B), according to percentage of marks obtained on passing out of training.
Air gunner	L.A.C., A.C. I or A.C. II (standard group), according to percentage of marks obtained on passing out of training.

Pay and additional pay will be at the rates and subject to the conditions laid down from time to time in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

During service in Canada, allowances, etc., will be admissible under the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service.

Pay, allowances, etc., during service with, or in conjunction with, the Royal Air Force.

On embarkation for service with, or in conjunction with, the Royal Air Force, officers and airmen will, subject to the conditions laid down in King's Regulations and Air Council Instructions, receive from the appropriate Royal Air Force paying authority the pay, allowances, etc., of the rank and branch (or group) in the Royal Air Force corresponding to that

*A number of pilots and observers will be selected, on passing out of training, for commissioned rank in the Royal Canadian Air Force (General List). Observers will be on probation as acting observer for a period (normally six months) after passing out of training.

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held in the Royal Canadian Air Force, except that the following special arrangements will be made in regard to the issue of allowances to dependents in Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which may be payable under Royal Air Force regulations will, if the family or other dependents reside in Canada, be credited to the Government of Canada, as administrator of the scheme, who will issue to the family or other dependents the allowance and assigned pay which may be payable under Royal Canadian Air Force regulations.

If the pay and allowances admissible under Royal Canadian Air Force regulations should exceed those admissible under Royal Air Force regulations, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Canada as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits under Canadian schemes will be paid by the Government of Canada, as administrator of the scheme, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

(*b*) PUPILS OTHER THAN THOSE ENLISTED IN THE ROYAL CANADIAN AIR FORCE, THE ROYAL AUSTRALIAN AIR FORCE AND THE ROYAL NEW ZEALAND AIR FORCE.

Pupils other than those enlisted in the Royal Canadian Air Force, the Royal Australian Air Force and the Royal New Zealand Air Force will be enlisted in the Royal Air Force.

For the period of the journey to Canada, airmen of the Royal Air Force will receive pay, allowances, etc., at the rates and subject to the conditions laid down from time to time in King's Regulations and Air Council Instructions for the Royal Air Force.

During service in Canada, airmen of the Royal Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc., of the rank and group in the Royal Canadian Air Force, as appropriate under (*a*) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which would be appropriate under Royal Air Force regulations will, if the family or other dependent reside outside Canada, be issued by the Government of the United Kingdom, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airman will deduct from the airman's pay the amount of the assigned pay under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes and any insurance contributions (employers' and employees' shares) necessary to ensure benefits for United Kingdom airmen under United Kingdom schemes

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will be paid by the Government of the United Kingdom, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

(*c*) PUPILS SENT BY AUSTRALIA AND NEW ZEALAND.

Pupils sent by Australia and New Zealand will be enlisted in the Royal Australian Air Force and in the Royal New Zealand Air Force, respectively.

Pay, allowances, etc., for the period of journey to Canada.

For the period of the journey to Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will receive pay, allowances, etc., at the rates and subject to the conditions laid down from time to time in the Regulations for the Royal Australian Air Force and the Royal New Zealand Air Force, respectively.

Pay, allowances, etc., during service in Canada.

During service in Canada, airmen of the Royal Australian Air Force and of the Royal New Zealand Air Force will be attached to the Royal Canadian Air Force, and, subject to the conditions laid down in Financial Regulations and Instructions for the Royal Canadian Air Force on Active Service, they will receive from the appropriate Royal Canadian Air Force paying officer the pay, allowances, etc., of the rank and group in the Royal Canadian Air Force, as appropriate under (*a*) above, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents outside Canada.

The allowances and compulsory allotment from pay in respect of family or other dependents which would be appropriate under Royal Australian Air Force or Royal New Zealand Air Force regulations will, if the family or other dependents reside outside Canada, be issued by the Government of Australia or the Government of New Zealand, who will reclaim from the Government of Canada, as administrator of the scheme, the amount so issued. The Royal Canadian Air Force officer paying the airman will deduct from the airman's pay the amount of the assigned pay chargeable under Royal Canadian Air Force regulations.

Airmen will not be insured under Canadian insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits for Australian or New Zealand airmen under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of Canada, as administrator of the scheme, for the recovery from pay of any employees' shares of such contributions so recoverable.

Pay, allowances, etc., during service with the Royal Air Force.

On embarkation for service with the Royal Air Force, officers and airmen will be attached to that force, and, subject to the conditions laid down in King's Regulations and Air Council Instructions, they will receive from the appropriate Royal Air Force paying authority the pay, allowances, etc., of the rank and branch (or group) in the Royal Air Force corresponding to that held in the Royal Australian Air Force or in the Royal New Zealand Air Force, except that the following special arrangements will be made in regard to the issue of allowances to family or other dependents in Australia or New Zealand.

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The allowances and compulsory allotment from pay in respect of family or other dependents which may be payable under Royal Air Force regulations will, if the family or other dependents reside in Australia or New Zealand, be credited to the Government of Australia or to the Government of New Zealand, who will issue to the family or other dependent the allowance and compulsory allotment from pay which may be payable under Royal Australian Air Force or Royal New Zealand Air Force regulations.

If the pay and allowances admissible under Royal Australian Air Force or Royal New Zealand Air Force regulations exceed those admissible under Royal Air Force regulations, and the Government of Australia or the Government of New Zealand decide that this difference is to be credited to the officer or airman, the difference (after taking into account the payment made under the preceding paragraph) will be issued by the Government of Australia or the Government of New Zealand as deferred pay, either on termination of service or otherwise in special circumstances.

Personnel will not be insured under United Kingdom insurance schemes, and any insurance contributions (employers' and employees' shares) necessary to ensure benefits under Australian or New Zealand schemes will be paid by the Government of Australia or the Government of New Zealand, who will arrange with the Government of the United Kingdom to recover from pay any employees' shares of such contributions so recoverable.

R.

A T P Dec. 17-'39

C 268263

SOMMAIRE
DE LA
CONVENTION ENTRE LES GOUVERNEMENTS DU ROYAUME-UNI, DU CANADA, DE L'AUSTRALIE ET DE LA NOUVELLE-ZÉLANDE AU SUJET DE L'ENTRAÎNEMENT AU CANADA ET DE L'EMPLOI SUBSÉQUENT DE PILOTES ET D'ÉQUIPAGES D'AVIONS.

1. Les Gouvernements du Royaume-Uni, du Canada, de l'Australie et de la Nouvelle-Zélande conviennent de mettre à exécution, au Canada, un plan commun d'entraînement d'aviateurs, en conformité des modalités déterminées dans la présente convention et d'affecter les aviateurs ainsi formés conformément aux termes des articles 14 et 15.

2. La présente convention prendra effet immédiatement et restera en vigueur jusqu'au 31 mars 1943; à moins que, par suite d'une entente conclue entre les gouvernements intéressés, elle ne soit antérieurement prorogée ou abrogée.

LE GOUVERNEMENT DU CANADA ADMINISTRERA L'ENTREPRISE

3. Le Gouvernement du Canada agira à titre d'administrateur de l'entreprise pour son propre compte et pour le compte des autres Gouvernements intéressés, ainsi qu'il est déterminé ci-après. Il est entendu que les engagements pris dans les présentes par le Gouvernement du Canada envers les autres Gouvernements intéressés sont respectivement subordonnés à l'exécution appropriée, de la part desdits Gouvernements, des engagements que chacun d'eux contracte par les présentes en vue de la réalisation du plan.

4. Le Gouvernement du Canada, agissant à titre d'administrateur, s'efforcera de compléter aussi rapidement que possible, l'organisation qu'il juge nécessaire à la formation d'élèves, en nombre et dans les proportions convenus.

ACCORD RELATIF AUX ÉLÈVES ET À L'INSTRUCTION

5. (*a*) Les Gouvernements du Royaume-Uni, de l'Australie et de la Nouvelle-Zélande s'efforceront d'envoyer périodiquement au Canada assez d'élèves pour remplir en tout temps le nombre proportionnel de places dont il est convenu dans les diverses écoles d'entraînement du Canada. Le contingent du Royaume-Uni peut comprendre les aspirants de Terre-Neuve. Le Gouvernement du Royaume-Uni s'efforcera aussi d'envoyer des élèves au Canada, pour y recevoir l'entraînement, en assez grand nombre pour combler toute insuffisance du nombre d'aspirants que doivent fournir l'Australie, la Nouvelle-Zélande et le Canada, et le Gouvernement du Canada, à son titre d'administrateur du plan, s'engage à recevoir ces élèves.

(*b*) Le nombre et les catégories d'élèves peuvent varier par entente conclue entre les Gouvernements intéressés.

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(*c*) Il est convenu que, au cas où les Gouvernements du Canada, de l'Australie et de la Nouvelle-Zélande ne rempliraient pas en tout temps les places attribuées à chacun dans les écoles d'entraînement, ils acquitteront néanmoins, et en entier, leur quote-part des frais et déboursés.

6. Les élèves envoyés au Canada en conformité des stipulations de l'article 5 toucheront la solde, les allocations et autres rémunérations prévues à l'Annexe II de la présente Convention.

7. L'entraînement qui leur sera donné se conformera au programme arrêté dans le Royaume-Uni pour chaque cours d'entraînement de même nature.

8. Afin de contribuer à l'exécution du plan d'entraînement, les Gouvernements du Royaume-Uni, du Canada, de l'Australie et de la Nouvelle-Zélande prêteront un personnel dont les grades et le nombre seront arrêtés après entente avec le Gouvernement du Canada, en sa qualité d'administrateur de l'entreprise.

ACCORD RELATIF AUX FRAIS ET DÉBOURSÉS

9. La quote-part du Royaume-Uni dans les frais qu'entraînera le plan prendra la forme de prestations en nature, livrées aux époques et dans les quantités qu'exigera la bonne exécution du plan. En outre, le Gouvernement du Royaume-Uni acquittera les frais d'emballage, de chargement et du transport jusqu'au Canada du matériel qu'il fournira ainsi. Le Gouvernement du Canada, en sa qualité d'administrateur de l'entreprise, se chargera des frais de déchargement et de transport en Canada.

Le matériel que le Gouvernement du Royaume-Uni devra fournir en exécution des stipulations précédentes pourra varier à l'occasion, par suite d'ententes conclues entre les gouvernements intéressés.

10. Les Gouvernements du Canada, de l'Australie et de la Nouvelle-Zélande conviennent de répartir entre eux les frais et déboursés soldés ou engagés par le Gouvernement du Canada en sa qualité d'administrateur de l'entreprise (à l'exclusion des prestations en nature et des dépenses qu'engagera et soldera le gouvernement du Royaume-Uni selon les stipulations de l'article 9), ainsi qu'il suit:

(*a*) Le Gouvernement du Canada acquittera tous les frais de l'entraînement préparatoire et de l'instruction élémentaire de pilotage.

(*b*) Les gouvernements du Canada, de l'Australie et de la Nouvelle-Zélande se partageront les autres frais, selon des proportions convenues et fondées sur le nombre et les catégories d'élèves dont ils sont autorisés à obtenir l'entraînement au Canada. Il est entendu que ces pourcentages subiront les modifications nécessitées par tout changement important, et effectué par entente entre les Gouvernements intéressés, dans la répartition du nombre d'aspirants consenti à chacun.

11. (*a*) Sauf pour les avances consenties par les autres gouvernements intéressés, tel que prévu à l'alinéa (*b*) du présent article, le Gouvernement du Canada, à titre d'administrateur du plan, avancera

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les fonds pour tous les frais et déboursés qu'il sera appelé à faire de ce chef, sous le régime des dispositions de la présente convention, et les Gouvernements de l'Australie et de la Nouvelle-Zélande rembourseront au Gouvernement du Canada, tel qu'il est stipulé dans les présentes, en dollars canadiens, leur quote-part des sommes ainsi avancées, dans la proportion convenue.

(*b*) Les Gouvernements du Royaume-Uni, de l'Australie et de la Nouvelle-Zélande devront faire les avances de fonds nécessaires touchant les traitements et allocations, les frais de transport et autres dépenses de voyage des élèves qu'ils auront envoyés au Canada, pour y suivre un cours d'entraînement, et touchant aussi tous autres frais et déboursés dont il pourra être convenu de temps à autre; et les Gouvernements du Royaume-Uni, de l'Australie et de la Nouvelle-Zélande devront, à la fin de chaque mois, déclarer immédiatement au Gouvernement du Canada, en sa qualité d'administrateur du plan, les montants de toutes les avances qu'ils pourront avoir effectuées durant ce mois, et faire tenir dans le plus bref délai possible au Gouvernement du Canada un état détaillé de ces avances.

(*c*) En ce qui concerne les remboursements que devront effectuer les Gouvernements de l'Australie et de la Nouvelle-Zélande, aux termes de l'alinéa (*a*), il sera dûment tenu compte de toute avance effectuée et déclarée par les Gouvernements de l'Australie et de la Nouvelle-Zélande, en vertu des dispositions de l'alinéa (*b*).

(*d*) Le Gouvernement du Canada, en sa qualité d'administrateur du plan, remboursera au Gouvernement du Royaume-Uni toute avance versée par ce dernier en vertu des dispositions de l'alinéa (*b*), et le montant des dites avances sera inclus dans les frais et déboursés du plan à répartir entre les Gouvernements du Canada, de l'Australie et de la Nouvelle-Zélande, conformément à l'alinéa (*a*) ainsi qu'à l'article 10.

(*e*) Dans la présente convention, l'expression "frais et déboursés" signifie tous déboursés, frais, engagements et obligations consentis ou faits par le Gouvernement du Canada, à titre d'administrateur du projet, et comprend, sans toutefois restreindre la portée générale de ce qui précède:

(i) Solde, allocations et autres dépenses du personnel détaché en vertu des dispositions de l'article 8, ainsi qu'un versement en espèces (calculé suivant l'usage reconnu entre gouvernements dans les cas de ce genre), en prévision des indemnités ultérieures découlant du service de ce personnel.

(ii) Solde, allocations, frais de transport et autres dépenses relatives à l'entraînement au Canada d'élèves canadiens, à compter de la date de leur enrôlement jusqu'à leur embarquement au Canada, en vertu des dispositions de l'article 16, ou, dans le cas d'élèves canadiens choisis pour remplir les cadres des escadrilles de défense intérieure du Corps d'aviation royal canadien, tel qu'il est prévu à l'article 14, jusqu'à la date de leur affectation à ce service.

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(iii) Solde, allocations, frais de transport et autres dépenses relatives à l'entraînement d'élèves au Canada, à compter de la date de leur départ du Royaume-Uni, de l'Australie, de la Nouvelle-Zélande ou de Terre-Neuve, en vue de suivre un cours d'entraînement au Canada, jusqu'à la date de leur embarquement au Canada, en vertu des dispositions de l'article 16.

Mais l'expression "frais et déboursés" ne comprend pas:

(iv) Les prestations en nature et les dépenses que doit faire et solder le gouvernement du Royaume-Uni, en vertu de l'article 9.

(v) Le coût et les frais d'habillement et des effets personnels des élèves, autres que les articles de remplacement qui pourront s'avérer nécessaires durant la période d'entraînement, et autres que le vêtement et l'équipement de vol.

(vi) Les pensions ou allocations payables au personnel détaché, en vertu des dispositions de l'article 8, ainsi qu'aux élèves ou aux personnes à leur charge en cas d'invalidité ou de décès.

Les frais et déboursés ci-dessus mentionnés aux sous-alinéas (v) et (vi), seront à la charge des gouvernements qui détacheront le personnel et enverront les élèves qui feront l'objet desdits frais, déboursés, pensions et allocations.

PAIEMENTS ET REDDITION DE COMPTES

12. Dans un délai d'un mois à compter du moment où leur aura été présenté un relevé sommaire des comptes (indiquant les paiements effectués pendant le mois précédent par le gouvernement du Canada en sa qualité d'administrateur du plan et tenant compte de toutes les recettes et de toutes les avances effectuées et déclarées, tel que prescrit à l'article 11 (*b*), par les gouvernements de l'Australie et de la Nouvelle-Zélande, ainsi que de tous les ajustements portant sur les mois précédents), les gouvernements de l'Australie et de la Nouvelle-Zélande paieront ou feront remettre de temps à autre au gouvernement du Canada leur quote-part, convenue à l'article 10, des frais et déboursés résultant de l'exécution du plan et figurant dans ledit relevé.

Ces paiements mensuels seront considérés comme des avances à compte, et les frais et déboursés du plan, établis à la fin de chaque année financière, seront définitivement ajustés et payés lorsque les comptes de ladite année auront été vérifiés.

13. (*a*) Après consultation avec les autres gouvernements intéressés, le gouvernement du Canada désignera un fonctionnaire qui l'aidera, à titre de conseiller financier, à remplir ses fonctions d'administrateur du plan. Selon que pourra l'exiger le conseiller financier, les projets de dépenses devront être soumis à son approbation, et nulle dépense ne sera contractée à l'égard desdits projets sans son approbation préalable. Tout projet de dépense désapprouvé par le conseiller financier pourra, à la demande des fonctionnaires qui l'auront présenté, être soumis en dernier ressort à la décision du

ministre de la Défense nationale. Les rapports du conseiller financier seront tenus par le gouvernement du Canada à la disposition de tous les autres gouvernements intéressés et ces derniers auront le droit d'obtenir du conseiller financier des renseignements sur toutes les questions relatives au coût du plan et à leur participation à l'entreprise.

(*b*) Des relevés financiers mensuels seront fournis par le gouvernement du Canada aux gouvernements de l'Australie et de la Nouvelle-Zélande.

(*c*) Un registre de toutes les dépenses faites et de toutes les sommes reçues pour l'entraînement d'élèves au Canada d'après ce plan sera tenu par le Contrôleur du Trésor du Gouvernement canadien et vérifié par l'Auditeur général du Canada. Il sera loisible aux représentants des gouvernements intéressés d'examiner ce registre après qu'il aura été vérifié.

(*d*) Le gouvernement du Canada mettra à la disposition des gouvernements de l'Australie et de la Nouvelle-Zélande, aussitôt que possible après l'expiration de chaque année financière close le 31 mars, un relevé des recettes et des paiements relatifs au plan. Ce relevé devra être accompagné d'un certificat de l'Auditeur général et répartir les dépenses sous les rubriques appropriées.

LE PLAN D'ENTRAÎNEMENT EN COMMUN S'APPLIQUERA AU CORPS D'AVIATION ROYAL CANADIEN

14. Il est convenu que le gouvernement du Canada pourra, à même l'effectif des élèves canadiens qui auront terminé leur entraînement d'après ce plan, remplir les vacances qui surviendront dans les escadrilles de défense intérieure du Corps d'aviation royal canadien. Une fois entraînés, tous les autres élèves seront mis à la disposition du gouvernement du Royaume-Uni à condition que ce dernier prenne les dispositions mentionnées à l'article 15 et qu'il assume les obligations énoncées aux articles 16 et 17 de la présente convention.

CONSERVATION DE L'IDENTITÉ ET CONDITIONS DE SERVICE

15. Le gouvernement du Royaume-Uni s'engage à affecter à leurs dominions respectifs, une fois leur entraînement terminé, les élèves du Canada, de l'Australie et de la Nouvelle-Zélande, en organisant des escadrilles ou des formations distinctes pour les dominions, ou de quelque autre manière; les méthodes à employer devant faire l'objet d'une entente avec les gouvernements des dominions intéressés. Le gouvernement du Royaume-Uni prendra l'initiative de pourparlers entre les gouvernements à cette fin.

16. Subordonnément aux dispositions de l'article 17, le gouvernement du Royaume-Uni se chargera de la solde, des allocations, des pensions, ainsi que des autres indemnités découlant du service, des frais d'entretien et des autres dépenses des pilotes et membres des équipages d'avions qui seront entraînés au Canada (autres que ceux dont les services seront mis à la disposition du Corps d'aviation royal canadien conformément aux dispositions de l'article 14), à compter de la date où ils s'embarqueront au Canada pour aller prendre du service dans la Royal Air Force ou un corps

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auxiliaire. Le gouvernement du Royaume-Uni s'engage en outre à prendre des mesures en vue de permettre aux élèves mis à la disposition de la Royal Air Force ou d'un corps auxiliaire, de s'embarquer aussitôt que possible après leur entraînement, et à défrayer le coût de leur passage jusqu'aux postes auxquels ils seront affectés à leur départ du Canada.

17. La solde, les allocations, les pensions et autres indemnités découlant du service, les frais d'entretien et autres dépenses, dont le gouvernement du Royaume-Uni assume la charge aux termes des dispositions de l'article 16, seront aux taux fixés dans les règlements de la Royal Air Force. Au cas où le gouvernement du Canada, le gouvernement de l'Australie ou le gouvernement de la Nouvelle-Zélande décideraient d'ajouter aux sommes ainsi accordées, tout supplément de ce chef sera à la charge du gouvernement intéressé.

DISTRIBUTION DES BIENS À L'EXPIRATION DE LA CONVENTION

18. Le gouvernement du Canada, à titre d'administrateur du plan, aura la garde de tous les biens acquis aux fins du plan. A l'expiration de la présente convention, ceux desdits biens qui ont été acquis aux fins du plan et imputés au coût de ce dernier seront répartis sur la base suivante:

(*a*) Tout terrain, mais non pas les bâtiments, structures ou aménagements y situés, acquis ou amélioré aux fins du plan appartiendra au gouvernement du Canada.

(*b*) Les biens acquis aux fins des écoles préparatoires et des écoles élémentaires d'aviation appartiendront au gouvernement du Canada.

(*c*) Tous les autres biens, sauf ceux contribués en nature par le gouvernement du Royaume-Uni, seront répartis entre les gouvernements du Canada, de l'Australie et de la Nouvelle-Zélande, selon les proportions établies à l'article 10 pour la répartition du coût.

(*d*) Le reliquat des biens contribués par le gouvernement du Royaume-Uni fera retour à ce gouvernement.

La répartition des biens en vertu des arrangements ci-dessus peut se faire en nature ou autrement, selon l'accord qui interviendra.

COMMUNICATIONS ENTRE LES GOUVERNEMENTS

19. Les gouvernements intéressés verront à faciliter les communications réciproques en vertu de la présente convention ou, par ailleurs, aux fins du plan, soit par câble, soit par l'intermédiaire des représentants qu'ils auront nommés au Canada.

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ANNEXE I

TABLEAU SOMMAIRE DES ÉCOLES À ÉTABLIR

Programme de réalisation du plan d'entraînement au Canada

1. Pour assurer l'entraînement du nombre d'élèves requis, les écoles suivantes seront nécessaires en Canada:

Ecoles préparatoires d'entraînement	3
Ecoles élémentaires d'aviation	13
Ecoles de vol militaire	16
Ecoles d'aviateurs-observateurs	10
Ecoles de bombardement et de tir	10
Ecoles de navigation aérienne	2
Ecoles de TSF	4

2. L'organisation des écoles d'aviation et d'aviateurs-observateurs devra se faire à une allure telle qu'elles pourront fonctionner à leur rendement maximum dans les délais suivants après leur ouverture:

Ecoles élémentaires d'aviation	4 semaines
Ecoles de vol militaire	12 semaines
Ecoles d'aviateurs-observateurs	6 semaines

Les autres écoles fonctionneront à plein rendement dès leur ouverture.

3. Il sera nécessaire d'établir aussi:

(i) Des écoles de formation pour le personnel enseignant des écoles mentionnées au paragraphe 1 et pour remplir les cadres indiqués à l'alinéa (ii) suivant.

(ii) Les cadres nécessaires à la direction, au recrutement et au fonctionnement de ces écoles.

Cette organisation comprendra

(iii) Ecole des armes de l'air	1	
(iv) Ecole de génie aéronautique	1	
(v) Ecole d'administration	1	
(vi) Ecole de comptabilité et d'équipement	1	
(vii) Ecole de pilotes instructeurs	1	
(viii) Dépôts de recrutement	2	
(ix) Ecoles d'enseignement technique	2	
(x) Dépôts de réparation	3	
(xi) Dépôts d'équipement	3	
(xii) Service des archives	1	(ou l'expansion du service actuel).

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Les dates où s'ouvriront les écoles de pilotes et d'aviateurs détermineront les dates d'établissement de ces diverses unités et la rapidité de leur expansion. Au fur et à mesure de la réalisation du programme, les écoles indiquées aux aliénéas (iii) à (ix) suspendront ou ralentiront leur activité de façon à éviter les dépenses inutiles.

4. Le tableau A indique le personnel requis lorsque le plan sera en cours d'exécution.

TABLEAU 'A'

PERSONNEL REQUIS

LE TABLEAU CI-DESSOUS INDIQUE LE PERSONNEL REQUIS AU CANADA POUR LE FONCTIONNEMENT DES ÉCOLES ETC., À PLEIN RENDEMENT

—	Officiers	Aviateurs	Civils	Personnel d'entretien
Organisation par régions et par groupes, et expansion du quartier-général	288	603	134	.....
Ecoles préparatoires d'entraînement	39	393	.....	36
Ecoles de vol militaire	752	11,376	64	320
Ecoles d'aviateurs-observateurs	250	2,470	.....	100
Ecoles de bombardement et de tir	450	6,920	.....	150
Ecoles élémentaires d'aviation	351	4,134	.....	130
Ecoles de T.S.F	96	1,284	.....	80
Ecoles de navigation aérienne	126	1,278	.....	40
Dépôts de réparation	51	141	1,308	36
Dépôts d'équipement	66	228	3,318	60
Ecoles d'enseignement technique	41	627	.....	30
Service des archives	14	277	.....	.....
Dépôts de recrutement	28	424	.....	40
Organisation du recrutement	134	211	105	.....
	2,686	30,366	4,929	1,022

(a) Les civils pourront remplacer une proportion des aviateurs dans certaines unités.
(b) Le tableau ci-dessus ne s'étend pas aux écoles, etc., qui cesseront de fonctionner au fur et à mesure de la réalisation du plan; d'autres unités absorberont le personnel de ces écoles.
(c) Il est possible qu'un certain nombre ou la totalité des écoles élémentaires d'aviation et d'aviateurs-observateurs soient organisées sur le pied civil.

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ANNEXE II

CONDITIONS DE SERVICE DES PILOTES ET DES ÉQUIPAGES D'AVIONS

(a) ELÈVES DU CANADA.

Enrôlement.

On enrôlera les élèves comme soldats d'aviation de 2e classe II (non-spécialisés).

Grade pendant la période d'entraînement au Canada.

Cours	*Grade*
Entraînement préparatoire sur terre	Soldat d'aviation de 2e classe II (non-spécialisé)
Pilote	" " de 1re classe " "
Observateur	" " " " " "
Radiotélégraphiste (équipage aérien)	Soldat d'aviation de 2e classe II " "
Mitrailleur	" " " " " "

Grade après l'entraînement.

Fonctions	*Grade*
Pilote	*Sergent (groupe B)
Observateur	*Faisant fonction de sergent (groupe C) / Sergent (groupe B)
Radiotélégraphiste (équipage aérien)	Soldat d'aviation de 1ère classe, soldat d'aviation de 2e classe I ou II (groupe B) selon le pourcentage des points obtenus à la fin de l'entraînement.
Mitrailleur	Soldat d'aviation de 1re classe, soldat d'aviation de 2e classe I ou II (groupe non-spécialisé) selon le pourcentage des points obtenus à la fin de l'entraînement.

La solde et le supplément de solde seront conformes à l'échelle et aux conditions établies de temps à autre dans les Règlements et Ordonnances financières à l'usage du Corps d'aviation royal canadien en service actif.

Pendant le service au Canada, les allocations, etc. seront basées sur les conditions prescrites dans les Règlements et Ordonnances financières à l'usage du Corps d'aviation royal canadien en service actif.

*Après la période d'entraînement, un certain nombre de pilotes et d'observateurs seront choisis pour servir en qualité d'officiers dans le Corps d'aviation royal canadien (service navigant). Après la période d'entraînement, les observateurs serviront à titre d'observateurs stagiaires pendant un certain temps (six mois, règle générale).

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Solde, allocations, etc., pendant la durée de service dans la Royal Air Force ou dans un corps auxiliaire.

A partir de leur embarquement pour prendre du service dans la Royal Air Force, ou dans un corps auxiliaire, les officiers et aviateurs recevront du commissariat autorisé de la Royal Air Force, subordonnément aux conditions prescrites par les *King's Regulations* et les *Ordres du Conseil de l'air*, la solde, les allocations, etc., accordées au grade et à la division (ou au groupe) de la Royal Air Force correspondant à leur grade et leur division dans le Corps d'aviation royal canadien; toutefois, les dispositions suivantes devront être prises lorsqu'il s'agira d'attribuer des allocations aux personnes à la charge desdits officiers et aviateurs au Canada.

Si la famille ou autres personnes à charge habitent le Canada, les allocations ou délégations obligatoires de solde en faveur de la famille ou des autres personnes à charge susceptibles d'être payées en vertu des règlements de la Royal Air Force seront portées au crédit du gouvernement canadien, en sa qualité d'administrateur du plan. Ce dernier versera à la famille ou aux autres personnes à charge l'allocation et la solde déléguée susceptibles de leur être versées en vertu des règlements du Corps d'aviation royal canadien.

Si la solde et les allocations payables en vertu des règlements du Corps d'aviation royal canadien excèdent celles qui sont établies en vertu des règlements de la Royal Air Force, la différence (compte tenu du versement effectué en vertu du paragraphe précédent), sera versée par le gouvernement canadien à titre de solde différée, soit à l'expiration du service, soit à un autre moment dans des cas spéciaux.

Le personnel ne sera pas assuré selon les plans d'assurance du Royaume-Uni et toute cotisation d'assurance (contribution du patron et de l'employé), nécessaire pour donner droit aux bénéfices des plans d'assurances du Canada, sera versée par le Gouvernement du Canada en sa qualité d'administrateur du plan. Le gouvernement canadien s'entendra avec le gouvernement du Royaume-Uni pour prélever sur la solde la contribution de l'employé aux cotisations ainsi recouvrables.

(*b*) Élèves non enrôlés dans les armées de l'air du Canada, de l'Australie et de la Nouvelle-Zélande.

Les élèves autres que ceux des armées de l'air du Canada, de l'Australie et de la Nouvelle-Zélande seront enrôlés dans la Royal Air Force.

Pendant leur trajet vers le Canada les aviateurs de la Royal Air Force toucheront leur solde, allocation, etc., aux taux et conditions établis de temps à autre par les *King's Regulations* et les *Ordres du Conseil de l'air* pour la Royal Air Force.

Pendant leur service au Canada les aviateurs de la Royal Air Force feront partie du Corps d'aviation royal canadien et, en conformité des conditions établies par les Règlements et Ordonnances financières à l'usage du Corps d'aviation royal canadien en service actif, ils recevront, de l'officier payeur du Corps d'aviation royal canadien, la solde, les allocations, etc., attribuées au grade et au groupe du Corps d'aviation royal canadien déterminé à l'alinéa (*a*) ci-dessus, mais en tenant compte des dispositions spéciales suivantes relatives au versement d'allocations aux familles ou autres personnes à charge domiciliées hors du Canada.

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Les allocations et délégations obligatoires de solde en faveur de membres de la famille ou autres personnes à charge et prévues par les règlements de la Royal Air Force seront versées, si les membres de la famille ou autres personnes à charge ont leur domicile hors du Canada, par le gouvernement du Royaume-Uni, qui se fera rembourser par le gouvernement du Canada, à titre d'administrateur du plan, la somme ainsi versée. L'officier payeur du Corps d'aviation royal canadien déduira de la solde de l'aviateur la part de solde déléguée en vertu des règlements du Corps d'aviation royal canadien.

Les aviateurs ne seront pas assurés selon les plans d'assurance du Canada et toute cotisation d'assurance (contribution du patron et de l'employé) nécessaire pour que les aviateurs du Royaume-Uni aient droit aux bénéfices des plans d'assurance du Royaume-Uni, sera versée par le gouvernement du Royaume-Uni, lequel s'entendra avec le gouvernement du Canada, à titre d'administrateur du plan, pour se faire rembourser à même la solde, la contribution de l'employé aux cotisations ainsi recouvrables.

(*c*) Élèves venant de l'Australie et de la Nouvelle-Zélande

Les élèves venant de l'Australie et de la Nouvelle-Zélande seront enrôlés respectivement dans l'armée de l'air australienne et dans celle de la Nouvelle-Zélande.

Solde, allocations, etc., pendant le trajet vers le Canada.

Pendant leur trajet vers le Canada les aviateurs de l'armée de l'air australienne et de l'armée de l'air néo-zélandaise toucheront leur solde, allocation, etc., aux taux et conditions établis de temps à autre par les règlements respectifs de l'armée de l'air australienne et de l'armée de l'air néo-zélandaise.

Solde, allocations, etc., pendant le service au Canada.

Durant leur service au Canada les aviateurs de l'armée de l'air australienne et ceux de l'armée de l'air néo-zélandaise feront partie du Corps d'aviation royal canadien et, en conformité des conditions établies par les Règlements et Ordonnances financières à l'usage du Corps d'aviation royal canadien en service actif, ils recevront de l'officier payeur du Corps d'aviation royal canadien la solde, les allocations, etc., attribuées au grade et au groupe du Corps d'aviation royal canadien déterminé à l'alinéa (*a*) ci-dessus, mais en tenant compte des dispositions spéciales suivantes relatives au versement d'allocations aux familles ou autres personnes à charge domiciliées hors du Canada.

Les allocations et délégations obligatoires de solde en faveur de membres de la famille ou autres personnes à charge et prévues par les règlements de l'armée de l'air australienne ou de l'armée de l'air néo-zélandaise seront versées, si les membres de la famille ou autres personnes à charge ont leur domicile hors du Canada, par le gouvernement de l'Australie ou celui de la Nouvelle-Zélande, qui se feront rembourser par le gouvernement du Canada, à titre d'administrateur du plan, la somme ainsi versée. L'officier payeur du Corps d'aviation royal canadien déduira de la solde de l'aviateur la part de solde déléguée en vertu des règlements du Corps d'aviation royal canadien.

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C 268268A

Les aviateurs ne seront pas assurés selon les plans d'assurance du Canada, et toute cotisation d'assurance (contribution du patron et de l'employé), nécessaire pour que les aviateurs australiens ou néo-zélandais aient droit aux bénéfices des plans d'assurance d'Australie ou de la Nouvelle-Zélande sera versée par le Gouvernement de l'Australie ou par le Gouvernement de la Nouvelle-Zélande, lesquels s'entendront avec le Gouvernement du Canada, à titre d'administrateur du plan, pour se faire rembourser, à même la solde, la contribution de l'employé aux cotisations ainsi recouvrables.

Solde, allocation, etc., pendant la durée du service dans la Royal Air Force

A partir de leur embarquement, pour prendre du service dans la Royal Air Force, les officiers et aviateurs seront attachés à ce corps et, surbordonnément aux conditions prescrites par les *King's Regulations* et les *Ordres du Conseil de l'air,* toucheront la solde, les allocations, etc., accordées au grade et à la division (ou groupe) de la Royal Air Force correspondant à leur grade et à leur division dans les armées de l'air de l'Australie ou de la Nouvelle-Zélande; toutefois, les dispositions suivantes devront être prises lorsqu'il s'agira d'attribuer des allocations aux familles ou autres personnes à charge en Australie ou en Nouvelle-Zélande.

Les allocations et délégations obligatoires de solde en faveur de membres de la famille ou autres personnes à charge et prévues par les règlements de la Royal Air Force seront, si les membres de la famille ou autres personnes à charge ont leur domicile en Australie ou en Nouvelle-Zélande, portées au crédit du gouvernement australien ou du gouvernement néo-zélandais, lesquels verseront à la famille ou aux autres personnes à charge l'allocation et la part de solde déléguée en vertu des règlements des armées de l'air de l'Australie ou de la Nouvelle-Zélande.

Si la solde et les allocations payables en vertu des règlements de l'Aviation royale australienne ou de l'Aviation royale néo-zélandaise excèdent celles qui sont établies en vertu des règlements de la Royal Air Force, et si le Gouvernement de l'Australie ou le Gouvernement de la Nouvelle-Zélande décident que cette différence soit portée au crédit de l'officier ou de l'aviateur, la différence (compte tenu du versement effectué en vertu du paragraphe précédent) sera versée par le Gouvernement de l'Australie ou par le Gouvernement de la Nouvelle-Zélande à titre de solde différée, soit à l'expiration du service, soit à un autre moment dans des cas spéciaux.

Le personnel ne sera pas assuré selon les plans d'assurance du Royaume-Uni, et toute cotisation d'assurance (contribution du patron et de l'employé), nécessaire pour donner droit aux bénéfices des plans australiens ou néo-zélandais, sera versée par le Gouvernement de l'Australie ou par le Gouvernement de la Nouvelle-Zélande lesquels s'entendront avec le Gouvernement du Royaume-Uni, pour prélever sur la solde, la contribution de l'employé aux cotisations ainsi recouvrables.

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Broadcast by the Prime Minister December 17, 1939

BRITISH COMMONWEALTH AIR TRAINING PLAN. C268269

I am pleased to be able to announce that agreement has now been reached by the Governments of the United Kingdom, Canada, Australia and New Zealand on a Co-operative Air Training Plan, to be known as the British Commonwealth Air Training Plan. The agreement was signed last night very shortly after midnight in my office on Parliament Hill. It is based on a proposal made to the Governments of Canada, Australia and New Zealand, on September 26th, by the Government of the United Kingdom.

In addition to a rapid and extensive increase in the air training programmes of each of the three Dominions, the plan visualizes joint training in Canada, in the more advanced stages, of pupils from Canada, Australia, New Zealand and the United Kingdom. The undertaking is one of great magnitude. It will establish Canada as one of the greatest air training centres in the world. Its development will result in a rapid increase in the number of air training schools in this country, and will achieve a steadily increasing output of highly trained pilots, observers and air gunners. The plan will enable the four countries to meet the greatly increasing requirements of trained personnel for their respective air forces, and for such service as the combined forces may be called upon to perform in the theatres of war. The aim, in short, is to achieve, by co-operative effort, air forces whose co-ordinated strength will be overwhelming.

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The Canadian Government accepted the United Kingdom proposal in principle on September the 28th, that is, two days after it was received. The proposal was also accepted in principle, without delay, by the Governments of Australia and New Zealand. No time was lost in making arrangements for carrying on the negotiations. Much detailed consideration obviously was necessary to ensure a co-operative scheme which would be completely co-ordinated with the development of the air forces of the different parts of the British Commonwealth engaged in the joint endeavour, and to determine its financial, administrative and other aspects.

In working out the plan, the existing air training programmes of all four countries engaged in the discussions, were taken fully into account. As already mentioned, the plan provides for a continuance of training in the United Kingdom, for an enlargement of the training programmes of Canada, Australia and New Zealand, and for a joint training programme in Canada. As the United Kingdom proposal contemplated joint training to be carried on in Canada, it was appropriate and, in fact, essential that the details of the programme should be worked out at Ottawa.

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A Mission, known as the United Kingdom Air Training Mission, was sent to Canada from the United Kingdom. It was headed by the distinguished industrialist, Lord Riverdale. Lord Riverdale and his colleagues arrived in Ottawa on October 15th. They were joined, a few days later, by Captain H. H. Balfour, the Parliamentary Under-Secretary of State for Air. On November 1st, the Air Training Mission arrived from Australia. The Australian Mission was presided over by the Honourable J. V. Fairbairn. During his stay in Canada, Mr. Fairbairn, as a result of the reorganization of the Australian Cabinet, became Australian Minister for Air. The Air Training Mission from New Zealand arrived at Ottawa on November 3rd. It was headed by Group Captain Saunders, Chief of the New Zealand Air Staff.

The distinguished personnel of the Missions affords evidence of the significance attached by the several governments to the co-operative air training plan. The Headquarters Staff of the Royal Canadian Air Force, and the appropriate administrative officers of the Departments of National Defence, Finance and External Affairs were at the disposal of the visiting Missions throughout. They rendered quite exceptional service. Members of the Canadian Government made themselves available wherever it was possible for them to render assistance.

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The negotiations on the part of Canada were carried on, in the main, by a Committee of the Cabinet, presided over by the Prime Minister, and composed of the Ministers of National Defence, Finance, Pensions and National Health, and Transport.

The agreement in all its details was worked out in the most friendly spirit, and, considering the intricacy of the problems to be solved, with remarkable speed. In the case of the Missions from Australia and New Zealand, and particularly in the case of the Mission from the United Kingdom, continuous conference by cable was necessary in matters requiring the consideration and authorization of their respective Governments. The Canadian negotiators were in the fortunate position of being in immediate contact with their colleagues in the Cabinet, and the Government itself was in a position to reach decisions with a minimum of delay. On some of the more important matters of policy direct negotiations between the governments concerned, were also necessary.

By November 27th, some three weeks after the arrival in Canada of the New Zealand Mission, we were able to announce that a basis of agreement had been reached for submission to the governments concerned. The time that has elapsed since has been devoted to an elaboration and precise definition of the details of the plan, and to the drafting of the agreement in its final form.

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The broad problem was to decide on the speediest and most effective means of training the maximum number of pilots and airmen to meet the exigencies of war. In working out the agreement, Canada, Australia and New Zealand had, necessarily, to keep in mind local defence considerations, such as the training, equipment and service of the pilots and other air personnel required to keep up their own air defences.

It was, of course, not contemplated that the requirements of Australia and New Zealand for home defence would be met out of the personnel trained in Canada. It was realized, however, that, as was the case with Canada, the training facilities in these two countries would be capable of training more personnel than would be required for local purposes. To reach the main objective, namely, the rapid training of the greatest number of pilots and airmen, the facilities in these countries, in excess of local needs, are to be used to train Australians and New Zealanders for service overseas with the Royal Air Force. The existing training facilities in the United Kingdom will continue to be used by the Royal Air Force.

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Under the agreement as it relates to joint training in Canada, the programme of training of personnel for the Royal Canadian Air Force, already enlarged since the outbreak of war, will be vastly increased. The Canadian training programme will be merged with the programme of joint training in Canada. In this way, co-ordinated air training will proceed simultaneously in all four countries.

The joint air training programme provides for the training of many thousands of pilots in Canada each year, about three-fifths as many air observers, and a slightly larger number of air gunners than pilots. The pilots, of course, are those who actually operate the planes. The observers handle the reconnaissance cameras and the bomb sights, and, as well, do the navigating. The gunners use the machine guns in action, and also act as wireless operators.

The facilities in Canada will be used, in varying degrees, by all four parties to the agreement. Practically all air recruits in the United Kingdom will be trained at home. In Australia and New Zealand, all air recruits will receive their initial and elementary flying training at home. Most of the Australian pupils and some of the New Zealand pupils will also receive advanced training in their own countries.

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C 268274

Under the agreement, however, about one-fifth of the pupils to receive advanced training in Canada will come from the other two Dominions. Some pupils will be received from the United Kingdom, Newfoundland and elsewhere. The great majority of the pupils will, however, be Canadians.

The first stage of training in this country will be initial training, which is a ground course to prepare recruits for flying and for air-force life in general. This will be given in three large schools. At the end of four weeks' initial training, a selection will be made of those to be pilots, observers or gunners, and they will then go to the appropriate schools.

Pilots will go to one of the Elementary Flying Schools, where they will learn to get the feel of a plane, and to fly light machines. After some eight weeks, they will graduate to the Service Flying Schools. It is at this stage that the Australian and New Zealand pilots, who will receive their initial and elementary training in their own countries, will come to Canada to continue their training. In the Service Flying Schools, of which there will be sixteen in Canada, pilots will spend about fourteen weeks learning intermediate and advanced flying, including night and instrument flying. They will receive instruction in bombing and fighting as well.

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The air observers, including those from abroad, will spend about twelve weeks at the Air Observers' Schools. There will be ten of these schools at which pupils will be taught navigation, reconnaissance and photography. They go on from Air Observers' Schools to Bombing and Gunnery Schools for a course in the theory and practice of bombing and gunnery. The course will take about six weeks. There will be ten Bombing and Gunnery schools. Finally, in order to learn more advanced navigation, the observers will spend about four weeks in one of two Air Navigation Schools.

The air gunners, who also serve as wireless operators after their initial training either in Canada or abroad, will take a sixteen weeks' course in the Wireless Training Schools. There will be four Wireless Training Schools. In them, air gunners will be taught not only the essential principles of radio work, but also operating practices in the air. They will then proceed to the Bombing and Gunnery Schools for four weeks, to learn that phase of work before proceeding overseas.

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Schools will also be needed, at the outset, for training instructors and administrative staffs. And before the training programme is brought to full capacity, ground crews and maintenance staffs will be required in large numbers to man the various schools and establishments. Repair and equipment depots, headquarters and commands, recruiting centres and records offices will also be required. In addition to the 88 schools for the training of pilots, observers and air gunners, and schools needed, at the outset, for training instructors and administrative staffs, several much larger schools will also be required to train the personnel for ground crews and maintenance staffs. The total number of schools required, in Canada, for the joint training programme will be 67.

Nearly 40,000 officers and men will be required to man all the various schools, depots and other parts of the organization when it is in full operation. This will include about 2,700 officers and about 6,000 civilians. The remaining 30,000 will be members of the Air Force other than officers. These numbers do not include the pupils undergoing training, who will also be numbered in thousands.

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Many of the airmen required for training the pupils will be mechanics and other skilled artisans, who constitute ground crews and maintenance staffs.

For the programme of joint training full use will immediately be made of the existing facilities of the Royal Canadian Air Force, as well as of facilities generously made available by Trans-Canada Airways. However, to put the extensive programme into full operation, a great deal of construction and production will be necessary. Throughout the country, about a score of existing air fields will have to be enlarged, and some sixty odd new air fields constructed. The schools will be established in different parts of Canada. Large supplies of equipment, and stores of various kinds, will be required to furnish the schools, and also the equipment and repair depots. The construction and other industries of Canada may be relied upon to meet effectively the demands which this programme will involve.

. Great quantities of aircraft and their parts will, of course, be required. The United Kingdom, as her part of the costs of the undertaking, has agreed to supply most of the aircraft, including engines and spares.

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Apart from the aircraft supplied by the United Kingdom, the light aircraft for elementary training and a portion of the other aircraft will be made in Canada. The aircraft to be made in Canada will be included with the other costs of the joint training programme which are to be divided between Canada, Australia and New Zealand in proportion to the use to be made of the various facilities by the pupils of the three countries. This means that, excluding the cost of the aircraft provided by the United Kingdom, Canada will bear the cost of the initial and elementary training in Canada, and about four-fifths of the remaining costs of the programme.

The duration of the agreement is until March 31, 1943, in other words, a little over three and a quarter years. This period of time may, however, be extended or terminated by mutual agreement. While any estimate of costs made at this time is subject to a wide margin of error, the total cost for the entire programme in Canada, for the period agreed upon, will approximate six hundred million dollars. Canada's share will be around three hundred and fifty million dollars. Up to the beginning of next September, the expenditure on the joint training programme will amount to about ninety million dollars. Of this ninety millions, Canada's share will be about forty-eight millions.

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This amount will be in addition to the $315,000,000 which the Minister of Finance estimated would be the cost, in the first year of the war, of the military programme already undertaken before the air training plan was proposed. In other words, in this first year of war, Canada will be spending on her military effort alone about a million dollars a day.

Under the terms of the agreement, the Joint Air Training Programme which is to be carried out in Canada, is to be administered by the Government of Canada. The organisation and executive command of the training schools is entrusted to the Royal Canadian Air Force. For the general supervision of the Joint Air Training Programme, a Supervisory Board will be established in Canada. The Board will supervise the financial administration of the programme. It will also, from time to time, inspect the progress being made in the setting up of the organization, and carrying out the training.

The Supervisory Board will be under the Chairmanship of the Minister of National Defence. It will also include the Minister of Finance, the Minister of Transport, Representatives of the Governments of the United Kingdom, Australia and New Zealand, the Deputy Minister for Air of the Department of National Defence, and the Chief of the Air Staff.

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Contact with the Government will be maintained by the Board through its Chairman, and with the Royal Canadian Air Force through the Chief of the Air Staff.

The Representatives on the Board, of the Governments of the United Kingdom, Australia and New Zealand, are to report to their own Governments regarding the progress of the Joint Training Programme. They will also have authority to visit, at any time, any stations or units, and to make criticisms or suggestions to the Board. It is expected that they will assist in keeping the Royal Canadian Air Force advised as to new developments in training technique which may come to their notice.

All four Governments will co-operate in the provision of staff and teaching personnel. The staff officers and instructors from the United Kingdom, Australia and New Zealand will, during their period of service in Canada, hold temporary appointments in the Royal Canadian Air Force. This further co-operative arrangement should go far to assure the successful working of the Joint Air Training Programme.

It is desirable, at this point, to clear up a misconception which has become current through frequent repetition, but which is wholly without foundation.

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It has been asserted that the Air Training Plan would have been in existence before this had the present Government not declined to meet an earlier request of the United Kingdom Government for the training of British pilots in Canada. Within the past week or two, it has, for example, been said: "Had we agreed to the British proposal of two years ago for the establishment of air training facilities in Canada, today, Canada would be, in reality, the air training centre of the Empire".

More recently it has been said that "so far as the Empire Air Training Scheme is concerned this was proposed by the British nearly two years ago but apparently discouraged by the King government until after the outbreak of war".

I assume that what is referred to are certain informal, exploratory conversations concerning facilities for the training of British pilots in Canada which took place, not two years ago, but in May and June of last year. The facts were clearly set forth in a statement I subsequently made to Parliament.

The conversations did not relate to a Joint Air Training Plan. Their purpose was to ascertain whether it would be agreeable to the Canadian Government to have United Kingdom schools for the advanced training of pilots of the Royal Air Force established in Canada, under the authority and direction of the Air Ministry of the United Kingdom.

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It was represented that it was becoming increasingly difficult to secure in the British Isles the open spaces needed for long distance flying and gunnery practice. What was contemplated was a British air training establishment in Canada, organised and controlled by the Air Ministry of the United Kingdom, in no way responsible to the Canadian Government, but responsible solely to the Government of the United Kingdom.

When the matter was broached, speaking on behalf of the Government, I immediately said I was sure the Canadian people would gladly have pilots of the Royal Air Force come to Canada for advanced training and would be prepared to provide the necessary facilities, but that I believed they would feel that the necessary establishments should, under terms to be agreed upon, be organised and controlled by the Royal Canadian Air Force, and that the responsibility for their administration should be that of the Government of Canada, rather than that of the Government of the United Kingdom. I added that I felt such a basis was indispensable to friendly and effective co-operation between the two Air Forces as well as between the two Governments.

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Long ago, the constitutional principle was accepted that military establishments in Canadian territory should be owned, maintained and controlled by the Government of Canada, responsible to the Canadian people. That principle has been acted upon ever since. British naval stations and British army garrisons have been withdrawn. Canada, herself, has assumed responsibility for all defence establishments in Canadian territory. It was felt by our Government that a reversal of the principle underlying this historical process was something which the Canadian people would not wish to entertain.

The attitude of the Canadian Government, in this matter, was, however, far from being a negative one. Our desire to co-operate in the most effective manner was made abundantly clear in the following statement which I made in Parliament with respect to Canada's position. "We ourselves," I said, "are prepared to have our own establishments here and to give in those establishments facilities to British pilots to come and train here, but they must come and train in establishments which are under the control of the Government of Canada and for which the Minister of National Defence will be able to answer in this Parliament, with respect to everything concerning them".

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This declaration of Canadian policy was cordially welcomed by the Government of the United Kingdom. On July 7th, 1938, in answer to a question in the British House of Commons as to whether his attention had been drawn to this statement by the Prime Minister of Canada, Sir Kingsley Wood, The Secretary of State for Air, replied: "Yes sir. An offer in this sense has been communicated to His Majesty's Government in the United Kingdom, by the Canadian Prime Minister, through the Canadian High Commissioner. A reply has been sent expressing warm appreciation of the offer, and arrangements are being made in accordance with the suggestion of the Canadian Prime Minister for an officer to be sent immediately to Canada to explore, in co-operation with the Canadian Government, the possibility of working out a scheme for training facilities in Canada".

A few weeks later, an officer of the Royal Air Force was sent by the British Government to conduct the exploratory investigations referred to. During the stay in Canada of this expert from the Air Ministry, a careful survey was made of requirements and facilities available for joint advanced training of pilots for the Air Forces of the United Kingdom and of Canada.

The survey was made

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The survey was made in collaboration with officials of the Department of National Defence and senior officers of the Royal Canadian Air Force.

At the ensuing session, on the recommendation of the Minister of National Defence, our Parliament appropriated the sum of $6,000,000 for the joint training of pilots. This grant was over and above the already greatly increased appropriations for air defence. In presenting the estimates to Parliament the Minister said: "It is possible to say now that agreement has been reached on a scheme whereby pilots from the United Kingdom will come to Canada to be given intermediate and advanced stages of training under the auspices of the Canadian Department of National Defence". I should like to emphasize the fact that the scheme was one for joint training. In answer to a question, the Minister added that the duration of the scheme would be three years.

Here we have the real beginning of the present Plan for joint training in Canada of pilots from the United Kingdom, Canada, Australia and New Zealand, which, under the pressure of war, has assumed the proportions of which the world is now aware.

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The British Commonwealth Air Training Plan is in reality a vast expansion of the scheme for joint training which, in the spring of this year, was already under way as the result of the joint explorations of the Government of Canada and the United Kingdom.

The conversations of last year, instead of delaying the present development, served to expedite it in no uncertain way. They settled the principle upon which the plan of joint training would be organized and controlled. They thereby removed from possibility of controversy at the present time the important question of administration of the Commonwealth plan that has now been agreed upon. They resulted, also, in the beginning of organization for the joint training of pilots in Canada considerably in advance of the outbreak of war. They constituted, in fact, the peace-time foundations on which the United Kingdom proposal of September was based.

The government has not awaited the conclusion of the present agreement to begin work on the development of the additional air training facilities which the plan contemplates. Considerable progress has already been made.

<u>The Royal Canadian Air Force schools</u>

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

PUBLIC ARCHIVES
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C268236

The Royal Canadian Air Force schools at Trenton and Camp Borden have been converted into schools for the training of instructors. For some weeks past they have been in use for that purpose. The air training facilities, which were being developed on a less extensive scale before the war, are being brought rapidly to completion. Of about 125 air fields already developed in Canada, 42 are up to the standard set by Trans-Canada Airways. Many of these will be used for the joint training programme. Under arrangements made with the provincial governments, the highways staffs of all the provinces have been used for surveying additional aerodrome sites. Full advantage has been taken of the favourable weather, and most of the sites have already been surveyed. The War Supply Board has anticipated the requirements of the programme and has organized production to meet them.

The enormous variety of equipment required for the programme is being listed in detail, so that orders may be promptly placed. To prevent delays in obtaining supplies required from outside Canada, protective orders have already been placed. Now that the agreement is in force the War Supply Board will immediately begin to let the necessary contracts.

Plans for the schools

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

PUBLIC ARCHIVES
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CANADA

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Plans for the schools have already been prepared, and no time will be lost in their construction. It will thus be seen that the time spent in working out all essential features of the agreement has, in reality, not interfered with the development of the programme itself. Canada is more than ready for the large task ahead.

The new programme is of such magnitude, that some little time must necessarily elapse, while schools are being built, equipment obtained, and the training of additional instructors completed, before student pilots, observers and air gunners can be accepted for their training, and before the first pilots and observers, trained under the scheme, will be sufficiently skilled to proceed to the theatres of war.

In the meantime the United Kingdom Government, appreciating the desire of the Canadian people to be represented as soon as possible by an Air Force Unit on active service in Europe, has arranged for the immediate formation of a squadron to be commanded by a squadron leader of the Royal Canadian Air Force.

All the pilots

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All the pilots in the squadron will be Canadian. The Canadian commander and pilots will be selected from Canadians at present serving with the Royal Air Force.

The formation of this squadron has been made possible by the practical co-operation, in the training of air personnel, in recent years between the Royal Canadian Air Force and the Royal Air Force. This co-operation has resulted in the presence in the Royal Air Force of a considerable number of Canadians, some of whom, as you are aware, have already achieved distinction in the present war.

Perhaps I should mention here that, under the Commonwealth Air Training Plan, provision has been made, after their training is completed, for the identification, in the field, of the pupils with their respective Dominions, either by the method of organising Dominion units and formations, or in some other way.

In embarking upon the vast co-operative enterprise, envisaged by the Commonwealth Air Training Plan, the government had naturally to give the most careful consideration to the Plan in its relation to Canada's military effort as a whole.

This aspect was,

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This aspect was, of course, very fully discussed with the Government of the United Kingdom. It is obviously all-important that our effort should be co-ordinated with the effort of our allies in a single strategic plan for carrying on the war. When the Plan, in its broad outlines, was proposed by the Government of the United Kingdom, it was stated that the immense influence which the development and realization of such a great project might have upon the whole course of the war, might even prove decisive.

On October 10th, at the time of announcing agreement by the several governments on the principle of the proposal, I stated that "The Government of the United Kingdom has indicated its opinion that with the facilities which Canada possesses this co-operative effort may prove to be of the most essential and decisive character."

The United Kingdom Government has since informed us that, considering present and future requirements, it feels that participation in the Air Training Scheme would provide for more effective assistance towards ultimate victory than any other form of military co-operation which Canada can give.

At the same time

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C268290

At the same time the United Kingdom Government wishes it to be clearly understood that it would welcome no less heartily the presence of Canadian land forces in the theatre of war at the earliest possible moment.

You will recall that, on September the 19th, the Government announced that a division was being organized for service overseas, and, as you are aware, no time is being lost in our endeavour to meet the wish of the United Kingdom for the early despatch of an Expeditionary Force.

I have spoken of the magnitude of the Joint Air Training Plan, of what it is likely to mean in numbers of men to be trained, and in additional financial outlay upon Canada's war effort. It is well, however, to remember that, in the vast expansion of air power which Canada has undertaken, in collaboration with her partners in the British Commonwealth, something wholly different, and much more vital than numbers or material wealth is involved. It is the lives of our young men which are being pledged. Like our soldiers and our sailors, the pilots and airmen who are to be trained in thousands, are going forth to

battle to risk their lives

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C268291

battle to risk their lives in conflict with forces more sinister than any the world has known.

Tonight, I am speaking particularly of those belonging to the Royal Canadian Air Force. The young men, equally with others of maturer years with whom they will be associated, are, I am convinced, fully aware of the appalling nature of the situation facing the world today, and of what it will demand by way of sacrifice ere peace is again restored. It is not in a spirit of adventure that they are pressing forward in such numbers. Rather are they enlisting in the spirit of the crusaders of old, prepared, if need be, to give their lives for what, to them and to us, is holy and sacred - the birthright of liberty and happiness in a free land. This fortitude and devotion must be guarded and protected by every power we possess.

In making provision for this vast undertaking, the government has done so, knowing that nothing can be left to haste or to chance. The intricate machine must be perfect. In every phase of their work, the men must be trained by the highest skill, and under the best conditions, it is possible for the country to provide.

In no other arm

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PUBLIC ARCHIVES
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C 268292

In no other arm of the defence services is a man obliged to rely more completely upon his own initiative, his own knowledge, and his own judgment. It is the possession of these qualities in such large measure which has given to Canadians the reputation as airmen they already enjoy. Those who enlist in Canada's Air Force may be depended upon to do their part, however perilous it may be. We must do ours to assist them in every possible way, by adequate training and proper equipment, and by all the influences for good by which it is possible to surround their lives.

I need not say to those who may come from other lands to receive their training, how warmly they will be welcomed during their brief stay in our midst. I know something of the heart of the Canadian people. I am sure, therefore, that our homes will be as open to them as they are to those of our own land with whom they are already united as brothers, in an heroic effort to serve the world's need at this hour of its greatest peril.

Let there be no mistake about the significance of the present war. It is a desperate struggle for existence itself.

On its outcome

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On its outcome will depend the fate not of Canada alone, nor even, it seems to me, of the British Empire, the fall of which would shatter the world, but of Humanity itself, in all its higher aspects. To save mankind from such a catastrophe, the airmen of the British Commonwealth, whether setting their course by the North Star or the Southern Cross, are dedicating their lives. To hasten the day when peace may be restored is, I believe, the governing motive of all our forces, whether on sea, or land, or in the air.

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R.

Air T.

Despatch Commenced 10 am, Dec 17th

C 268295

From Prime Minister, Canada

To Prime Minister, New Zealand
Australia

Ottawa, December 17, 1939

Secret
Code
Most Immediate

Air training agreement without any change in substance ~~is being~~ signed by United Kingdom and Canadian representatives shortly after ~~at~~ midnight. As no newspapers are published in Canada on Sunday, I shall give a general broadcast Sunday night at nine o'clock dealing with Canadian background and with general terms of agreement. This broadcast with the agreed press statement will be published in our Monday morning press, and statement will also be published Monday morning in United Kingdom. I would therefore suggest that press statement be released at any convenient time approximating nine o'clock Sunday night Ottawa time, followed at any time by such supplementary material as your government considers desirable. We expect to release the non-confidential details to press here for Monday afternoon or Tuesday morning before but see no reason why your government should not release similar material at any time after agreed press statement. Simple announcement that agreement had been signed or initialled on behalf of all four governments may be made on radio here Sunday morning and your government may wish if convenient to adopt similar course before issuing the agreed press statement.

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POOR PRINT
Epreuve illisible

Subject Air - training

Date December 18/1939 *Publication* "Globe and Mail"

CANADA'S HELP IN THE AIR.

The news that the terms of the Empire's joint air-training program have been agreed upon will be received nowhere more enthusiastically than in this country. It is a scheme around which Canadians, eager to turn their vigor to war channels, can rally with the greatest of satisfaction. Although it will be more distinctly a Canadian enterprise than first anticipated, the numbers of airmen coming from Britain, Australia and New Zealand for final training will give it the co-operative effect so keenly desired.

Its magnitude can be grasped by Prime Minister King's announcement that sixty new flying fields will be established, in addition to the enlargement and utilization of twenty existing fields. Sixty-seven schools will be required for instruction of pilots, observers, gunners and wireless crews, and those to be engaged in ground and maintenance services. Some 40,000 men will be needed to establish and maintain the plan, besides those at present in training. These will include 2,700 officers, 6,000 civilians and 30,000 non-commissioned air-force personnel. As for various reasons most of the men in other Dominions will be trained at home four-fifths of the force to be trained here will be Canadians. Since it will require six months to train a pilot, nearly as long for an observer, and a slightly shorter period for air gunners and wireless operators, speed in getting the plan under way is essential. Pending the completion of the agreements preparations have been in progress. Registration centres have been opened across Canada for skilled mechanics and other necessary help. But an intensive recruiting campaign should be launched to enlist the thousands of men who will be needed without loss of time to make up the force.

The country will get a view of war costs in meeting the bill being incurred. Of the total cost for the contract period of three and one-quarter years amounting to $600,000,000, Canada's share will be $350,000,000. Expenditure up to Sept. 1 next will be $48,000,000, added to the estimate given by the Finance Minister of $315,000,000 for other war purposes. Accordingly, as the Prime Minister pointed out, the Dominion is spending about $1,000,000 daily on the war, or about one-third as much as normal requirements for the nation's various Governments. That it is most urgent for Dominion, Provincial and municipal Governments to curtail every possible dollar of expenses not for direct war costs should not have to be emphasized.

This is Canada's war, a war to preserve her institutions and privileges, and we cannot complain about essential, well-ordered expenses. The care with which the air-training scheme has been worked out in a comparatively short time implies that expense has had the fullest consideration. Substantial permanent benefit will accrue from the training and the establishment of a great air centre in this country, but we have the word of the British authorities that by this means the Dominion can make its greatest contribution to the Allied cause, and this is what we wish to do.

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PRESS CLIPPINGS

Office of The Prime Minister

C 268297

Name of Publication Ottawa M. Citizen

Date Dec. 18/39.

Subject Air Training

Flying Schools Should Be Open By Next Spring

Lord Riverdale Says Empire Agreement Is Wonderful Achievement and All Parties Well Satisfied

Much preliminary organization work connected with the Empire training plan has been done and actual instruction in the Canadian air schools should start next spring, Lord Riverdale, head of the British air mission and one of the leading figures in the negotiations leading to the agreement, said last night in an interview.

Britain will provide at least 10 per cent of the pupils in the air schools to be established under the scheme and if there are vacancies in the Canadian training centers which cannot be filled with recruits from this country, the slack will be taken up by British youth, he stated.

Wonderful Co-operation.

"We have had wonderful co-operation from your government and from your air force officers," said Lord Riverdale who leaves Ottawa today on his way back to England.

"This agreement is a wonderful achievement, and all the parties are completely satisfied with it. A tremendous amount of details have been settled in remarkably short time. The Canadian Transport Department's civil aviation branch has co-operated fully. The technical experts I brought from England with me are very enthusiastic over the co-operation to be found on all sides in Canada."

Providing Aircraft.

Britain would provide most of the aircraft for the air training plan, he stated. Primary training in Canada would be done on De Havilland, Moths and Fleet trainers, with advanced instruction on North American Harvards, fast low wing monoplanes built in the United States. Some of this type, he said, would be sent to New Zealand and Australia. Harvards bought by the U.K. government in the United States would be left on this side of the Atlantic for the training scheme.

Service aircraft for advanced training would be sent over from England, including the Fairey Battle, a low wing two-seater monoplane fighter and bomber, and the twin-engined Avro-Anson reconnaissance and bombing machines. Several Fairey Battles have long been in Canada.

Lord Riverdale paid tribute to the qualities of Canadian fliers and said sheer initiative makes them fine airmen.

Fine Air Fighters.

"Canadians proved to be wonderful pilots and fine air fighters in the first Great War, and we look to thousands of them to repeat the excellent performance of the preceding generation in the present struggle," the British industrialist said.

"There is a psychological reason for Canadians being good flying men and that is their resourcefulness and initiative. In this young country one has to be resourceful, inventive and adaptable. Our older civilization at home means that everything is right at hand for the asking, but in Canada you have had to make things, to make one thing do the work of another. Your pioneers struggled to survive, and you have inherited their initiative, which is a fine thing to have when one is up in an airplane."

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PRESS CLIPPINGS C 268298

Office of the Prime Minister

Name of Publication Ottawa J. Citizen

Date December 19, 1939

Subject Air Training

Four Govts. Are "Well Pleased" With Air Pact

Lord Riverdale, Head of British Mission, Expects Air Vice-Marshal Croil To Take Charge of Plan.

"The four governments are well pleased with the agreement," Lord Riverdale, head of the British air mission, told The Citizen yesterday prior to his departure from Ottawa.

He was referring to Canada, the United Kingdom, Australia and New Zealand, the countries which signed an agreement on Sunday for the Empire air training scheme. His mission successfully concluded, Lord Riverdale left for Washington yesterday afternoon for a visit before returning to England. He was seen off at Union station by Prime Minister W. L. Mackenzie King, Hon. Ian Mackenzie and members of the British air mission remaining in Ottawa and the personnel of the British purchasing mission.

Air Vice Marshal G. M. Croil likely would be in charge of the scheme, but that was a matter for Canada to decide, Lord Riverdale said in an interview. Air Chief Marshal Sir Robert Brooke-Popham will remain in Ottawa in an advisory capacity.

"Would Discourage Nazis."

When figures which the scheme involved were being mentioned, one of the technical advisers of the mission said it was not desired to be too specific because of giving information to the enemy.

"Perhaps the figures would tend to discourage the Nazis," suggested the reporter.

"I'm rather inclined to that opinion," observed Lord Riverdale.

The figure often quoted of ten to one for a ground crew necessary to keep men in the air was too high, he said. In this scheme it would be three or four. On the basis of 25,000 airmen a year being trained that would amount to between 75,000 and 100,000 ground crew. But they would be more or less permanent.

Ground Crew Permanent.

"When the trained airmen are taken to England, we will be expected to supply the ground crew." Some of the Canadian ground crew, however, might be sent over. But generally speaking they would be permanent for the duration of the war.

The participating governments would be responsible for getting their men to the training center, but once the men were trained, England would assume responsibility for conveying them to combat areas.

Lord Riverdale did not anticipate any difficulty in obtaining either men or training machines. He pointed out the larger numbers in the Empire who were volunteering for air service. As for machines, he was confident a supply would readily be available. Drawing his hand upwards on a slant, he said: "Men and machines will progressively increase, keeping pace with one another."

Ottawa Gets Share.

Would Ottawa become one of the training centers?

"The schools will be spread all across Canada. But you may be sure Ottawa will get her full share."

Schools would be kept constantly at capacity. That was the reason England's share of trainees was not too specific—as many men would be sent from England as

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PRESS CLIPPINGS

C268299 Office of the Minister

Name of Publication.....

Date.....

Subject.....

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About how many could be trained at one time?

The previous estimate by the press of 15,000 was "pretty accurate." (With the ground crew, it would mean approximately 100,000 men constantly participating in the Canadian air training work.)

Lord Riverdale was enthusiastic about the scheme. Particularly to Australia and New Zealand—"where there was danger of attack"—did it give a sense of security. "They will constantly have men in training to augment the permanent defence force."

Lord Riverdale said that working out the details of the agreement "had been hard work." He praised the participating governments for their co-operation.

With the main body of the mission, Lord Riverdale arrived in Ottawa on Oct. 15.

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PRESS CLIPPINGS

C 268299

Office of the Prime Minister

Name of Publication .....

Date .....

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C 268300

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA.

TO: THE RIGHT HONOURABLE THE PRIME MINISTER OF CANADA, OTTAWA.

CODE

CANBERRA, December 20th, 1939.

December 20th. Regarding Empire Air Training Scheme. I have today issued a statement to the press intimating Agreement has been completed and outlining administration scheme, allocation of costs, rates of pay etc.

PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

Rec'd Ottawa: 9.45 A.M.

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COPY

Air T.
Laurier House

C 268301

Ottawa, December 21, 1939

SECRET

Paul Mason, Esq.,
Office of the High Commissioner
for the United Kingdom,
Earnscliffe,
Ottawa.

Dear Mr. Mason:

I have much pleasure in acceding to your telephone request to Mr. Pickersgill for a copy of the secret memorandum of agreement on the British Commonwealth Air Training Plan.

I am also sending, under separate cover, a dozen copies of the summary of the memorandum which has been made public. I understand that a similar number of copies of the Prime Minister's broadcast have already been sent to the High Commissioner.

Yours very truly,

A. D. P. Heeney
Principal Secretary
to the Prime Minister.

JWP/MS

for original see
G-100-82
V. 6

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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CROSS REFERENCE SHEET

C 268302

Name or Subject: Air Training Plan 1939

File No.: ATP / 1939

Regarding

Original Cartoon by LOW
(London Evening Standard)
re Air Training Plan
(sent by Lord Rivendale)

Date

SEE

Name or Subject

File No.: Sunroom

REQ. 382
5,000—14-6-39

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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C 268303

FROM: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

MOST IMMEDIATE

CODE

Canberra, December 15th, 1939

I propose to make a statement for publication in the Australian press tomorrow morning Saturday with regard to Agreement between Great Britain and Australia in connection with Empire Air Training scheme. I am forwarding copies of my statement to you en clair.

PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

Rec'd Ottawa 4:30 a.m.

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"R"

A. & T.

C 268304

TO: THE RIGHT HONOURABLE THE PRIME MINISTER OF CANADA, OTTAWA

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

R.

IMMEDIATE

CYPHER

Wellington, New Zealand,
December 15, 1939.

The Prime Minister of Australia informs me he is making a statement for publication tomorrow morning, Saturday, concerning the Agreement between Great Britain and Australia in connection with the Empire Air Training Scheme. I should be glad to learn whether there is any immediate likelihood of arranging for synchronized release of agreed statement referred to in your telegram dated December 11th.

PRIME MINISTER OF NEW ZEALAND.

Received Ottawa: 10 A.M.

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R

A.M.T.

C 268303

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA.

TELEGRAM NO. 24 Ottawa, 15th December, 1939.

CODE

MOST IMMEDIATE

Am much obliged by your advising me in your telegram of this date of your intention to make statement for publication in the Australian press of Saturday morning. Understanding here has been that agreed public statement would be issued in all four capitals at agreed time after initialling of memorandum. I understand United Kingdom authorities have taken up this matter with you. This agreed statement could then be followed by individual supplementary statements as each Government thought desirable. We are hoping very shortly to arrange matters for final initialling here and in that event would suggest the time for simultaneous release. I very much hope it will be possible for you to postpone statement in the meantime.

LK

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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C 268306 AIR

FROM: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

IMMEDIATE

CODE

CANBERRA, December 16th, 1939.

I have received your telegram December 13th regarding Air Training Scheme. I greatly regret your request was not received until after statement had actually been released. Wish, however, to make it quite clear that statement related only to training etc. in Australia as proposed under United Kingdom - Australia Agreement and was issued after consultation and with the concurrence of the United Kingdom Air Ministry.

We are awaiting advice from you regarding final initialling of Empire Agreement and arrangements of time for simultaneous release. I shall be most happy to cooperate with you and other parties in this regard.

W.L.M. K.

PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

Rec'd Ottawa: 2.30 A.M.

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A.T

C 268307

UNITED KINGDOM AIR MISSION

House of Commons

Ottawa

December 16, 1939.

Honourable Norman Rogers,
Minister of National Defence,
Ottawa, Ontario.

Dear Mr. Rogers:

Referring to your letter to me of December the 8th.

On the understanding that the numbers to be incorporated or organized at any time will be the subject of discussion between the two governments, the United Kingdom Government accepts in principle, as being consonant with the intention of Paragraph 15 of the Memorandum of Agreement that the United Kingdom Government, on the request of the Canadian Government, would arrange that Canadian pupils, when passing out from the training scheme, will be incorporated in or organized as units and formations of the Royal Canadian Air Force in the field. The detailed methods by which this can be done would be arranged by an intergovernmental committee for this purpose under Paragraph 15.

Yours sincerely,

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C 268308

Office of the High Commissioner
for the United Kingdom,
Earnscliffe,
Ottawa.
18th December,1939.

S E C R E T.

My dear Dr.Skelton,

Thank you for your letter of the 16th December regarding the telegram which you had received from the Prime Minister of Australia about his statement on the subject of the air training scheme.

Mr. Menzies' intimation that his statement was issued after consultation with and with the concurrence of the United Kingdom Air Ministry came as a complete surprise to me and immediately on receipt of your letter I took the matter up by telegraph with London. I have now received a reply stating that it seems clear that there was a genuine misunderstanding. The United Kingdom authorities thought that it had been impressed upon Mr. Fairbairn in conversation with the Parliamentary Under Secretary of State for Air that if the Prime Minister of the Commonwealth felt that he had no alternative but to make a statement at this stage, he should confine this to the United Kingdom-Australia agreement and, generally speaking, should not go beyond what Mr. Fairbairn had himself broadcast in Canada. The United Kingdom authorities further understood that Mr. Menzies would give advance intimation to them and to the other Dominions concerned of the purport of the proposed statement.

Yours sincerely,

Gerald Campbell.

Dr. O.D. Skelton,
Under-Secretary of State
for External Affairs,
OTTAWA.

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R

AirT

C 268309

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

MOST IMMEDIATE

TELEGRAM NO. 17

EN CLAIR

Ottawa, December 18th, 1939.

Telegram follows immediately giving information regarding non-confidential details which will be published in press here Tuesday morning corresponding roughly to midday on Wednesday in New Zealand. We are also advising Australia.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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R

Air T.

C 268310

FROM: THE PRIME MINISTER OF CANADA OTTAWA

TO: THE PRIME MINISTER OF NEW ZEALAND WELLINGTON

Ottawa, 18th December, 1939

No 2.

Telegram No. 18

Code

Most Immediate

I understand from United Kingdom High Commissioner you desire further information regarding non-confidential details. We shall give to press, for publication Tuesday morning, corresponding roughly to ~~noon~~ Wednesday in New Zealand, the non-confidential portions of the memorandum of agreement. In immediately following telegram we shall summarize in clear the paragraphs of the memorandum that are being released and in confidential telegram we shall indicate the secret sections omitted. A similar communication is being sent to Australia. The United Kingdom authorities understand above arrangement.

PRIME MINISTER.

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R

Air T.

C 268311

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS CANADA

TO: THE HIGH COMMISSIONER FOR CANADA IN LONDON

Ottawa, 18th December, 1939

Telegram No. 670

Secret

Cypher

Most Immediate

In my message of December 15th, No. 666, I asked that at least twelve hours notice should be given of release of information regarding landing of Canadian overseas forces. I now learn through many sources that landing was completed at noon yesterday and I understand that Canadian Press have been advised that release may be expected tonight. Apparently United Kingdom censors have passed freely telegrams from members of troops to relatives in Canada. This makes position with respect to press most difficult and we would appreciate immediate word as to possibility of early release and hour arranged.

L R

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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R

AirT.

C268312

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS.OTTAWA

TO: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA.

MOST IMMEDIATE

TELEGRAM NO.23

No 1.

✓ EN CLAIR

Ottawa, December 18th,1939.

Telegram follows immediately giving information regarding non-confidential details which will be published in press here Tuesday morning corresponding roughly to mid-day on Wednesday in Australia. We are also advising New Zealand.

LL

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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R

AirT

C 268313

FROM: THE PRIME MINISTER OF CANADA OTTAWA

TO: THE PRIME MINISTER OF AUSTRALIA CANBERRA

Ottawa, 18th December, 1939

Telegram No. 26

No 2

Code

Most Immediate

Your telegram December 18th regarding non-confidential details.

We shall give to press, for publication Tuesday morning, corresponding to early afternoon Wednesday in Australia, the non-confidential portions of the memorandum of agreement. In immediately following telegram we shall summarize in clear the paragraphs of the memorandum that are being released and in confidential telegram we shall indicate the secret sections omitted. A similar communication is being sent to New Zealand. The United Kingdom authorities understand alone arrangement.

PRIME MINISTER.

LR

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R

"R"

Air.

C 268316

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

MOST SECRET

TELEGRAM

CYPHER

MOST IMMEDIATE

Ottawa, December 16th, 1939.

No ... 128

Most Secret Air Training Agreement. Following from Prime Minister for your Prime Minister Begins:

1. In my telegram this morning I referred to announcement made yesterday by the Prime Minister of Australia. We were advised yesterday morning by Prime Minister of Australia that he proposed to issue a statement regarding Agreement between Great Britain and Australia. The Prime Minister of New Zealand cabled us he had received similar information. We immediately cabled suggesting statement be deferred in view of arrangement for simultaneous issue of agreed public statement in all four capitals after initialling of Memorandum.

2. We have this morning received a reply regretting that our request had not been received until after statement had actually been released. The Prime Minister of Australia adds that the statement related only to training in Australia as proposed under the United Kingdom-Australian Agreement and that it was issued after consultation with and concurrence of the United Kingdom Air Ministry. He adds that on advice of final initialling of Empire Agreement Australia will arrange for simultaneous release, presumably of agreed press statement. I am bringing this to your attention in view of the fact that announcement of Australian-

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C 268315

United Kingdom Agreement, which is as was stated in that announcement yesterday "part of the vast Empire Scheme of Air training", is indicated as having been made with United Kingdom concurrence. I cannot begin to express my amazement that without consultation with the Government of Canada, the United Kingdom Air Ministry should have concurred in the issue of the statement by Australia before agreement had been reached between all parties. I need hardly add that the publication has caused great embarrassment to our Government in relation to other Commonwealth Governments as well as to the press and people of our own country. Ends.

SECRETARY OF STATE FOR
EXTERNAL AFFAIRS.

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Air T.

FROM: THE PRIME MINISTER OF CANADA, OTTAWA C 268316

TO: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

TELEGRAM NO. 15 Ottawa, 16th December, 1939

CYPHER

IMMEDIATE

1. Your telegram of December 15th regarding the Australian statement as to Air Training Scheme.

2. A telegram from Canberra was received here a little earlier yesterday morning , our December 15th, stating that the Prime Minister proposed to make a statement for publication in the Australian press on Saturday morning Australian reckoning. We immediately cabled suggesting the statement be deferred.

3. We have this morning received a further telegram from Canberra regretting our request was not received until statement had actually been released, adding that it had been issued after consultation with and concurrence of the United Kingdom Air Ministry. The Australian Prime Minister states that on advice from us regarding final initialling of Empire Agreement, which he distinguishes from the United Kingdom - Australian Agreement, he will arrange for simultaneous release.

4. We had expected to initial agreement yesterday afternoon . If this had been arranged we proposed to suggest immediate release of agreed press statement in New Zealand and Australia, and publication in United Kingdom and Canadian papers the following morning. I had also arranged to make a broadcast on the evening of the succeeding day and to give further non-confidential details to the press a day later. There is, however, one matter affecting the United Kingdom and Canada still outstanding and while we have been doing our best

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C 268317

to obtain a decision on this question it now appears that initialling will have to be deferred until after a reply from London has been received. We expect this will be settled very shortly and shall advise you of hour arranged for initialling after which agreed press statement may be issued as soon as meets your convenience. It has been our understanding that any government may supplement this preliminary common statement later by reference to any matters which it has not been arranged to keep secret. On this latter point I understand United Kingdom High Commissioner here has communicated with you. We shall send simultaneous telegram to Australia for such action as may there be considered desirable.

PRIME MINISTER.

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"R"

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

C 268318

IMMEDIATE

Ottawa, 16th December, 1939.

MOST SECRET

CYPHER

No.127

No.127. Most Secret. Following from my Prime Minister for your Prime Minister, Begins:

1. After several days of conference between members of the Government and the United Kingdom Air Mission, on the important question of the status in the field of Canadian personnel trained under the training plan, Lord Riverdale, as Chairman of the Mission, asked me to meet him yesterday morning to see if we could not agree on the statement which, if made by him, would be regarded as a satisfactory reply to a letter on this subject written to him by the Minister of National Defence on December 8th.

2. The letter of the Minister of National Defence was as follows: Quote

My dear Lord Riverdale:

Paragraph 15 of the memorandum of agreement between the Governments of the United Kingdom, Canada, Australia and New Zealand, relating to training of pilots and aircraft crews in Canada, and their subsequent service, reads as follows:

> "The United Kingdom Government undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion Units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-governmental discussions to this end."

In accordance with our conversation of yesterday, I understand that you accept as the proper interpretation of this paragraph that Canadian personnel from the training

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C 268319

plan will, on request from the Canadian Government, be organized in Royal Canadian Air Force units and formations in the field. I shall be obliged if you will confirm this interpretation of paragraph 15, by letter.

Your sincerely,

(Signed) Norman McL. Rogers

UNQUOTE.

3. Lord Riverdale and I agreed upon the wording of a statement which each of us regarded as expressing the true position, and which he was prepared to sign and I to accept, such acceptance to be followed by signature of the Agreement by Lord Riverdale and myself.

4. Lord Riverdale left my office to prepare a letter to the Minister of National Defence embodying this statement. To my surprise Lord Riverdale later telephoned me to say that, having shown the proposed communication to the High Commissioner for the United Kingdom and to one of his colleagues on the United Kingdom Mission, they had said to him that, as cables had gone to London from Ottawa last night, they thought he should not sign until a reply to these cables had been received. I drew Lord Riverdale's attention to the announcement made yesterday by the Prime Minister of Australia that an agreement had been reached between Australia and the United Kingdom, which statement made public most of the features of the joint training plan. I pointed out that our Government had been greatly embarrassed in consequence, and I added that, seeing he and I were agreed on the solution of the only matter outstanding, it was most desirable that the Agreement itself should be signed without further delay.

5. I therefore suggested that Lord Riverdale communicate by telephone with London, advising the Air Ministry of the agreement that he and I had reached. To my surprise I received from Lord Riverdale this evening the following communication which, he informs me, was dictated to him over the telephone as

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C 268320

the reply to be made to the Canadian Government instead of that which he had agreed with me that he would make to the letter of the Minister of National Defence.

6. The letter follows:

QUOTE:

My dear Prime Minister,

I have discussed on the telephone this evening with Sir Kingsley Wood the matters which formed the subject of our conversation this afternoon relating to the letter which I received on the 8th December from the Minister of National Defence on the meaning of paragraph 15 of the Memorandum of Agreement.

I have now been authorized to reply to the above mentioned letter from Mr. Rogers in the following terms:-

> "On the understanding that the numbers to be incorporated at any time would be the subject of agreement between the two Governments, the United Kingdom Government accepts in principle as being consonant with the intention of paragraph 15 of the Memorandum of Agreement that the United Kingdom Government on the request of the Canadian Government would agree to the incorporation of Canadian pupils when passing out from the training scheme into units of the Royal Canadian Air Force in the field.
>
> The detailed method by which this will be done will be arranged by an Inter-Governmental Committee for this purpose under paragraph 15.
>
> It would be a condition that the factor governing the numbers of such pupils to be so incorporated at any one time should be the financial contribution which the Canadian Government have already declared themselves ready to make towards the cost of the training scheme".

If the foregoing proposals meet with the approval of the Canadian Government I am authorized to sign the Memorandum of Agreement forthwith.

Yours sincerely,

(Signed) Riverdale

UNQUOTE

7. ....

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7. After consultation with my colleagues, I have handed to Lord Riverdale a reply to his letter in the following terms:

QUOTE:

Dear Lord Riverdale,

This morning you asked if I would meet you in order that, together, we might endeavour to reach a decision with respect to the one matter which has been holding up the signing of the agreement respecting the Joint Air Training Plan.

I met you at my office, and together we discussed the matter both before and after luncheon; before luncheon, in the presence of my colleague, the Minister of Finance, and after luncheon, in the presence of my colleagues, the Minister of Finance and the Minister of National Defence.

At the beginning of the afternoon's conversations, you presented us with a statement which you said you were prepared to embody in a letter to Mr. Rogers in reply to his letter to you of December the 8th. In the course of our conversations, a few slight changes were made in the statement. The statement was then rewritten in the light of these modifications, to read as follows:

> "Replying to your letter of December the 8th, knowing the earnest desire of the United Kingdom Government that the Royal Canadian Air Force shall be directly represented in the field, I can readily agree that in carrying out paragraph 15 the United Kingdom Government will, if requested by the Canadian Government, arrange that the Canadian personnel from the training plan will be organized as Royal Canadian Air Force Units and formations in the field; the detailed methods by which this will be done to be arranged by an inter-governmental committee to be appointed for this purpose under paragraph 15".

You stated repeatedly that you were prepared to reply to Mr. Rogers' letter in the terms of the statement above set forth, if, on behalf of my colleagues, I would agree to this being a satisfactory reply.

As you will recall, I took the position with each of my colleagues that the above statement accurately embodied what the Government had considered acceptable as the policy to be followed in carrying out paragraph 15 of the Memorandum of Agreement, and I agreed to the letter which you proposed to send Mr. Rogers, and that upon its receipt by him, I would sign the Agreement itself on behalf of the Government of Canada.

At the time of this understanding between us, there was no question of the statement being subject to further revision.

In the concluding paragraph of your letter this evening, just received, a factor which was never so much as referred to in any conversations I have had with you is now being made a condition precedent to a reply on your part to Mr.

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C268323

Rogers' letter in the terms agreed to this afternoon. This factor is that the organization of R.C.A.F. units is to be measured by the cold consideration of financial contribution, disregarding entirely Canada's heavy contribution of fighting men in the way of pilots, observers and gunners.

My colleagues and I are prepared to abide by the terms of the Agreement reached with you this afternoon, and as soon as Mr. Rogers' letter has been replied to in accordance with the statement handed to us and agreed upon, I am prepared, on behalf of the Government, to sign the Memorandum of Agreement.

I regret to have to inform you that, in reference to this vital matter, the Government cannot regard your letter as a satisfactory reply to Mr. Rogers' letter.

Yours sincerely,

W.L. Mackenzie King

UNQUOTE

8. I fear there is grave danger of the whole Joint Training Plan being seriously imperilled unless agreement between our two Governments can be reached without further delay.

9. Lord Riverdale has been present at most of the discussions which have taken place between members of his Mission and members of our Government, and I feel that in the statement which he agreed to this afternoon, he was sincerely expressing the opinion which he believed accurately described the intent and purpose of the clause in the Agreement to which it refers. My colleagues hold the same view. In these circumstances I feel that the Government of the United Kingdom would wish to support the head of their Mission.

10. I cannot too strongly impress upon you the importance which the people of Canada will attach to the principle involved in the letter of the Minister of National Defence, of December 8th, affecting as it does Canadian fighting personnel in the field.

11. We are most anxious to conclude the arrangement and get under way with the plan as rapidly as possible, and will greatly appreciate any steps which you may find it possible to take to ensure this end. Ends. MESSAGE ENDS.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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C268323 Air

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF CANADA, OTTAWA

TO: THE RIGHT HONOURABLE THE PRIME MINISTER OF AUSTRALIA, CANBERRA

MOST IMMEDIATE

SECRET

CODE

Ottawa, 17th December, 1939.

Air Training Agreement without any change in substance was signed by United Kingdom and Canadian representatives shortly after midnight. As no newspapers are published in Canada on Sunday, I shall give a general broadcast Sunday night at nine o'clock dealing with Canadian background and with general terms of Agreement. This broadcast with the agreed press statement will be published in our Monday morning press, and statement will also be published Monday morning in United Kingdom. I would therefore suggest that agreed press statement be released at any convenient time approximating nine o'clock Sunday night Ottawa time, followed at any time by such supplementary material as your Government considers desirable. We expect to release the non-confidential details to press here for Monday afternoon or Tuesday morning papers but see no reason why your Government should not release similar material at any time after issue of agreed release. Simple announcement that Agreement had been signed or initialled on behalf of all four Governments may be made on radio here Sunday morning and your Government may wish if convenient to adopt similar course before issuing the agreed press statement.

PRIME MINISTER

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C268324

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF CANADA, OTTAWA

TO: THE RIGHT HONOURABLE THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON

MOST IMMEDIATE

SECRET

CODE

Ottawa, 17th December, 1939.

Air Training Agreement without any change in substance was signed by United Kingdom and Canadian representatives shortly after midnight. As no newspapers are published in Canada on Sunday, I shall give a general broadcast Sunday night at nine o'clock dealing with Canadian background and with general terms of Agreement. This broadcast with the agreed press statement will be published in our Monday morning press, and statement will also be published Monday morning in United Kingdom. I would therefore suggest that agreed press statement be released at any convenient time approximating nine o'clock Sunday night Ottawa time, followed at any time by such supplementary material as your Government considers desirable. We expect to release the non-confidential details to press here for Monday afternoon or Tuesday morning papers but see no reason why your Government should not release similar material at any time after issue of agreed release. Simple announcement that agreement had been signed or initialled on behalf of all four Governments may be made on radio here Sunday morning and your Government may wish if convenient to adopt similar course before issuing the agreed press statement.

PRIME MINISTER

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C26832

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF CANADA, OTTAWA

TO: THE RIGHT HONOURABLE THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON
{ " " of Australia, Canberra. }

MOST IMMEDIATE

SECRET

CODE

Ottawa, 17th December, 1939.

201

Air Training Agreement without any change in substance was signed by United Kingdom and Canadian representatives shortly after midnight. As no newspapers are published in Canada on Sunday, I shall give a general broadcast Sunday night at nine o'clock dealing with Canadian background and with general terms of Agreement. This broadcast with the agreed press statement will be published in our Monday morning press, and statement will also be published Monday morning in United Kingdom. I would therefore suggest that agreed press statement be released at any convenient time approximating nine o'clock Sunday night Ottawa time, followed at any time by such supplementary material as your Government considers desirable. We expect to release the non-confidential details to press here for Monday afternoon or Tuesday morning papers but see no reason why your Government should not release similar material at any time after issue of agreed release. Simple announcement that agreement had been signed or initialled on behalf of all four Governments may be made on radio here Sunday morning and your Government may wish if convenient to adopt similar course before issuing the agreed press statement.

PRIME MINISTER

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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C 268326

FROM: THE PRIME MINISTER OF CANADA

TO: THE PRIME MINISTER OF AUSTRALIA, CANBERRA.
{New Zealand, Wellington

MOST IMMEDIATE

Ottawa, December 17th, 1939.

EN CLAIR

No 2

As previously indicated I shall broadcast tonight at nine o'clock regarding the air training scheme. After some preliminary observations about the origins of the proposal and the negotiations at Ottawa, I shall explain how the joint training programme in Canada is coordinated with air training proceeding simultaneously in New Zealand, Australia and the United Kingdom. I shall then outline the various stages in training of pilots, observers and gunners, and describe the extent of the training establishment required in Canada. This will be followed by an estimate of the cost of the entire programme of training in Canada for the period agreed upon. It will be stated, without giving specific percentages, that aside from the United Kingdom contribution of aircraft and the costs of Canadian initial and elementary training, the costs of the general programme are divided in proportion to the use made of the advanced training facilities by the pupils of Australia, New Zealand and Canada. It will also be stated that the organization and executive command of the training schools in Canada will be entrusted to the Royal Canadian Air Force, with a supervisory Board under the Chairmanship of the Minister of National Defence and including representatives of the Governments of the United Kingdom, Australia and New Zealand. It will be indicated that all four Governments will cooperate in the provision of staff and teaching personnel. The concluding sections of the broadcast will relate the present plan to the pre-war discussions on joint training between Canada and the United Kingdom and will indicate the place of the air training plan in the broad picture of Canada's military programme.

PRIME MINISTER

ALSO REPEATED TO: THE PRIME MINISTER OF NEW ZEALAND.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE PRIME MINISTER OF NEW ZEALAND

C 268327

IMPORTANT

CODE

NO. 16

Ottawa, December 17th, 1939.

On the completion of the negotiations for the Air Training Agreement may I say how greatly we have appreciated the spirit of co-operation shown by your Government throughout and the value of the technical contribution made by your representatives in the drafting of the project. We regard it as a good augury of the success of the efforts put forth by each of the members of the Commonwealth participating in the project and the effectiveness of the whole plan.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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C 268328

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

IMMEDIATE

SECRET

CODE

No. 129

Ottawa, 17th December, 1939.

No.129. Secret. Following from Prime Minister for your Prime Minister, Begins:

I am glad to advise you that shortly after midnight the Commonwealth Air Training Agreement was signed by Lord Riverdale and myself. Ends.

THE SECRETARY OF STATE FOR
EXTERNAL AFFAIRS

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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C268329 AIR

FROM: THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

MOST IMMEDIATE

CODE

CANBERRA, December 18th, 1939.

December 18th. Many thanks for your telegram 17th December, Air Training Agreement. Regarding non-confidential details would be glad if you would telegraph me urgently statement you propose to make on this point.

PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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C268330

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

CODE

WELLINGTON, December 19, 1939.

I have now received your telegram of December 18th, setting out non confidential matters and secret sections of memorandum of Air Agreement. I would like to take this opportunity to state how much your action in supplying me with these and other details is appreciated. There can be little doubt that cooperative nature of Air Plan will greatly enlarge and stimulate war effort while at the same time strengthening still further the bond of unity within the Commonwealth.

PRIME MINISTER.

Received Ottawa 5.35 a.m.

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A.T.

C268332

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE PRIME MINISTER OF AUSTRALIA, CANBERRA.

TELEGRAM NO. 29

CODE

CONFIDENTIAL

Ottawa, 19th December, 1939.

Section 13 of Air Training Agreement provides for appointment of a Financial Adviser by Government of Canada in consultation with other Governments concerned. Any reports made by Adviser are to be made available by Canadian Government to other Governments. Our Government has recommended B.J. Roberts, Member of National Harbours Board and former Assistant Deputy Minister of Finance. Members of United Kingdom Air Mission have interviewed Roberts and approved appointment. They are cabling for concurrence of United Kingdom Government. Please advise if you concur.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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DIT.

C 268332

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

TELEGRAM NO. 21

CODE

CONFIDENTIAL

Ottawa, 19th December, 1939.

Section 13 of Air Training Agreement provides for appointment of a Financial Adviser by Government of Canada in consultation with other Governments concerned. Any reports made by Adviser are to be made available by Canadian Government to other Governments. Our Government has recommended B.J.Roberts, Member of National Harbours Board and former Assistant Deputy Minister of Finance. Members of United Kingdom Air Mission have interviewed Roberts and approved appointment. They are cabling for concurrence of United Kingdom Government. Please advise if you concur.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

Air

C 268332

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

NO. 126.

LONDON, December 21st, 1939.

No. 126. Secret. Following for your Prime Minister from my Prime Minister, Begins:

On my return from France, I have been able to consider your telegrams December 16th, No. 127 and No. 128 and your telegram December 17th, No. 129. I thank you for informing me of signature of Agreement by your telegram No. 129, and am glad to think difficulties referred to in your telegram No. 127 were subsequently found capable of adjustment. As regards your telegram No. 128, I understand that our High Commissioner has since explained our position in the matter. It is evident that some regrettable misunderstanding must have occurred. I am happy to think these matters now belong to the past, and that Air Training Scheme, which is so important to all of us will now get under way as rapidly as possible.

For our part I can assure you that we shall spare no efforts to ensure its success. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa: 10.45 A.M.

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MG 26 J 4, Volume 382, pages C267856-C268549

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R

Air T.

C 268334

C

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA, CANBERRA.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

IMMEDIATE

CONFIDENTIAL

CODE

Canberra, December 21st, 1939.

Confidential. Your telegram December 19th, No. 29. My Government agree to proposed appointment of Mr. Roberts as Financial Adviser.

Prime Minister of the
Commonwealth of Australia

Received Ottawa 10.00 a.m.

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AirT

Subject Resignation of Chief of Australian Air Staff

C 268335

Date December 21,1939 *Publication* New York Times

AUSTRALIAN AIR CHIEF QUITS FOR 'PRINCIPLE'

Disagreement With Government on War Policy Indicated

Wireless to THE NEW YORK TIMES.

MELBOURNE, Australia, Dec. 20 —Air Vice Marshal Stanley J. Goble, chief of the Australian air staff, has announced his resignation. It is authoritatively stated that the ground is "a matter of high personal principle."

Pending a statement by Prime Minister Robert G. Menzies, who at present refuses to comment, the exact reason is a matter for speculation, but it is known that some senior officers of the Australian Air Force dissent from important features of government air policy, including failure to dispatch an air expeditionary force abroad.

They also are concerned over the apparent merger of the identity of Australians in the Empire Air training scheme after recruits are trained in Australia. They want to insure the formation of distinctively Australian squadrons cooperating with the Royal Air Force.

The Melbourne Herald says that if this is the issue Marshal Goble's resignation is easily understood. The paper believes the reasons for the merger cannot outweigh those against it. A separate identity for the Australian Air Force is called vital for the sake of Australia's traditions of nationhood, maintenance of the home effort and the force's fighting efficiency. The Melbourne Age also protests against the merger, declaring it is without parallel or precedent.

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R

AirT.

C268336

FROM: THE RT. HONOURABLE THE PRIME MINISTER OF NEW ZEALAND.

TO: THE RT. HONOURABLE THE PRIME MINISTER OF CANADA.

CODE

Wellington, December 23rd, 1939

Your confidential telegram No. 21, December 19th, Air Training Agreement. New Zealand Government have full confidence in your judgment and are quite prepared to agree to selection of Mr. Roberts.

PRIME MINISTER

Rec'd Ottawa 1 p.m. Dec. 22nd.

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Draft approved by Mr Rogers

C 268337

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE PRIME MINISTER OF AUSTRALIA, CANBERRA, AUSTRALIA.

TELEGRAM NO.

CODE

Ottawa, December 26th, 1939.

re Administration of Air Training plan. In letters exchanged between Canadian Minister of National Defence and Captain Balfour of which Mr. Fairbairn was cognizant, and has since approved, it was indicated that it was proposed to set up a general supervisory board. Its main duties will be to supervise financial administration and observe and check progress in setting up the training organization. It will be under the Chairmanship of the Minister of National Defence and it is proposed to include representatives of the United Kingdom, Australia and the New Zealand governments, in addition to the Minister of Finance, Minister of Transport and Deputy Minister for Air and Chief of Air Staff. I should be greatly obliged if you could indicate the Australian government representative on the board.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

all
re

Similar to New Zealand.

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R.

Air Training
Vol. 11

OFFICE OF THE PRIME MINISTER

C268338

MEMORANDUM

January 2nd, 1940.

For the Prime Minister:

Re: Air Training Plan

A copy of Captain Balfour's speech, which was re-broadcast on -- December the 29th, is attached. A number of copies have been obtained from the Canadian Broadcasting Corporation, and will be available for use in the preparation of speeches in Parliament.

J. W. P.

J. W. P.

Yes thanks
Please place
on file with
other papers re
IC
2-1-40

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Air T.

C268339

Department of National Defence

Press Liaison Office

December 29, 1939.
Release No. 134

Ottaw The following statement was made yesterday in London by Captain Harold Balfour M.P., British Under-Secretary for Air dealing with the British Commonwealth Air Training Plan.

"I was sent out to Canada as a Minister of our Government for the purpose of assisting in the negotiations between the United Kingdom, the Australian and the New Zealand Air Training Missions in their deliberations with the Canadian authorities. From first to last it was a voyage full of interest. We left Liverpool on Friday, the 13th of October, - unlucky day - in a darkened ship - and we zigzagged our way across to Montreal which we reached on Sunday the 23rd. We never sighted an enemy and indeed no ships of any description until we entered the Gulf of St. Lawrence. When I arrived, I found the British Mission, which had got there the week before, already hard at work preparing the ground-work of the scheme and that no light task especially of such magnitude. Day and night they, and the staff of the Ministry of National Defence of the Canadian Government, and the officers of the Royal Canadian Air Force, were hard at it making calculations, preparing figures to support proposals, and sometimes to refute them. Like in England, those Government officials of the service departments knew no rest, and twice, at later stages during the negotiations, owing to developments and new proposals we had to scrip great thick files of carefully prepared facts and calculations. Each time we did this, I felt that those who were bearing the heat and the burden of the day in the way of working out and getting into neatly bound tight books, full particulars - what was required - what was the result - what was the cost - I felt we might reasonably say, let us at least have Sunday evening off, but instead of this each time they just went out of the room saying, "we'll have it ready - three days - four days - or in whatever the time required was.

scrap?

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C 268340

"The next most striking point to this devotion to work was the enthusiastic support of the wide and bold picture of the Empire Training Scheme and we got this support not only from those who were concerned directly in working out the scheme, but from members of all sections of the general public in Canada. A few days after my arrival the Australian Delegation, under Mr. Fairbairn the recently appointed Minister for Air in Australia, and the New Zealand Delegation, under Group Captain Saunders, joined us in Ottawa - so here we had representatives of the United Kingdom and the three great Dominions. We sat down to discuss, to argue, and finally to agree, and with the result thousands of young men from the plains of Australia, from the pastures of New Zealand, from the towns and cities in this country, are going to meet young men from the Prairies of Canada to undertake their joint training on Canadian soil.

"From what I know to be the intentions of the Canadian authorities who are going to be responsible for running this scheme, every young man can look forward to a happy and interesting training period during which he is going to be made feel at home in the Dominion on whose territory he is going to be doing his work. And while this is going on in Canada, a still greater number of Australians and New Zealanders will be carrying out their training in their own Dominion so that as the effort of the complete training scheme increases its momentum, there will gush forth from all partners concerned, a steadily increasing flow of pilots and air crews to man the gigantic air force which is being planned to rule the skies.

"Now if you ask me my chief impression of our negotiations, I should say, informality. We always met as friends out to agree and the difficulties - and there are always difficulties - were approached in this spirit.

"Mr. MacKenzie King, the Prime Minister of Canada, at an early stage in the negotiations, appointed a committee of his ministers, to do with detailed work on behalf of the Canadian Government and though our conferences with this committee were long and sometimes

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we approached problems from different angles, nevertheless, we felt that at any hour of the day or night, we could ring up and we could say this - "Minister of Finance, can I come round and see you," - or sometimes, -"Mr. Rogers, Minister of National Defence, please could we meet after dinner to-night to discuss so and so." The reply always came back "Certainly I will arrange it," or sometimes, "come along and we will talk it over during dinner.". It was always a friendly spirit wishing to get on with the job which we were all of us engaged upon. This Empire Training Scheme, built up on the solid foundation in the three dominions of the Royal Canadian, Royal Australian and Royal New Zealand Air Forces - and without such a base, I wouldn't feel as confident as I do on the successful production of the vast numbers of the trained personnel that is required.

"I needn't enlarge upon the more technical aspects of the scheme and its scope because these have already been the subject of announcements by all the Governments concerned. I would only say, as one who took part in the negotiations, that all of us wish those responsible for running the scheme and those who are going to be trained under it, the very best of fortune.

"But I would like to tell you something of my impression of Canada's reaction to the war and her war efforts. Coming from darkened England with the possibility at any hour of the day or night of air raid alarms, it is curious to go into a country, also at war alongside us in the common cause, but where motor cars can still have blazing headlights, streets are lit, electric signs go on flashing their colours, there is no restriction on petrol, no rationing and war news in the newspapers isn't about events just across the Channel or in the North Sea, but about events thousands of miles away on the other side of the Atlantic.

"Yet under these circumstances, I felt that Canada was fully war conscious in her preparations to play her part in the struggle before us. And I don't believe this could be so unless the

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citizens of Canada didn't feel just as strongly as we do in England, as to the justice and as to the truth of the events leading up to the war and the causes of the conflict. With less actual close touch to the conditions of war, I feel it a tribute to the breadth of character and depth of feeling that the Canadian people are every bit as determined as we are in this country to throw their all into the fight.

"Canada is like this country and the other Dominions in feeling that we're probably in for a long war and we must make our preparations accordingly. Her problem of changing her economic and industrial life from a peace-time to war-time basis is a big one. On the Pacific Coast, she's got fishing and lumber trade, on the Prairies vast wheat tracts, in the East industry and mining, and each of those different branches of national life present separate problems and need separate treatment for this change-over from peace-time to war-time economy. Yet it is being done and when we think that the war has only been on us some four months, Canada's actual industrial effort is something to be admired.

"While her plans for production of all sorts of munitions are on a vast scale and they are bound to give us a contribution of inestimable value growing month by month with the passage of war time. Now as far as air craft, which is my particular province, are concerned, Canada has got a young aviation industry, but one which, in co-operation with our home Government, is being developed into an organization of first-class importance. I am afraid I am not allowed to tell you the types or the numbers of aircraft that we hope will be produced by Dominion resources, but this I can say, we need those aircraft, and we are grateful for the effort which is being made to produce them, and we are looking forward to having the full benefit of a very considerable production.

"Now I know that young men of Canada like the young men of all other parts of the Empire are only anxious to have one question answered. This is the question. "How can we best serve and help?". I hope and I believe that this Empire Air Training Scheme will, to a considerable extent, give the answer to this question to those young men."

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C 268343

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON.

TELEGRAM NO. 23 Ottawa, December 30th, 1939.

CODE

Administration of Air Training plan. In letters exchanged between Canadian Minister of National Defence and Captain Balfour of which Group Captain Saunders was cognizant, it was indicated that it was proposed to set up a general supervisory board. Its main duties will be to supervise financial administration and observe and check progress in setting up the training organization. It will be under the Chairmanship of the Minister of National Defence and it is proposed to include representatives of the United Kingdom, New Zealand and Australian governments, in addition to the Minister of Finance, Minister of Transport and Deputy Minister for Air and Chief of Air Staff. I should be greatly obliged if you could indicate the New Zealand government representative on the board.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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C 2683

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE PRIME MINISTER OF AUSTRALIA, CANBERRA, AUSTRALIA.

TELEGRAM NO. 32

Ottawa, December 30th, 1939.

CODE

Administration of Air Training plan. In letters exchanged between Canadian Minister of National Defence and Captain Balfour of which Mr. Fairbairn was cognizant, and has since approved, it was indicated that it was proposed to set up a general supervisory board. Its main duties will be to supervise financial administration and observe and check progress in setting up the training organization. It will be under the Chairmanship of the Minister of National Defence and it is proposed to include representatives of the United Kingdom, Australia and the New Zealand governments, in addition to the Minister of Finance, Minister of Transport and Deputy Minister for Air and Chief of Air Staff. I should be greatly obliged if you could indicate the Australian government representative on the board.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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C268345

Ottawa, January 3, 1940

J. W. Sanderson, Esq.,
President,
Prince Albert Federal Liberal Association,
Prince Albert,
Saskatchewan.

Dear Mr. Sanderson: File F. 39

Since the receipt of your letter of December the 18th, regarding the Air Training Plan, the Prime Minister has been giving its representations his close personal attention, and has taken the matter up with the Minister of National Defence and the Minister of Transport.

Yours faithfully,

H. R. L. Henry,
Private Secretary.

H/S

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FROM THE PRIME MINISTER

TO C 268 345 A

Mr. Henry

Pls. write and say: since receipt of letter, have been giving it my close personal attention, and have taken up its representations with both the Minister of Defence and the Minister of Transport.

(-- that is all that can be said.)

2/1/ 40 (EH)

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Air T.

HH/FM
28.12.39

C268346

File HH.

Confidential

MEMORANDUM FOR THE PRIME MINISTER:

Re: Air Training Plan

I took up Mr. Sanderson's representations with Mr. Howe's Secretary, and sent him a copy of the letter. As a result, Commander Edwards spoke to me later, and advised me that it had been decided to use Prince Albert as an elementary flying training school, and that Saskatoon would be the center for the advanced schools. He said he was giving me this information in the strictest confidence, and asked that it be treated as such.

On my asking Commander Edwards if this decision was final, he said that they were making their surveys on that basis, but that if any change was to be considered, it would have to be decided by the Air officials of the Department of National Defence, by whom the original selections were made.

In view of this, do you wish to take the matter up further with Mr. Rogers?

H. R. L. H.

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J. W. SANDERSON,
President

J. H. LINDSAY, K.C.,
1st Vice-President

GEO. L. DEMPSTER,
Secretary-Treasurer

TELEPHONE 2029

C 268347

The Federal Constituency of Prince Albert
Liberal Association

Address you envelope to:
THE SECRETARY,
PRINCE ALBERT FEDERAL
LIBERAL ASSOCIATION,
Suite 1, Masonic Temple Bldg.

When replying please refer to
File No. F.99

PRINCE ALBERT, SASK.,

December 18, 1939.

Confidential

H. R. L. Henry, Esq.,
Private Secretary to the
Right Honorable the Prime Minister,
Ottawa, Ontario.

Dear Mr. Henry:

I wonder if you could ascertain from Mr. Wilson of the Department of Transport, or some other source, just what the prospects for Prince Albert are in the Empire Training Scheme. Any information, would, of course, be kept strictly confidential.

As you know, I wrote Mr. King some two weeks ago telling him that the inspectors for the Department of Transport and the Aviation Branch had visited this point and spent two days going over the layout here. Unfortunately, however, their arrival was after a snow storm and we did not get the opportunity of showing them all the sites we had picked out, as owing to road conditions with the snow, we did not have the time necessary to view all the sites.

We were led to believe that our location was ideally situated for one of the advance air bombing and gunnery schools, which we were told would be a larger layout than the preliminary air training bases.

About ten days ago, a party of surveyers arrived in Prince Albert and are now engaged in engineering work on our present air field. This work consists of getting the contours and topography of the land, but from conversation with these men, one would be led to believe that the layout they are working on would come under one of the preliminary schools, and not for the larger bombing and gunnery units.

DEC 19 1939

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C268348

Of course, it is possible that these men have no further information than we ourselves possess, on the other hand we are worried over the fact that we are informed that at present there are six engineering units working in and around Saskatoon and the street topic there is to the effect that that point is to be the centre for the advance training, and consequently other points like Prince Albert will only be used on a small scale for preliminary work.

We do know, however, that there is presently an election campaign on in our neighboring city, and no doubt all kinds of rumours are afloat there, but we also know that hardly a day passes but that some members of either the Transport of Air Branch are in Saskatoon.

If our facilities are at all adequate we certainly would appreciate full use being made of them, especially for advance training, not only for the business this city would derive, but because of the fact that a permanent construction would mean so much to us after the close of war.

I would also like to point out the desirability of having this made one of the chief centres, to counteract the propoganda of our opponents, who as you know are continually carrying on a whispering campaign against Mr. King on the "Absentee Member" question.

If it is possible for you to secure the information, we would greatly appreciate it, and I am sure Mr. King's colleagues in the Government would be more than anxious to see that his Constituency was looked after.

Yours faithfully,

J. W. Sanderson,
President.

JWS/PP

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C 268349

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE HIGH COMMISSIONER FOR CANADA IN AUSTRALIA, CANBERRA

CODE

NO. 3

Ottawa, January 5, 1940

Reference British Commonwealth Air Training Plan and particularly disciplinary control, administration, etc., of Australian personnel while undergoing training in Canada.

Visiting Forces (British Commonwealth) Act, Chapter 21 Statutes of Canada 1933, makes provision whereby visiting forces retained jurisdiction in respect of discipline, administration, etc., over their own personnel or in the alternative provision for temporary attachment whereby the personnel would be subject to Royal Canadian Air Force laws and rules of administration.

It is my understanding that the latter alternative, namely temporary attachment, was in the minds of the various members of the Air Training Plan and this attachment would become operative from the arrival of the personnel at a Canadian port .

Please discuss these matters with the Australian authorities confirming this understanding.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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R

Air T.

C 268350

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS CANADA

TO: THE PRIME MINISTER OF NEW ZEALAND, WELLINGTON

CODE

NO. 7

Ottawa, January 4, 1940

Reference British Commonwealth Air Training Plan and particularly disciplinary control, administration, etc., of New Zealand personnel while undergoing training in Canada.

Visiting Forces, (British Commonwealth) Act, Chapter 21, Statutes of Canada 1933, makes provision whereby visiting forces retained jurisdiction in respect of discipline, administration, etc., over their own personnel or in the alternative provision for temporary attachment whereby the personnel would be subject to Royal Canadian Air Force laws and rules of administration.

It is my understanding that the latter alternative, namely temporary attachment, was in the minds of the various members of the Air Training Plan and this attachment would become operative from the arrival of the personnel at a Canadian port.

I should be obliged if you would confirm this understanding.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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Air T.

"R"

TELEGRAM

C 268351

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

NO. 81

LONDON, January 20th, 1940

No. 81. Secret. Your telegram No. 65 of January 19th. Air Training Argeement signed on behalf of Australia and New Zealand by their High Commissioners on January 5th. Copy signed by them was despatched to United Kingdom High Commissioner via "Beaverford" on January 8th. Presume copies have been mailed us.

HIGH COMMISSIONER

Rec'd Ottawa 5:45 p.m.

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R

AirT.

C 268352

FROM: HIGH COMMISSIONER FOR CANADA IN AUSTRALIA

TO: SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

CODE

NO. 16

Canberra, January 22, 1940.

No. 16. January 22nd. Your telegram No. 3 of January 5th. Fairbairn advised that matter has been referred to Air Board and that he would take matter up with me on receiving advice from them. Fairbairn ill in hospital and could not see me at Melbourne but if he is sufficiently recovered I hope to see him there on January 26th.

HIGH COMMISSIONER

Received Ottawa 10.20 A.M.

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"R"

TELEGRAM

C 268352

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

NO. 20

LONDON, February 24th, 1940.

No. 20. Secret. Under Article 15 of Memorandum Agreement relating to training of pilots and aircraft crews in Canada and their subsequent service, it falls to His Majesty's Government in the United Kingdom to initiate inter-Governmental discussions as to methods by which pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions.

We should be ready for our part to enter upon these discussions at any time after the end of March and should be glad to have an expression of Canadian Government's views as to a date which would be convenient for meetings between representatives of the four Governments. In this connection we realize that any suggestion for discussions during March might be inconvenient to the Canadian Government in view of general election; but we should hope that all Governments concerned may find a date towards the middle of April acceptable.

It will be recognized that decision on matters to be discussed involves detailed consideration of questions of organization and equipment (including supply and production) which are receiving constant study here in relation to United Kingdom Government's undertaking in Article 15. The immediate contacts which will be available on these matters if discussions are held here and prospect that discussions will thereby be

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TELEGRAM

C 268354

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

facilitated and expedited lead us to think it is essential that they should take place in London.

We should be glad to learn whether Canadian Government agree to suggested date and place for discussions and what arrangements they have in mind as to representatives who will participate.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Received Ottawa 4.35 p.m.

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R. 24

C268335

MOST SECRET

March 8, 1940

Re: Hardman Lever Mission

As a result of the Hardman Lever Mission, orders were placed for 80 Hambden bombers, and 40 Hurdman bombers which were a forerunner of the Sterling bombers. The ~~impending~~ Hampden order was reduced to 40 in order to give the Sterlings a chance but was later increased to 60.

A new order for Sterlings was placed for 150 Sterlings and 20 additional Hurricanes. Just now, there is about to be placed with the Steel Car Company an order for 150 Lysanders, the whole as a result of the marked progress of the aircraft industry in Canada.

(Information given to the Prime Minister by Colonel Greenly).

March 8, 1940

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R.

A. & T.

MOST SECRET

C 268356

Memorandum for the Prime Minister:

Re: Production of Pilots under Commonwealth Air Training Plan as Compared with Peace-time Production of Pilots in the United Kingdom

The R.C.A.F. have just informed me that the figures for production of pilots in the United Kingdom in 1937 and 1938, namely: approximately 1,500 and 2,000 (round figures) respectively, are secret and carefully guarded by the United Kingdom authorities and, therefore, cannot be used.

However, it would be permissible to say that, when the Commonwealth plan is in full operation, the production of pilots (estimated by Sir Kingsley Wood in the House of Commons at 20,000 annually) will be about ten times the number produced in peace time.

It would also be permissible to say that, when the plan is in full operation, Canadian schools alone will produce four to five times the number of pilots produced by the R.A.F. (in the United Kingdom in peace time.)

Above message telephoned
by A. D. P. Heeney
11:30 a.m.

D.R.

March 8, 1940

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R.

Air T.

C268357

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE,
OTTAWA.

16th March, 1940.

SECRET

Dear Mr. Beaudry,

With reference to Dr. Skelton's letter of the 24th February, the High Commissioner has asked me to let you know that Air Chief Marshal Sir Robert Brooke-Popham, United Kingdom Liaison Officer in Chief in connection with the Air Training Scheme, is expected to leave Canada in about a week's time.

As I informed you in my letter of the 9th March, Sir Robert will be relieved as United Kingdom Liaison Officer in Chief by Air Vice Marshal L.D.D. McKean, who will arrive shortly, and Sir Gerald Campbell hopes that there will be no objection to Air Vice Marshal McKean attending meetings of the Supervisory Board as his technical adviser.

Yours sincerely,

W.C. HANKINSON.

Laurent Beaudry, Esq.,
Acting Under-Secretary of State
for External Affairs,
OTTAWA.

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R. Bx

Air T.

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C268358

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
Earnscliffe,
OTTAWA.

850H/88.
MOST SECRET.

6th May, 1940.

My dear Prime Minister,

I have received a telegram from the Secretary of State for Dominion Affairs saying that you may be interested to know that information recently reached our Air Attaché at Rome through a senior Italian air officer who had visited Germany to the effect that the training of pilots in the Dominions is causing anxiety to the German General Staff and that they were in favour of crippling the Royal Air Force before the output from the Dominions becomes available.

Yours sincerely,

Malcolm Campbell.

The Right Honourable W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
O T T A W A.

The Department of External Affairs
MAY 6 1940
Canada

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ATP

C 268350

TELEGRAM

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM

LONDON, S.W.1.

NO. 532

CODE

Ottawa, 18th May, 1940.

1. During the last few days representatives of Metro-Goldwyn-Meyer have been in touch with the authorities here regarding the proposed production of a spectacular feature picture tentatively titled "Wings Over Canada", for which the Company has drawn up extensive plans. The picture would be based fundamentally on the Empire Air Training project and would be given very wide circulation. The cost of the production will be approximately $1,000,000 and a large part of this sum will be spent in Canada and ~~and~~ paid to British actors and technicians. The proposal is strongly favoured by the Prime Minister, the Minister of National Defence and the Acting Deputy Minister in charge of Air.

2. It is the intention of the producer to assemble a distinguished cast which will be headed by Clark Gable and arrangements will be made to include as many players and technicians of British nationality as possible. The resulting publicity should be of very great value for the interests of the British Commonwealth throughout the English-speaking world and possibly elsewhere as well.

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3. The Canadian Government would be given an absolute veto over all aspects of the production.

4. This Metro-Goldwyn-Mayer picture will not conflict in any way with the production upon which Mr. Michael Powell and his associates are working. As you know the Canadian Government is giving Mr. Powell every possible facility and we are hoping for very satisfactory results.

5. The one condition that the Metro-Goldwyn-Mayer Company has made in its discussion of the proposition with the Canadian Government has been that we should ask the Government of the United Kingdom to allow this film to be listed as a "quota" production. In view of its nature and of the very useful purpose which it will serve, we strongly recommend that this permission be granted. Will you please take the matter up with the appropriate authorities of the United Kingdom Government and urge that an ~~immediate~~ early and favourable reply should be sent in ~~reply~~ answer to this request?

SECRETARY OF STATE FOR
EXTERNAL AFFAIRS.

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"R"

C 268361

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM, LONDON.

MOST IMMEDIATE

MOST SECRET

CYPHER

No. 565

Ottawa, May 19th, 1940.

With the object of expediting Canadian output of pilots for overseas:

1. Can the Air Ministry send to Canada the full staff of key personnel of an S.F.T.S., which is now being considered in addition to those contained in the J.A.T.P. as follows:- Officers with the exception of the Commanding Officer, Administrative, Medical, Equipment and Accounting Officers. Airmen in the following trades:- Armourers, Wireless Operators, Fitters I, Fitters II (E), Fitters II (A), Wireless and Electrical Mechanics, Airmen Pilots.

2. Can the Air Ministry send war experienced pilots to Canada for employment as instructors in the Joint Air Training Plan in exchange for newly trained personnel, at rate of thirty five per month. Reply requested by 19th instant.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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"R"

TELEGRAM

C 268362

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE

MOST SECRET

CYPHER

No. 634

LONDON, May 19th, 1940.

No. 634. Your telegram No. 563, May 19th. Matter taken up at once with Air Ministry who state full and immediate reply cannot be given. Forecast is that Air Ministry cannot complete S.F.T.S. as this will disturb present output of pilots here before Canadian output is available. No reply yet possible to paragraph 2 but matter under consideration. Pointed out this will also involve a delay as Canadian pilots would still have to go through last stage of training here and that therefore Canada would be receiving completely trained pilots in exchange for partially trained ones.

HIGH COMMISSIONER

Rec'd Ottawa 3 P.M.

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Air T. Vol III
JR U.S.

Most Secret

C 268363

OFFICE OF
THE UNDER-SECRETARY OF STATE
FOR EXTERNAL AFFAIRS
CANADA

May 19. 6.50 p.m.

Prime Minister

Keenleyside telephoned to say he had seen the gentleman to whom your message was sent and had half an hour talk. The latter said to inform you he regretted it would be impossible to meet the request in this specific instance. On the other hand, he had asked the head of the Civil Aeronautics Bureau a few days ago to prepare a list of private owners of suitable craft. He was certain some of these would be satisfactory for the purpose you had in mind. The C.A.B was to give the list to Purvis. He suggested to Keenleyside that he see Purvis in New York and ask if he did not think some of the aircraft listed could be successfully used for the purpose.

- I told Keenleyside to go ahead & make an appointment with Purvis for tomorrow evening.

Keenleyside added that there were other points of interest which he was instructed to report to you orally on return.

O.D.?

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R. Gen

Air T.

TELEGRAM C 268364

From THE HIGH COMMISSIONER FOR CANADA IN AUSTRALIA

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

CANBERRA, May 23, 1940.

NO. 67

May 23rd. No. 67. My telegram No. 66 of May 21st, paragraph 5 and paragraph 6.

In the House of Representatives yesterday the Prime Minister referred to "grossly unfair and ill-informed statements" alleging serious delay in the Empire Air Scheme, and declared that they were "without foundation". He added that Mr. Fairbairn at Ottawa undertook to start the Australian share of the Scheme two months earlier than time suggested in original proposal, that scheme was carefully synchronized with aircraft production, that it was undesirable that any part of programme should get out of step with any other part, and that Australia was right up to schedule.

Essington Lewis, Managing Director of Brokehill Company, has been appointed Director General of Munitions and Supply. Prime Minister said in the House of Representatives yesterday that Lewis would devote whole time and would be given utmost authority to get things done.

HIGH COMMISSIONER

Received Ottawa 10.35 a.m.

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COLOURED PAPER
PAPIER DE COULEUR

"R"

TELEGRAM

C 268365

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, May 23rd, 1940.

IMMEDIATE

SECRET

CYPHER

No. 59.

No. 59. Secret. Air Training Scheme. You will have already received through Sir Gerald Campbell a preliminary intimation that new phase of the war had made it necessary for us to consider whether some modification was demanded of air programme generally, including Air Training Scheme, and that Air Ministry were examining the question of modifying the measures now in estimates for our 1941-42 effort in order to provide for additional strength during the next 6 months. The conclusion reached is that as a result of very rapid changes in military situation in France and Belgium it is imperative that all practicable steps should be taken to make available for the R.A.F. the greatest possible number of operational aircraft during the ensuing three-four months. In view of increased probability that in the next phase of enemy bombing objectives will be air - and aero-engine factories in this country, we have regretfully come to the conclusion that export of Battle and Anson aircraft (air frames and engines) should be suspended for 2 months subject to review in the light of war situation.

The effect of this decision on the Air Training Scheme would seem to be as follows:

Since Battle aircraft are used solely, they

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PAPIER DE COULEUR

TELEGRAM C 268366

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

ought to be used for gunnery training, either as target-towers or as attack aircraft, and Ansons are used for navigational training and twin engine pilot training. There need be no hold-up in training of single engine pilots in Canada.

It is understood that rates of delivery of Harvards to Canada is in advance of requirements of schools under existing opening-up programme and the Air Ministry suggest, therefore, that any surplus should be utilized to off-set as far as possible the loss of the Ansons for twin engine pilot training. The surplus of single engine pilots can be converted to twin engine pilots in accordance with requirements during their subsequent training at the operational training units in this country.

If, in the result, the proportion of pilots trained, whether on single engine or twin engine aircraft from any source, proves to be larger in relation to air crews than has hitherto been envisaged, there is no doubt that they will be urgently required.

Various possibilities are formally being examined with a view to minimizing interference with training scheme arrangements. Among these possibilities is the acquisition from the United States of America of training aircraft of comparable types to replace the Battles and Ansons. Another possibility is that in so far as the standard of Battles and target-towing aircraft

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COLOURED PAPER
PAPIER DE COULEUR

TELEGRAM

C 268367

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

or alternative types from the United States of America are not available to complete air gunnery training in Canada, training efforts should be concentrated on ground observance instruction; we should then endeavour to give air gunnery instruction whilst the personnel were under training in operational training units in this country. We will communicate further with regard to these possibilities in due course.

In informing the Canadian Government of the conclusions we have unavoidably reached, we are confident that they will fully understand and feel able to accept the situation. We still attach the greatest importance to the Air Training Scheme and we earnestly hope that the Canadian Government will continue to exert every effort to make it productive to the fullest practicable extent in the shortest possible time.

Similar telegram is being sent to the Commonwealth Government. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

Received Ottawa, 5.30 p.m.

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"R"

ATP

TELEGRAM C 268368

FROM THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA,

TO THE CHARGE D'AFFAIRES, CANADIAN LEGATION, WASHINGTON.

MOST IMMEDIATE Ottawa,

MOST SECRET May ~~25~~ 26, 1940.

CYPHER

No. 84.

Government of United Kingdom have instructed British Ambassador to request United States authorities allow a certain number of pilots to undergo training at civilian flying schools in United States, on civilian basis if necessary. They have asked us to associate our representative in Washington with British Ambassador in this connection. You are instructed to see Ambassador at once and cooperate in making representations. Discuss with Air Attache. It should be made clear that this plan would be supplement not substitute for Empire Air Training Scheme and would also not be substitute for our effort to purchase additional United States training planes for use in Canada in place of those United Kingdom cannot now send.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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complaints. But in my county I have not seen a member of the Royal Canadian Mounted Police in twenty years. I believe the same could be said of the adjoining county. Perhaps there are places where they are needed more. But if a man in such a district has working for him a nazi representative who is trying to spread subversive influences, to whom is he going to report it? He wonders whether he should report to the clerk of the municipality, to the county police, to the provincial police. I know for a fact some have gone to certain newspapers. The government might well consider setting up at different points throughout the dominion an organization or bureau, not of information but for information, consisting of returned men. I may point out that this would relieve the government. As the Minister of Justice said this afternoon, there would not be even the semblance of politics in it. I do not want to charge the Minister of Justice or any other member of the government with playing politics; I know how well they have played it in normal times, but I exonerate them from playing it in this time of crisis. But I believe that bureaux for information should be set up in places like Montreal, Ottawa, Kingston, Belleville, Toronto, and county towns as well. We have seen what these subversive influences have done in other countries far in advance of the invading enemy, and we have now these bitter experiences for our guidance. Our returned men stand ready clamouring for something to do, and their experience in the last awful crisis qualifies them to give leadership in this.

I hope these few suggestions may be accepted in the spirit in which they are made, not as criticism of what has not been done. This country is at war; now that the crisis is here, let us get on a war footing and realize that there are subversive influences at work in this country just as in other countries, and surely we can benefit from the experience of other countries in that regard.

Mr. GOLDING: Can the Minister of Finance or the Minister of National Defence give us some estimate of the cost of the British fighting machines?

Mr. POWER: If my hon. friend means the amount as measured by planes that are to be supplied under the plan, it is $180,000,000. That is the amount of the contribution of the United Kingdom government. Canada's contribution is $360,000,000, and Australia and New Zealand contribute in proportion to the use they make of the schools. That is over a period of three and a half years.

Mr. GOLDING: My question arises from a statement made by the hon. member for Dufferin-Simcoe (Mr. Rowe) the other night. I should like to know what the cost would be to manufacture these 25,000 British fighting planes. The hon. member said, as reported on page 199 of *Hansard*.

I say that the government to your right, Mr. Speaker, will stand condemned on the pages of Canadian history for not having overseas in support of those gallant boys to-night at least twenty-five thousand British fighting planes.

I should like to know what the cost of 25,000 fighting planes would be, and the length of time it would take to manufacture, or to set up plants to manufacture, that sort of thing. We ought to keep in mind in discussing these matters the time it takes to establish plants for the manufacture of fighting machines or munitions. I had some experience as shop foreman in the plant at home during the last war. We got a contract for shells, I think in March, 1915; we had to set up the whole plant, tool the machines, and we were not shipping shells until November of that year. In addition, every machine operated in manufacturing the shells was manned by a person who had had no previous experience in machine work at all. We had to take the time not only to set up the plant and tool the machines but to train the men to operate them. Anyone who has gone through that experience will have some idea of the time it would take and the cost of setting up plants for that production. It cannot be done overnight. I am not saying this in a critical way. I just want the information, if I can get it, as to what would be the cost to Canada of supplying 25,000 fighting machines and the length of time it would take to set up plants to handle that production.

Mr. ROWE: The hon. member is asking the minister, but perhaps he will permit me to remind him that while I referred to fighting planes I meant that they would be piloted by Canadian-trained pilots. The scheme to which I had reference, according to my understanding and the general rumour throughout this country, and indeed in Great Britain, was that at that time Britain proposed to pay for the scheme herself and to train 25,000 pilots in Canada each year. Apparently our status would not permit that to be done, but now we are led to believe that same status permits us to move no faster than Great Britain asks us to move.

Mr. RALSTON: My hon. friend referred to this scheme the other night. I was not in the house at the time and I have not

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taken the trouble since to answer him. I really thought that what we were engaged with was the present, not the past. Since my hon. friend has mentioned this matter again to-night, however, perhaps we can just clear it up in a few minutes; at least let me say a word about it. I want to say to my hon. friend that I have examined the records, and that the largest number ever suggested by the British government in connection with the training of pilots in Canada was in the first part of 1938, when they suggested the training of 300 pilots a year; not 25,000 but 300. There is quite some difference between those figures.

Mr. HANSON (York-Sunbury): Is that proposal in writing?

Mr. RALSTON: That suggestion was submitted to the Royal Canadian Air Force; and if I remember correctly, according to the records the answer came back that instead of 300 the number might be 235, I believe 201 for Britain and 34 for Canada. That proposition was submitted to Britain, and they came back with the suggestion that the number should be 135. I should have said that when the Prime Minister made the statement in this house to the effect that he felt this should be a Canadian scheme, instead of its being suggested in the British house, that never again would Great Britain ask Canada for anything, the Minister for Air, Sir Kingsley Wood, thanked Canada for that offer. I believe that statement was made in the House of Commons and placed upon *Hansard*. Finally, the arrangement was made for 50 pilots a year, and in 1939 this house voted $6,000,000 for the cost of that training.

That is the story with regard to the training of British pilots, as I read the records. So I do not think there is much point in anyone going back and talking about 25,000 pilots a year in connection with that previous arrangement, or saying that if the scheme had been in operation now, the training would have been completed and we would have had 25,000 pilots or any such number over there to-night if that scheme had been carried out. In point of fact, it was suggested that this should be a Canadian scheme, and the number was changed as the result of discussions carried on from time to time, discussions in which the British high commissioner participated all the way through. The British government thanked the Canadian government and accepted the proposition for the training of 50 pilots a year. That is the story with regard to that previous air training scheme, and this house voted money for it, together with money for the training of Canadian pilots.

I have taken this much time to deal with this matter because my hon. friend has seen fit to refer to it once more. One further word and I have finished, because I am going through with this bill no matter what my hon. friends say in criticism with reference to the past. My hon. friend used one other word to which I want to refer. He used the word "complacency." If there is any word I dislike, it is that word "complacency;" and if there is any word that is foreign to my nature, if I may be pardoned for saying so, it is that word "complacency". Whatever may be my shortcomings, I do not think I can be accused of that. I am not satisfied with what goes on even in my own life, or with anything else that goes on around me. I think perhaps I may claim the reputation of being somewhat of a troublesome person, in that I am all too seldom satisfied with things as they are.

Mr. ROWE: I did not charge the minister with that. I said he was surrounded by a certain amount of it.

Mr. RALSTON: My hon. friend did use that word "complacency".

Mr. ROWE: I did not refer to the Minister of Finance or to the Minister of National Defence for Air.

Mr. RALSTON: Then I have taken it to myself as a member of this government; for I have been here since September, and I accept my share of responsibility for what has taken place since that time. I say that is not a fair word. We endeavoured to work out a plan which we believed was sound, sane, forward looking and far-reaching, and indeed a heavy plan for Canada; and we have tried to carry out that plan to the best of our ability. We have not slacked on it for a moment. The ministers who have been engaged in carrying out that plan have done their level best in connection with it. I am not at all worried about what history may say. The thing I count as worth while in life is this, that if a man has in his own heart the feeling that he has done the best he could, it does not matter what history says. That is my feeling, and I say we have endeavoured to do the very best we could in connection with what we regarded as a full sized job for Canada.

Now, after having approved the first and second divisions and the ancillary troops which have gone overseas; after having increased the naval forces as we have; after having increased the air force; after having provided for the defence of the east and west coasts; after having undertaken the air training scheme and carried it forward to the extent that has been mentioned to-night, namely, having it right up to the minute as

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far as the development of the necessary institutions is concerned; after having carried out our economic policy; after having carried out our industrial policy and industrial development, a crisis has come upon us and we have to make many adjustments. I never agreed more thoroughly with the hon. member for Dufferin-Simcoe than when he said that if there was anything Canadians are noted for it was initiative and resourcefulness. I agree absolutely that if we cannot show initiative and resourcefulness in this crisis, we are not worthy of the name of Canadians. Frankly, Mr. Chairman, I want to say to you, and through you to this committee, that this government has been trying as hard as men can try for the last fifteen days, ever since this crisis arose, to make every possible adjustment that could be made, in this plan or in anything else, in an endeavour to make the most effective contribution possible in the emergency which has suddenly loomed up. That is what we are busy with; that is what we are trying to do. Because one sits here listening to quite a bit of criticism of the government without replying, that does not indicate complacency on my part, I assure you; I felt that the most important thing at the moment was to endeavour to get this bill through and this money voted in order that we might carry on with the job.

Perhaps the committee will pardon me for having taken these few minutes to make clear the position as I see it. I say we have endeavoured, not just by day but by night as well, to ascertain what changes might be made to the best advantage; and I may say that sometimes we have made changes in the face of protests from those who felt that they knew more about this plan than we did, who believed that the plan which had been mapped out in a certain way, whether the air training plan or any others, could not be changed. We have applied our best judgment, as ordinary human beings anxious to do a job, and with a full sense of our responsibility. We have endeavoured to find different ways and perhaps short cuts whereby this plan and our other plans might be carried out more quickly and more effectively, because this, for the time being at least, has become a day to day business. Our programme is going on, but our programme has to be adjusted, has to be supplemented, has to be varied, has to be modified and has to be made to work if we can possibly make it work, because no one knows better than I do the crisis we are facing to-night. So I want to assure you, Mr. Chairman, and this committee that this is what we are endeavouring to do.

Constructive suggestions have come from all quarters of this house; I am perfectly free to acknowledge that valuable suggestions have come from hon. gentlemen opposite. It must not be thought that we have been asleep, that we ourselves have not been thinking, and that many things have not been worked out. We do not want any particular credit for it, but neither do we want any blame on the assumption that we have not been doing anything about it. We have been endeavouring to do our level best.

Now I have made this statement to you, Mr. Chairman, and to the committee. We are prepared to accept and act upon all the constructive suggestions we can possibly get from any quarter, and we welcome them. We welcome the cooperation we are receiving in this house, and I am only asking that hon. members, as far as possible, deal with the present, with the problems that are before us, with the situation that faces us. Let us together try to pull out; let us together try to fight this thing through to the end.

Mr. HANSON (York-Sunbury): Mr. Chairman, I am not rising for the purpose of continuing this discussion along the lines that it has taken. My own view is that it has gone far enough. The minister has got off his chest some things that doubtless he wanted to get off. I have no doubt that he and the government have been smarting under the criticisms which have been leveled at them from one end of Canada to the other during the last fifteen days, and in which the terms "inertia" and "complacency" found a most prominent part. Those terms did not originate on this side of the house; they originated in the public press long before parliament met. Having said that, let us see if we cannot get back to the bill. I shall try to help the minister make some progress in getting this bill through parliament. This discussion, which seems to have got into a by-path, arose out of a question which was asked of the Minister of National Defence for Air, as to the time it would take to turn out a trained pilot. I quite realize that it may not be in the public interest to give information on this point.

Mr. POWER: Perhaps I can give it; twenty-eight weeks for a pilot, twenty-six weeks for an air observer, and thirty-two weeks for an air gunner.

Mr. HANSON (York-Sunbury): I have been trying to work it out. I may tell the committee that I have had the privilege of reading the secret agreement, but I am not going to divulge anything contained in that because it was shown to me in confidence. I

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have been supplied, along with other hon. members, with a summary of the air training scheme. If hon. members will look at page seven, appendix one, they will see that there are seven categories of schools in the complete course of training. There are initial training schools, elementary flying training schools, service flying training schools, air observer schools, bombing and gunnery schools, air navigation schools and wireless schools. As I understand it, the training that might be given in these different schools could not be simultaneous. I would suppose that a pilot would have to go through seven different courses of training.

Mr. POWER: Not necessarily. For instance, the man who goes to a wireless school would be a wireless operator. He would not have to go to the navigation school.

Mr. HANSON (York-Sunbury): He would not have to do that?

Mr. POWER: He would not.

Mr. HANSON (York-Sunbury): He would not be an all-round air man if he did not go through the whole thing.

Mr. POWER: Some men are being trained as pilots, some as observers, some as machine gunners and wireless operators.

Mr. HANSON (York Sunbury): The second paragraph of appendix one contains the following statement:

> The flying training and air observer schools will be developed at rates which will provide for their peak capacity for training pupils being reached by the following number of weeks after the date of opening:
>
> | | Weeks |
> |---|---|
> | Elementary flying training schools.. .. | 4 |
> | Service flying training schools.. .. .. | 12 |
> | Air observer schools.. .. .. | 6 |

That makes a total of 22 weeks. That seems to be different from what the minister said.

Mr. RALSTON: I do not think all those schools deal with the same sort of pupils. An elementary training school and a service training school would be for the training of pilots, whereas the observer school would have nothing to do with the training of a pilot.

Mr. HANSON (York-Sunbury): I should like to have some explanation. I am frank in saying that I do not understand very much about this scheme.

Mr. POWER: I did not until I studied the chart.

Mr. HANSON (York-Sunbury): Perhaps if the minister would let us have that chart we could get some information which would be of value. Could it be put on *Hansard*? We should like to know these things, provided it is in the public interest that they should be divulged. How long from the time a man signs on is it until he becomes a useful air man and is sent across the water?

Mr. POWER: Twenty-eight weeks for a pilot; twenty-six weeks for an observer, and thirty-two weeks for an air gunner. It may be the other way round, but I shall have the figures for my hon. friend.

Mr. HANSON (York-Sunbury): This agreement was signed last December and we are now into May. Can the minister tell us how the time schedules are running in the different categories and how many student pilots have been taken on? Are we still at the beginning of that stage?

Mr. POWER: Up to the present every school has opened on schedule; every class has entered the school on schedule; every graduating step will be taken on schedule; every airport has been ready on schedule, and every aeroplane that was required in the particular scheme has been ready on schedule. In so far as I am aware—and I have made strict inquiries within the last few days—we shall have no difficulty for some little time to come either with regard to opening schools, with regard to instructors or with regard to the necessary equipment. But in some little time we may have considerable difficulty.

Mr. HANSON (York-Sunbury): That is not my point.

Mr. POWER: That difficulty may arise out of the crisis. I thought that was understood. Does that answer my hon. friend?

Mr. HANSON (York-Sunbury): In a measure it does. Is the minister able to say that men are now being trained under this scheme? When will the first man go forward? That would help me.

Mr. POWER: I would rather not say.

Mr. HANSON (York-Sunbury): If that information is not in the public interest, I will withdraw my question.

Mr. POWER: I have been asked not to say when the first will go forward. Certain things will arise out of the present crisis, but up to that crisis everything was up to date. We may have to change the plan considerably, and if we do we shall endeavour to keep the output as high as possible. We will probably accelerate the plan even though it has to be done at the cost of some part of the plan which is more in the nature of a long range programme.

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C 268371

TELEGRAM

From THE CANADIAN MINISTER TO THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

MOST IMMEDIATE

MOST SECRET

CYPHER

NO. 97

WASHINGTON, May 27th, 1940

No. 97. Most Secret. Your telegram No. 84, May 26th. Instructions followed out. Accompanied British Ambassador to Department of State 12 midday where request was presented to Welles who will furnish answer as early as possible.

CHARGE D'AFFAIRES

Rec'd Ottawa 6 p.m.

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C 268372

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN AUSTRALIA

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

CANBERRA, May 30, 1940.

NO. 68

May 30th. No. 68. My telegram No. 67 of May 23rd.

In the course of a statement on Air Training Scheme read in the House of Representatives yesterday, Minister for Air said:

"Up to date, the opinions expressed by Governments of both the United Kingdom and Canada, are that there should be no change in the scope or time-table of the Air Training programme."

HIGH COMMISSIONER

Received Ottawa 9.50 a.m.

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TELEGRAM

From THE CANADIAN MINISTER TO THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

MOST SECRET

CYPHER

NO. 105

WASHINGTON, May 31, 1940

No. 105. Most Secret. Further reference to your telegram of May 26th No. 84. In conversation with Moffat this morning, I enquired how the matter stands. Moffat replied that our request still under consideration and being examined from practical and legal standpoint.

CHARGE D'AFFAIRES

Rec'd Ottawa 2:50 P.M.

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DEPARTMENT OF NATIONAL DEFENCE FOR AIR

Press Liaison Office

AIR FORCE No. 146. June 1, 1940.

NOTE TO EDITORS: Herewith is copy of address to be delivered by James S. Duncan, Acting Deputy Minister of National Defence for Air, to the Joint Service Clubs of Ottawa on Monday, June 3rd. This material is not to be released before afternoon of Monday, June 3rd.

OTTAWA:

Contrary to my usual reaction to such proposals, I welcomed the invitation which was extended to me by the Joint Service Clubs of Ottawa to address you today.

I welcomed the opportunity because it enabled me to tell you, and the people of Canada, something of our air effort - and more particularly something of the British Commonwealth Air Training Plan, one of the greatest, yes indeed the greatest enterprise to which this Dominion has ever set her hand.

At the outset, may I remind you that although Acting Deputy Minister for Air, I am but a temporary official of the Government, and that by temperament, training and vocation I am an industrialist and a business man - and that it is as a business man speaking to his fellow business men that I am addressing you today.

As one of you, therefore, I know full well that you are interested, not in the past but in the future, not in what might or could or should have been done but in what is being done now and what is going to be done tomorrow.

Yet I think it is necessary that we should dip just a little into the past so that the events leading up to the creation of the British Commonwealth Air Training Plan, and the basis upon which it was established, should be brought into clearer focus.

Back of it all was the belief widely held in the United Kingdom, in Canada, and in our sister Dominions that owing to its geographical location, its wide open spaces, its climate even, the characteristic qualities and outstanding achievement of its airmen during the last war - this country was peculiarly well adapted to make a great contribution in the air to that cause which lies so near to the heart of every Briton.

Following Canada's acceptance in principle of the United Kingdom Government's proposal the British Under Secretary of State Captain Balfour and Lord Riverdale accompanied by a party of distinguished Air Officers and technicians,

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came to this country in October last year and proposed to our Government, and subsequently to that of Australia and New Zealand, that the four countries concerned should set up in Canada a Training Plan designed to provide the Royal Air Force with an ever increasing flow of highly trained air pilots, air observers and air gunners whose arrival in the Mother Country would be coincident with the growth and expansion of England's aircraft industry and of her purchases from abroad.

The programme discussed was attuned to the United Kingdom policy of fighting a war of attrition, a war in which through economic pressure, through naval blockade, through the development of its inexhaustable world resources, and the industries of friendly nations, we would grow steadily stronger as the position of our enemies steadily deteriorated.

A tremendous expansion in the United Kingdom's aircraft industry was planned and is at present underway. The Commonwealth Air Training Plan was designed to provide the Royal Air Force with a great reservoir of highly trained air crews ready to man the aircraft as these became available.

Whether in the light of the tragic events of recent weeks this policy was the most desirable one may be open to question. Present events would seem to indicate that one of more immediate assistance would have been more in line with the requirements of the hour. This much can be said, however, the Plan which was set up appeared to be sound at the time - in all events, this was the contribution which the United Kingdom asked of us and our sister Dominions, and the one to which we readily and wholeheartedly responded.

On December 17th the British Commonwealth Air Training Plan was announced and got underway. Its proportions are gigantic - 40,000 of a personnel of men will be required to operate its various facilities; aerodromes are being developed from coast to coast; buildings of over 40 different types are being erected in every province of this Dominion; great factories are under construction for the repair and maintenance of a vast fleet of training aircraft; equipment depots and training centres; schools of all kinds are being built or existing premises are being taken over - - nothing of such vast proportion has ever been undertaken before in this Dominion.

This great establishment is necessary not only because of the thousands

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upon thousands of highly trained airmen which the Plan is designed to turn out, but because unlike the last war where our air crews received their preliminary training only in Canada and then proceeded overseas to receive their advanced training in England, we are turning out completely trained airmen ready to enter the Royal Air Force fighting squadrons upon their arrival overseas.

Moreover, owing to the tremendous technical progress which has taken place in the intervening years, the pilot of today requires over 200 flying hours before he is qualified, whereas in the War of 1914-18 many of our airmen went into the battle with scarcely 20 flying hours to their credit.

Such was the Plan which was underway when the Prime Minister did me the honor of asking me to take a hand in this work, and I would like to avail myself of this opportunity of saying publicly to him and his colleagues in the Government that I am deeply appreciative of the privilege which has been given me of making my small contribution to Canada's war effort at this crucial time of difficulty.

And now we come to the tragic events which brought the military forces of Germany to the channel ports of France, carrying with them the necessity of a sweeping revision of all our plans to meet the new and unexpected situation which was confronting us. Just before that time, however, when the events in Norway were casting their shadows upon the European scene, and although the United Kingdom still felt that her best interest would be served by the carrying out of the Joint Air Training Plan as arranged, the impelling necessity of making a more immediate contribution was obvious to us and steps were being taken to superimpose upon the existing Training Plan other proposals which would enable us, in some measure at least, to achieve this end.

Before these had materialized, however, the invasion of Holland, of Belgium, the break through at the apex of the Maginot Line had taken place with tragic and unexpected rapidity.

Faced with a wholly new picture, the huge enemy forces driving towards the channel ports, the United Kingdom called upon us to send such assistance as could be made available while, with an eye to the future, maintaining as intact as possible the schedules of the Joint Air Training Plan.

At the same time the United Kingdom reluctantly informed us that as a precautionary measure she was suspending, for the time being, the supplying of

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the aircraft which according to the plans she was sending us for training purposes and as her contribution towards the $600,000,000 total cost of this enterprise.

It would be difficult to exaggerate the magnitude of the problems which confronted the Air Ministry at this time. We were still in the preparatory stages of the Plan, which was to come to full fruition in the months to come, yet urgent assistance was imperative.

Among these problems, one thought was uppermost in our minds - an immediate contribution to the Mother Country and to our allies across the sea had to be made.

We realized also that the framework of the Plan had to be maintained so that it could be resumed with full strength and vigour at the earliest possible date so as to ensure an ever-increasing supply of highly trained airmen to man the aircraft at present under construction in the United States and Great Britain. Above all, we realized that now if ever was the time for Canada to show the stuff that she was made of, to fall back upon that spirit of improvisation for which she is justly famed, and to find ways and means of surmounting with courage, with initiative and with decision the seemingly insurmountable difficulties which were confronting her.

But I will say no more concerning our problems. I know full well that in these anxious days you are concerned not with the recounting of our difficulties, but with the steps which have been taken to overcome them. You are interested in action, not in discussion, in deeds, not in words - and you are right -

Here are, therefore, some of the measures which have been taken:

(1) The 112 Squadron is under notice to proceed abroad, the advance party left Ottawa on the 20th of this month and have arrived in England.

(2) Further Air Force contributions complete with aircraft, guns and wireless equipment, etc are now standing by ready to proceed overseas.

(3) A number of young pilots just graduated from Camp Borden and who, under other circumstances, would have swelled the ranks of our instructors, are proceeding overseas immediately.

(4) Fighter and Bomber planes ready for immediate action in France have already been despatched to the United Kingdom and others are awaiting suitable transportation.

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(5) Immediate action is being taken to greatly increase Canadian aircraft industry not only to take the place, where possible, of the machines which the United Kingdom was to have sent us for the Training Plan, but to provide the Mother Country with an ever-increasing number of Fighter and Bomber aircraft for Active Service.

(6) In order to obviate inevitable delays, special powers have been granted to the Department of Transport and to the Department of Munisions and Supply which will enable them to proceed with the letting of contracts for the construction of aerodromes, buildings, and for the manufacture and purchase of essential equipment and supplies with a very minimum of delay.

(7) While maintaining the framework of the British Commonwealth Air Training Plan and proceeding with its development so that at the earliest possible moment it can be geared to capacity again, every effort is being directed towards the maximum output of pilots, air gunners and air observers in the shortest possible time for overseas service, and a steady flow of pilots, and subsequently of air crews generally, will proceed overseas monthly from now onwards to join the operational squadrons of the Royal Air Force.

(8) Details are being worked out to call up immediately some thousands of young men for service in the Royal Canadian Air Force, and their training for any emergency will be undertaken at the earliest possible moment, thus giving a greater number of these splendid young men the opportunity so ardently sought after by them of serving their country in its time of need.

I have only covered here the high spots of the plans and emergency measures which have been worked out and put into force during the last few weeks by the officers of the Royal Canadian Air Force under the dynamic, resourceful, realistic and popular leadership of its new Minister, the Honourable C.G. Power.

I am also glad indeed that we have with us today the newly appointed Chief of the Air Staff - Air Commodore L.S. Breadner, who has a long association with the Royal Canadian Air Force, and whose already proven qualities of leadership, and the high regard in which he is held, give ample assurance of his success in directing this great arm of the Service.

The country has applauded the creation of the important post of Inspector-General, so desirable in view of the widespread nature of the Canadian Air

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establishment. None could fill these important duties with greater distinction than Air Vice-Marshal Croil who will bring to his new work an unparalleled experience and an invaluable background of knowledge.

So much for our plans, our efforts, and the action taken to meet the emergency as it arose. No useful purpose can be served by post mortems and recriminations. No doubt there is much that, looking backward, we might wish to have done differently, more promptly or not at all. No doubt there were assumptions made which have been falsified by events.

But let us be realistic, do not let us waste our energies in vain argument concerning the past - let us deal with conditions as we find them today - let us look forward, not backward - let us concentrate our effort and single-minded purpose on the job to be done now and upon plans for the future.

If we do these things I am confident that although we may pass through dark and trying days, Canada and the British Empire will in the end win through.

But important as plans and planes are, important as gigantic schemes for training and equipping our fliers may be - it is, after all, the Men of the Air Force who make it what it is. It is the Pilots, Observers and Air Gunners who will by their deeds of courage and valour write large the name of Canada in history's scroll of honour.

In the but yet short although fast-moving history of aerial warfare, Canada has established a most enviable record with its long roll of air heroes - and can proudly boast of its Bishop, Barker, Collishaw, McLeod and McLaren, and a host of others whose names and deeds will always be a challenge to the rising youth of our country. It is a daily inspiration to me and must be to the others at the headquarters of the Air Force to have in our midst that legendary figure - Air Marshal W.A. Bishop, V.C., D.S.O. with bar, M.C., D.F.C., Chevalier de Legion d'Honneur, Croix de Guerre with Palm, etc., and as I said to another gathering quite recently, I thank God that this man who fought in 130 air fights in the last war, and has 72 air victories to his official credit, should have been spared to be with us through this present struggle, to inspire us with his example, and to point the way towards those heights of heroism of which a grateful nation is so rightfully proud. There is something in the mental mould and physical frame of our Canadian youth that endows them with the characteristics that enable them to distinguish themselves so

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outstandingly in this modern method of combat, and assures us that from the young men going forward today will arise other "Bishops", other "Barkers" and other "Collishaws", whose names will also be inscribed on the Honour Roll of this country and who will do everlasting credit to Canada in the present struggle for the preservation of the things which we and they hold dearer than life itself.

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COLOURED PAPER
PAPIER DE COULEUR

CROSS REFERENCE SHEET

C 268380

Name or Subject: Governor of Newfoundland

File No.: Air Training Plan

Regarding: Requesting details of Air Vice Marshal Croil's party movements for proposed visit to Nflnd.

Date: June 2, 1940

SEE

Name or Subject: NEWFOUNDLAND.

File No.:

REQ. 222
5,000—1-4-38

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June 3
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Special papers concerning Air Training Plan and put in order by the Prime Minister, are in filing cabinet for reference of Prime Minister when called for. (B.F. to P.M. file).

D.R.

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"R"

C 268382

TELEGRAM

From THE CANADIAN MINISTER TO THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

WASHINGTON, June 4, 1940.

IMMEDIATE

MOST SECRET

CYPHER

No. 109.

No. 109. Most Secret. My telegram No. 105 of May 31.

Moffat states that diversion of any considerable pilot production to training Canadian pilots will disrupt United States training programme and would seriously delay bringing United States air defences into state of readiness. Even if Canadians entered as civilians they could not be accepted as students without additional statutory authority. It is, therefore, hoped that Canadian authorities will choose not to press this particular request. Despatch by bag.

CHARGE D'AFFAIRES

Received Ottawa 7.30 PM

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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ATP

C 268383

CANADIAN LEGATION

WASHINGTON

June 4th, 1940.

MOST SECRET

No.1097.

Sir:

I have the honour to refer to my Telegram No. 109 of June 4th concerning the training of pilots in the United States.

2. Mr. Pierrepont Moffat asked me to call to see him this afternoon in order to discuss this question with him.

3. Mr. Moffat stated that the problem had been considered very carefully and sympathetically by the Secretary of State, the Under Secretary, the Chief of Staff, and others. The conclusions reached were that the apprehensions felt by Mr. Welles in his talk of May 27th were well founded. These apprehensions rested on two grounds, a practical one and a legal one.

4. As a pra_ctical matter, a project of training Canadian pilots in this country on a large scale obviously could not be carried on concurrently with a similar training program for the United States Air Corps which contemplates using Army and Navy civilian facilities and personnel to the maximum. Apparently, the bottleneck is flying instructors and, to a lesser degree, training planes. Already in order to turn out the number of pilots the United States considers essential in 1941 and

The Right Honourable
The Secretary of State
for External Affairs,
OTTAWA.

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and 1942 they are using as instructors all Army instructors, all qualified officers now in the Training Center and civilian schools, all qualified officers who could be made available by the suspension of miscellaneous activities, qualified civilian instructors, etc. Thus, any large-scale plan of training Canadian pilots would retard the work being done for the United States at the Training Centers, and the lack of additional flying instructors prevents the use of other military flying fields for training schools.

5. With regard to legal considerations, the legal advisers of the competent Government Departments have held that if the pilots were members of the Canadian military or naval forces they could not be trained in this country without a violation of The Hague Convention No. V; nor, in their opinion, could such training be legalized short of amendment or denunciation of this international treaty. This, of course, would not apply to Canadian civilians, particularly if they came to this country for training without advance arrangement between Governments calling for such admissions in specific numbers or groups with a definite view of their later employment in a belligerent army; but the Chief of Staff has added that even these civilians could not be accepted as students at the Air Corps Training Centers without additional statutory authority. (See Act of April 3rd, 1939, copies of which were forwarded with our Despatch No. 537 of April 5th, 1939.)

6. The conclusion reached by the United States military authorities, in which other Government officials concurred, was that irrespective of legal

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restrictions, the diversion of any considerable pilot production to the training of Canadian pilots would disrupt their own training program and would seriously delay bringing their own air defences into a satisfactory state of readiness. It was therefore hoped that the Canadian authorities would choose not to press this particular request.

7. I asked Mr. Moffat whether the conclusion reached by the United States authorities would be modified if it were made clear by the Canadian Government that they would be glad if even a small number of Canadians could receive training as pilots in the United States. Mr. Moffatt apparently was under the impression that the proposal which had been made was for the training of a very considerable number of pilots.

8. Mr. Moffat did not give a direct reply to this question, but said that perhaps the answer was implicit in the remarks which he had just made. I concluded from this that it would be difficult for the United States authorities to agree to the training of even a few Canadian pilots for, though the training of a few pilots would not materially interfere with the training program of the United States, it would require additional statutory authority, according to the contention of the Chief of Staff.

9. Mr. Moffat informed me that Lord Lothian will be informed in the above sense tomorrow morning.

I have the honour to be,
with the highest respect,
Sir,
Your most obedient,
humble servant,

M.M. Mahoney.

Chargé d'Affaires.

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CROSS REFERENCE SHEET

C 268386

Name or Subject: Memo HLK

File No.: Air Training Plan

Regarding:

Date: June 5, 1940

Plan for Wing Commander Homer Smith to arrange for recruting American pilots for instruction in ATP.

SEE

Name or Subject

File No.

UNITED STATES OF AMERICA

REQ. 382
5,000—14-6-39

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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A.T.P.

C268387

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

TELEGRAM NO. 103

SECRET

CYPHER

Ottawa, June 13,1940.

Your telegram number 59 of May 23rd, advising interim suspension of U.K. contribution under Commonwealth Air Training Agreement of Battle and Anson aircraft. In accord with your fifth paragraph we have been intensively engaged regarding alternative steps to overcome deficiencies in these types of aircraft due to the interruption and recognizing also necessity of assuring alternative supplies in order to minimize interference with Training Plan.

2. Following are some of these steps. Negotiations are being carried on for Menasco Engines as alternative to Gipsys. Anson redesigned to take Jacobs engine and American instruments and accessories and to substitute materials available in this country. Orders will be placed as soon as bills of materials are available and drawings completed. Order has been negotiated and placed for 2300 Jacobs engines involving a commitment of about 10 million dollars. Appendix "A" equipment w will be manufactured in Canada for use when substitutes not possible. Production of Canadian Anson should reach required rate in nine months. To fill gap we are purchasing such second hand Twin Engine aircraft as are available in Canada and United States. We are also investigating supply Beech and other Twin Engine aircraft. For bombing and gunnery schools we have asked United States to release 500 North American or similar aircraft; delivery of these doubtful. We are also ordering 200 Fleet Model 60 suitable for Intermediate Training which will release Harvards. No Target Towing aircraft in sight

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C 268388

and must conserve Battles for this purpose. We still hope you can supply Battles if can effect early delivery, but most urgent requirements are Ansons to fill gap before Canadian production starts and apare parts for maintenance of those Ansons and Battles (including engines) which have already been delivered.

3. In our search for alternatives where time was the essence we have, as you will recognize, not hesitated to act without any stipulation regarding ultimate responsibility. Obviously we could not procure commitments to fill in precisely the contemplated gap and obligations assumed might quite probably result in surplus ultimately if United Kingdom contribution is resumed but under the circumstances we have considered possible surplus preferable to risk of scarcity which would balk plan.

4. Most of these steps have been the subject of previous personal discussion with individual members of the Supervisory Board. They were all reported at the regular meeting held on Monday last and the prudence and desirability of these steps were approved by the members of the Board, with reservation that the matter of responsibility was properly subject to discussion and adjustment between Governments concerned.

5. Regarding ultimate responsibility, we are quite content, if agreeable to you, to advise you of what Canada as administrator of the Plan has done and is doing, leaving that matter for discussion and adjustment, having regard to obligations under agreement, after situation has become more clarified at your end and when we all will know better what these emergent steps we are taking involve.

6. We hope that these steps will be regarded as endeavour to meet request that "the Canadian Government will continue to

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exert every effort to make it (the Air Training Plan) productive to the fullest practicable extent in the shortest possible time" and would be glad to have your comments on foregoing.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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"R"

TELEGRAM

ATP

C268389

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

NO. 93

LONDON, June 30th, 1940.

No. 93. Secret. We have fully realized, and deeply regretted, effect on Air Training Plan of suspension of of export of aircraft from this country, which has been forced upon us by critical turn of events. We have learned with the keenest appreciation the steps which you have taken to fill the breach. We are entirely agreeable to course proposed in paragraph five of your telegram. We will arrange to send spare parts for Battle air frames and engines already delivered, and also for Anson air frames and engines which you have. We will also send Gypsy engines at the rate of 40 a month, with spares. We will send more equipment if necessary and parts in due course. The vital importance of the Air Training Plan has increased rather than diminished, and efforts you are making to overcome difficulties and continue scheme at full pressure are most encouraging. We are deeply grateful.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS.

Rec'd Ottawa 6:17 A.M.

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PRESS CLIPPINGS C 268390 Office of The Prime Minister

Name of Publication Montreal Gazette

Date July 11, 1940

Subject Air Tr.Plan

11,416 AIRMEN IN EMPIRE PLAN

Increase in Number Training in Past Month Is 3,000

Canada Prepared to Transfer U.K. Pupils Here if Necessary, Power Says

Ottawa, July 10.—(CP)—The British Commonwealth Air Training Plan has been speeded up and at present Canadian preparations are going ahead on such a basis that should enemy operations render full scale training impossible in England a good portion of that work could be carried on in Canada.

This transfer of training operation could be made with "a minimum interruption to the flow of personnel," Air Minister Power said today in a review of the training plan.

The plan has been speeded up wherever possible "but the long view is to be maintained in the prosecution of this war against an adversary whose first endeavors have gained him a momentary but not overbearing advantage," said Major Power.

"Indeed, Canada's preparation is going ahead so that should the enemy's bombing attacks on England render full scale training there impossible a substantial portion of that work could be carried on in the Dominion with a minimum of interruption to the flow of personnel."

Number of officers and men in training is 11,416, some 3,000 more than a month ago Major Power said, and first pupils of the British Commonwealth Air Training Plan would graduate in September.

Then these young warbirds will serve with the Royal Air Force. At various air schools they already are well advanced in training, having started instruction as student pilots, air gunners and air observers last April.

Meantime there is no shortage of pupils and in 10 days the aircrew pupils will number 2,418, a figure which will be greatly increased as time goes on.

Major Power said efforts are being made to surmount the difficulties presented by Britain's postponement of shipment of aircraft and engines for training use because of the need of these supplies in the United Kingdom.

(Continued on Page 9, Col. 3.)

Australian and New Zealand and British pupils, to be given advanced training in Canada under the training plan will arrive according to original schedule, Major Power added, though he said dates of arrival could not be given because such information might aid the enemy.

This week representatives of the Empire countries participating in the training plan—Canada, Great Britain, Australia and New Zealand—and forming the plan's supervisory board, met and reviewed details of the plan.

"Units of the Royal Canadian Air Force now overseas are recognized as a voluntary supplement to Canada's role in the British Commonwealth Air Training Plan," Mr. Power said, "and will continue to be supported with reinforcements from the R.C.A.F. These men form a distinctly Canadian aero-contingent overseas, whereas graduates of the British Commonwealth Air Training Plan will serve with the Royal Air Force.

"However, as stated by the Prime Minister some months ago, 'provision has been made for the identification in the field of the pupils with their respective Dominions, either by the method of organizing Dominion units or formations, or in some other way."

Units of various sorts already operating in the British Commonwealth Air Training Plan are: 1 air armament school; 1 central flying school; 1 school of administration; 1 equipment and accounting training school; 1 technical school; 1 aircraft inspectors' division inspectors' school; 3 manning depots; 2 initial training schools; 4 elementary flying schools; 1 service flying school; 1 air navigation school; 2 equipment depots; 19 recruiting centres; 1 school of aeronautical engineering; 1 wireless school.

Those in attendance at the meeting, in addition to Mr. Power, were: Defence Minister Ralston; Finance Minister Ilsley; Sir Gerald Campbell, High Commissioner for the United Kingdom; Sir William Glasgow, High Commissioner for Australia; Group Captain L. M. Isitt, representing New Zealand; J. S. Duncan, Deputy Air Minister; Air Commodore L. S. Breadner, Chief of the Air Staff; B. J. Roberts, financial adviser to the supervisory board; Air Vice-Marshal L. D. D. McKean, chief air liaison officer of the United Kingdom air liaison mission; Air Commodore G. O. Johnson, air member of the air council for organization; H. A. Scott, secretary of the supervisory board.

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The Prime Minister

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REPEAT
REPETER

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CROSS REFERENCE SHEET

C 268391

Name or Subject: S U P P L Y

File No. AIR TRAINING PLAN

Despatch No 26, UKHC to XA

Regarding consideration by UK Govt of questions discussed by Howe, Purvis, Wilson & Sir H Self (New York) re possibility of Canada acquiring from stocks taken over from France in USA certain aircraft, engines, &c deemed necessary for the defence of Canada

Date July 11, 1940

SEE

Name or Subject

File No. relations with U S A
~~AIR TRAINING PLAN~~

REQ. 382
5,000—14-6-39

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C268392

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CROSS REFERENCE SHEET

C 268393

Name or Subject: Memo/ODS(interview Sir G.Campbell) BRITISH AIR SCHOOL in Canada

File No. AIR TRAINING PLAN Vol III

Regarding: proposal of UK Govt to transfer to Canada four air training schools (elementary)

Date: July 15, 1940

Skelton said it was "desirable to make clear from the start the governmental relationships involved, in view of the difficulty that had arisen in the discussions of 1938 and 1939.

Proposal brought to attention of Council by Mr POWER on July 16/40 and agreed to by Council

SEE

Name or Subject

File No. BRITISH AIR SCHOOL IN CANADA folder marked as above abbreviated B A S

REQ. 112
2,500—28-10-37

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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COPY

C268334

MOST IMMEDIATE

SECRET

Office of the High Commissioner
for the United Kingdom,
Earnscliffe, Ottawa
25th July,1940

My dear Dr.Skelton,

I have received a telegram from the Secretary of State for Dominion Affairs,stating that the United Kingdom Cabinet have agreed to flights at weekly intervals by civil flying boats of British Overseas Airways Corporation from the United Kingdom to New York via Botwood and Montreal. If permits can be obtained from the Eire authorities, a call will be made each way at Foynes. Two long-range flying boats, "Clare" and "Clyde" will be employed. The "Clare" will leave this weekend; the exact date of departure will be notified. The "Clyde" will leave a week later.

Other demands for the use of these valuable boats may arise and the United Kingdom authorities cannot count on being able to continue a series of flights for the whole season to the end of September. Either or both the boats may have to be temporarily or permanently diverted for other work at any time.

The United Kingdom authorities are anxious therefore not to refer to the resumption of these flights as a service. They will continue with such regularity and so long as weather and circumstances permit. For this and other reasons, the United Kingdom authorities are anxious that the publicity for the flights should be reduced to a minimum.

I am advised that the needs of the Ministry of Aircraft Production for space in these boats will have priority over the needs of the other United Kingdom Departments, but some mail will be carried. Only one or two priority passengers can be carried and the passenger accommodation will be primitive.

The United Kingdom authorities propose that Captain Harold Balfour,Parliamentary Under-Secretary of State for Air, should take passage on the first outward run, in order to pay a brief visit to Canada for the purpose of renewing assurances to the Canadian Government of the continuing and increasing

/importance

Dr.O.D.Skelton,
Under-Secretary of State for
External Affairs,
Ottawa.

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C 268335

importance which is attached to the Empire Training Plan as the source of a large proportion of pilots and air crews, and of conveying a message of appreciation and encouragement. Captain Balfour would also be available to help in the discussion of any special points that have arisen in connection with the Training Plan, including questions of the supply of aircraft, spares and equipment, as well as any points arising out of the recent proposal that Royal Air Force training establishments should be transferred to Canada.

Captain Balfour's time in Canada would naturally be limited and it is suggested that it might possibly be convenient and useful if a special meeting of the Supervisory Board for the Air Training Plan could be held which he might be invited to attend. On the conclusion of his visit to Ottawa, he would proceed to the United States, returning to the United Kingdom by flying boat, New York, Montreal, Newfoundland. He would be accompanied by his Parliamentary Private Secretary, Flight Lieutenant W.W.Wakefield, M.P.

The United Kingdom Government trust that Captain Balfour's proposed visit would be acceptable to the Canadian Government.

Yours sincerely,

(sgd)GERALD CAMPBELL

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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R
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A-T-8
C 268396

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM.
Earnscliffe,
OTTAWA.

513A/131

25th July, 1940.

SECRET.

My dear Prime Minister,

I expect that Dr. Skelton will have told you that Captain Harold Balfour is proposing to leave for a brief visit to Canada by the first trans-atlantic flying boat, which is expected to start from the United Kingdom sometime during this weekend. Captain Balfour has asked me to convey to you an expression of his personal pleasure at the prospect of seeing you and your colleagues again.

Yours sincerely,

Malcolm Campbell

The Right Honourable W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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ODS/ET
27th July, 1940

A-T p C 268397

MEMORANDUM FOR THE PRIME MINISTER:

Sir Gerald Campbell tells me he has just had a cable from London saying that Captain Balfour is ill and will not be able to come on the first voyage of the Clipper. It is hoped he will be able to come out a week or so later.

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C 268398

Ottawa, 26th July, 1940.

Dear Sir Gerald,

I have your letter of July 25th regarding British Overseas Airways Corporation flights from the United Kingdom to New York via Botwood and Montreal. I have learned with interest of the resumption of these flights and have brought the information to the attention of the interested departments.

The Canadian Government have noted that it is proposed that Captain Harold Balfour, Parliamentary Under-Secretary of State for Air, should take passage on the first outward run, and will be very glad to welcome and discuss with him questions arising out of the Training Plan, as well as the proposal for the transfer of certain Royal Air Force training establishments to Canada.

Yours sincerely,

O.D.SKELTON

Sir Gerald Campbell, K.C.M.G.,
High Commissioner for the United Kingdom,
Earnscliffe,
Ottawa.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM

513A/131

C 268399

SECRET

Earnscliffe, Ottawa

31st July, 1940

My dear Dr. Skelton,

With reference to your letter of the 26th July you will remember that I told you on the telephone the other day that Captain Harold Balfour had fallen sick and would not be travelling out on the first flying boat. I have now received a telegram from London saying that Captain Balfour has developed measles and he will not, therefore, be able to come out as early as was previously thought possible. Lord Caldecote states moreover that the departure of the flying boat has been delayed by discussion with the Eire authorities about operational requirements and the loading code, and that it is now clear that it will not leave before Saturday at the earliest.

Yours sincerely,

GERALD CAMPBELL

Dr. O.D. Skelton,
Under Secretary of State for
External Affairs,
Ottawa.

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5-8-40

Service Flying Training Schools

Notes used by Prime Minister at opening of No. 2 S.F.T.S., Uplands Airport, Ottawa, August 3, 1940.

Thanks to Governor General.

Appropriateness of good offices.

Emphasizes co-operative nature of training plan.

Congratulations - Minister for Air, & also

" Air Vice-Marshal Breadner

Workmen and contractors -

part all playing.

Responsibility of an air force.

Air power the key to victory.

Each action important -

saving of life,

achieving of victory.

Fate of lives and nations.

Begin to visualise magnitude of plan.

History of - Poland, etc.

Significance of plan - (see exhibit).

Air training not whole picture of

Canada's air contribution.

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Exhibit

C268401

Before the Agreement was concluded United Kingdom government informed Canadian government of its opinion that "participation in the Air Training Scheme would provide for more effective assistance towards ultimate victory than any other form of military co-operation which Canada can give".

Air Training Plan is one great brotherhood of youth of the Empire, joined together to achieve any victory.

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+ TP
4x Nfld
4x Netherlands

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,

Earnscliffe, Ottawa,

3rd August, 1940

No. 35.

C 268402

SECRET

Sir,

With reference to my Note No. 27 of the 12th July, I have the honour to state that I have just received a telegram from the Secretary of State for Dominion Affairs stating that the Netherlands Government have now decided that they do not wish to proceed with the plan for training in Newfoundland. All trained Dutch Army air personnel will be absorbed into the Dutch Naval Air Unit now operating under the Coastal Command, Royal Air Force. Untrained personnel will complete their training in the Dutch East Indies.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

W.C.HANKINSON

for the High Commissioner

The Secretary of State for

External Affairs,

Ottawa.

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C268403

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE,
OTTAWA.

513A/133S

13th August, 1940.

SECRET

Dear Dr. Skelton,

With reference to my letter of the 8th August regarding the resumption of the trans-Atlantic service, the High Commissioner has asked me to let you know that he has received a telegram from London stating that Captain Harold Balfour has now recovered from his illness and hopes to make his journey to Canada in the flying boat "Clare" which is due to leave Poole on the second outward flight on Wednesday, the 14th August. The "Clare" will leave New York on the return flight to the United Kingdom on Sunday the 18th August. The time schedule will be similar to that contained in the High Commissioner's letter of the 2nd August (513A/131.

Yours sincerely,

W.C. Hankinson.

Dr. O.D. Skelton,
Under Secretary of State
for External Affairs,
Ottawa.

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C 268404

ODS/HMP.
September 9th, 1940.

AIR TRAINING IN THE UNITED STATES

Mr. Keenleyside telephoned from Washington today that in conversation Mayor LaGuardia had mentioned that Captain Balfour, when in the United States, had made a suggestion that the United Kingdom would like to obtain facilities for air training in the United States. Mayor LaGuardia indicated his opinion that if any request of this kind were to be made it would be much better to come from Canada, as it would be more likely to be acceded to in that case. He apparently wished to have the matter discussed by the Joint Defence Board.

I told him so far as I was aware there had been no request for United States facilities for winter training. So far as the R.C.A.F. and the British Commonwealth Air Training Plan were concerned, I understood that they planned to work throughout the winter here. It was possible that they would wish to use United States facilities if they were available. Aside from the technical questions involved, the Government would doubtless wish to consider what the appropriate time would be to put forward such a proposal to the United States Government, and if, as was indicated, the British Government had taken the initiative, it would be desirable to consult them before getting the wires crossed.

I told Mr. Keenleyside I would report the matter

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at the first opportunity to the Prime Minister and the Minister of National Defence for Air. In the meantime I thought, beyond expressing interest and appreciation, the Canadian Members of the Board could not go further at the moment.

Mr. Power and Mr. Duncan are both out of town for the day.

I note in this morning's citizen a report of a statement by Mr. Duncan on the plans for air training in Canada throughout the winter (attached).

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"R" Air Training

TELEGRAM C 268406

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET LONDON, September 24th, 1940.

CYPHER

NO. 1605.

No. 1605. Secret. Minister of Aircraft Production has offered to release to Canadian Government 100 Tiger Moth training planes at price of £1,003 f.o.b. Please inform me what reply I am to give Lord Beaverbrook.

MASSEY

Rec'd Ottawa: 12.23 P.M.

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C 268407

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M E M O R A N D U M

SECRET

October 12, 1940

The Honourable the Minister.

Subject: Memorandum of Agreement between the Governments of the United Kingdom, Canada, Australia, and New Zealand, relating to training of pilots and aircraft crews in Canada and their subsequent service.

1. Article 15 of the above named Agreement reads as follows:

"The United Kingdom Government undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-Governmental discussions to this end."

2. Although this Article indicates that the United Kingdom Government will initiate inter-governmental discussions, the Canadian public demand for greater participation by the Royal Canadian Air Force overseas indicates that no further time should be lost in opening discussions on the subject. There are three methods of satisfying Canadian public opinion in this respect, i.e.:

(i) The formation of completely manned and equipped Canadian Squadrons.

(ii) The designation as "R.C.A.F. Squadrons" of certain R.A.F. Squadrons to be manned by R.C.A.F. aircrew and R.A.F. ground crew and equipment.

(iii) The designation "Canadian RAF Squadrons" to be allotted to certain R.A.F. units progressively as Canadian aircrews sufficient to man and reinforce squadrons, are supplied to the United Kingdom.

3. Proposal (i) is not practicable because:

(a) The output of the J.A.T.P. provides aircrews only and no mechanic or ground personnel for overseas.

(b) Difficulty has been experienced in meeting the large demands of the J.A.T.P. in both equipment and personnel, and Home War Requirements cannot be met for some time to come

(c) Irrespective of (a) and (b), the cost of manning, equipping and maintaining all-Canadian squadrons in the field would be an enormous financial strain detracting from Canada's other war efforts.

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4. As a token of recognition discussions should be initiated based on the R.A.F. designating certain units as R.C.A.F. Squadrons or, if this is not agreed to, designating them as "Canadian" R.A.F. Squadrons.

5. The number of squadrons to be designated R.C.A.F. or Canadian R.A.F. should be in proportion to the Canadian output of the J.A.T.P., and its capacity for producing not only the initial strength of aircrews of such squadrons, but maintaining their total requirements in reinforcements.

6. The designation R.C.A.F. or Canadian R.A.F. should not be applied to an R.A.F. unit until three months after a complete squadron aircrew strength has been supplied to the United Kingdom, as such a period will be required for further training, in operational units, travelling, and postings procedure.

7. It would be undesirable to make any hard and fast rule that the units must be completely manned by Canadians, as this would handicap the R.A.F. in postings and might interfere with the careers and promotions of both R.A.F. and Canadian personnel. Further, the infiltration into squadrons must be gradual until the new crews gain experience under seasoned leaders. After this experience has been gained, it would then be practicable to arrange for the majority of Canadian aircrews to be allotted to R.C.A.F. or Canadian R.A.F. designated squadrons.

8. The present establishment and wastage figures by squadrons are shown on Appendix "A", together with the pilot output of the J.A.T.P., for 1941. Calculated upon these figures are also shown the number and months that R.A.F. units would be due to be designated R.C.A.F. or Canadian R.A.F. under the foregoing proposals. The calculation is based on pilots only, the supply of observers and air gunners being designed to balance with pilots.

(Signed) (L.S. Breadner)
Air Vice-Marshal,
Chief of the Air Staff.

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C 268409

Appendix "A"

ESTABLISHMENTS, WASTAGE, J.A.T.P.
OUTPUT AND ESTIMATED R.C.A.F. OR 'CANADIAN' R.A.F. SQUADRONS

Establishments and Wastage

	Establishment	Wastage per month	Total Pilots per Squadron per month
Average R.A.F.Sqn. (Pilots)	27	9	36

Estimated Pilot output J.A.T.P. (Canadian only) to end of 1941.

Note The following output is that estimated for despatch overseas after requirements for H.W. Establishments, J.A.T.P. instructors (navigation and flying) and wastage for the three R.C.A.F. Squadrons now overseas have been deducted as shown. If Australia and New Zealand increase their pupils to Canada it will proportionately decrease the output of Canadian pupils.

Month during which pupils graduate	Gross Output	Required for J.A.T.P.	Required for H.W.E.	Req'd for R.C.A.F. Overseas	Total Required in Canada	Net for Overseas
Dec.						72-36 = 36
Jan.	208	55	11	22	88	120
Feb.	278	55	11	22	88	190
Mar.	553	55	11	22	88	465
Apr.	378	55	11	22	88	290
May	520	55	11	22	88	432
June	500	30	11	22	63	437
July	634	30	11	22	63	571
Aug.	600	30	11	22	63	537
Sept.	784	30	12	22	63	721
Oct.	942	30	12	22	63	879
Nov.	592	30	12	22	63	529
Dec.	940	30	12	22	63	877

Note

(i) Requirements for R.C.A.F. Squadrons overseas based on nine pilots per month for No. 1 (F) and No. 110 (AC) Squadrons and four pilots per month for No. 112 (AC) Squadron which squadron is not actively engaged in fighting operations.

(ii) Requirements for Home War Establishment based on the 136 pilots per year designated for Canada in the original training agreement.

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MONTHS DURING WHICH SQUADRONS CAN BE DESIGNATED R.C.A.F. OR 'CANADIAN' R.A.F. AND NUMBERS OF SQUADRONS SO DESIGNATED
J.A.T.P. OUTPUT FOR DECEMBER 1940 AND ALL 1941

Mon.	Output from Canada	Gross No. of Pilots Available	Req'd for New Sqdns. & Wastage	Balance	No. of New Sqdns to be designated	Total No. of Sqdns. designated	Remarks
Apr. 1941	36	36	36	0	1	1	
May	120	120	117	∕ 3	3	4	Pilots available to form a Squadron designated R.C.A.F. or 'Canadian' R.A.F. during April 1941, completed training in Canada during December, 1940
June	190	193	180	∕ 13	4	8	
July	465	478	468	∕ 10	11	19	
Aug.	290	300	279	∕ 21	3	22	
Sept.	432	453	450	∕ 3	7	29	
Oct.	437	440	405	∕ 35	4	33	
Nov.	571	606	585	∕ 21	8	41	
Dec.	537	558	549	∕ 9	5	46	
Jany. 1942	721	730	702	∕ 28	8	54	
Feb.	879	907	846	∕ 61	10	64	
Mar.	529	590	576	∕ 14	0	64	
Apr.	877	891	864	∕ 27	8	72	

EXPLANATION OF CALCULATIONS

Output of Canadian pilots in Canada during any month are allowed 3 full months before becoming available for squadron duty. Thus pilots who complete their training in Canada during a certain month e.g. January, are allowed 3 months e.g. February, March and April for training in the United Kingdom and become available for squadron duty during the next month e.g. May. A new squadron is designated R.C.A.F. or 'Canadian' R.A.F. when a sufficient number of pilots are available and trained to complete a squadron with a months' wastage of 9 per squadron has been deducted from the gross available, for the existing squadrons designated R.C.A.F. or 'Canadian' R.A.F.

Thus the total wastage required for the month for the squadrons already designated as R.C.A.F. or 'Canadian' R.A.F. is taken from the gross number of pilots available and the remainder used to form newly designated squadrons complete with their month's wastage i.e. 27 ∕ 9 = 36. The balance which will not form new squadrons and one months' wastage is held as a balance to be added to the new output to make up the Gross number of pilots available for wastage and to form new squadrons during the ensuing month.

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SECRET

ESTIMATED APPROXIMATE OUTPUT J.A.T.P. DURING 1942

Gross Output

50 Pupils per 24 days per school
Total per year per school - 760
Total for 12 schools - 9120

Require in Canada and for R.C.A.F. Overseas

Per month 30 Instructors, 22 R.C.A.F. Overseas,

12 H.W.E. - 64 per month - 768 per year.

Net Output for Overseas

9120 - 768 - 8352 per year

- 696 per month

Number of Squadrons that can be maintained designated R.C.A.F. or "Canadian" R.A.F.

Monthly wastage - 9

Number of Squadrons - 77

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SECRET

C268412

ESTIMATED MONTHS SQUADRONS MAY BE DESIGNATED R.C.A.F. OR "CANADIAN" R.A.F. DURING 1942 UP TO SITUATION POINT i.e. 77 SQUADRONS

Mon.	Output from Canada	Gross No. of Pilots Available	Req'd for New Sqdns. & Wastage	Balance	No. of New Sqdns. to be designated	Total No. of Sqdns. designated	Remarks
1942 Apr.	877	891	864	≠27	8	72	From Appendix "A"
May	696	723	720	≠2	2	74	
June	696	698	666	≠32	0	74	
July	696	728	702	≠26	1	75	
Aug.	696	722	711	≠11	1	76	
Sept.	696	707	684	≠23	0	76	
Oct.	696	719	684	≠35	0	76	
Nov.	696	731	720	≠11	1	77	
Dec.	696	707	693	≠14	0	77	

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Lord Beaverbrook
4½ ATp

TELEGRAM C268413

FROM: THE RT. HON. THE PRIME MINISTER OF CANADA, OTTAWA,

TO : THE RT. HON. THE PRIME MINISTER OF THE UNITED KINGDOM, LONDON.

Ottawa, October 14, 1940

SECRET

PERSONAL

As I have not seen Bishop since his return to Canada, and have had no conversation with the High Commissioner for the United Kingdom with respect to anything he may have heard from other sources regarding anything said by Bishop, I am quite in the dark as to what representations may have been made by the High Commissioner for the United Kingdom in any communication sent to your government. I should be obliged if you would so inform Lord Beaverbrook. Meanwhile, I am greatly obliged to you for having immediately communicated with me on the matter.

I doubt if my colleagues and I could be more appreciative than we are of the problems with which the Air Ministry in the United Kingdom is faced. Our one aim is to have Canada's effort so related to the plans of the Air Ministry as to secure its maximum service and efficiency. As you know, in the development of the air training plan, we have been governed by the plan of strategy as given to us at the outset and such modifications as have since been made to expedite its development have been worked out in the closest conference between our Department of Defence for Air and the British Air Ministry. We are quite prepared to consider any further modifications or alterations of the plan that your government may deem advisable. The one thing, however, which we have to be most careful to avoid is any

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ground for suspicion in the mind of anyone that the plan itself is falling short in any particular of what was anticipated with respect to its development, and that the Air Ministry of the United Kingdom has had to resort to other means and measures to secure in the way of pilots what it was anticipated the air training plan would provide.

Rightly or wrongly, an impression is being fostered in certain quarters that, owing to developments under the air training plan not having materialised as anticipated, your government has found it necessary to seek opportunity for training pilots in the United States. My colleagues and I, of course, fully understand that, due in no particular to any disappointed expectations with respect to the air training plan, unforeseen events may well have made wholly advisable any and every effort to have additional pilots trained as rapidly as possible, and that in the United States as well as Canada. So long as this is done in a manner which could not be made to reflect upon what is being accomplished under the Commonwealth Air Training Plan, and after the fullest consideration of the extent to which the need might be met by adaptations of the air training plan itself, no possible exception could be taken by anyone. Like you, I am fully aware of the inevitable conflict between the short term and the long term view, and my colleagues, I believe, are equally conscious of what is to be said in support of each view. If anything, we ourselves, from the very beginning, have been more impressed with the importance of expedition than some of those whose counsel we have accepted in the plan's development.

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CROSS REFERENCE SHEET

C 268415

Name or Subject: Ltr. ADPH to PM (Quebec)

File No.: Air Training Plan

Regarding

Date: October 15, 1940
" 13, 1940
16, 1940

Enclosing draft cable to Churchill

re progress of air training plan;

Attaching message from Lord Beaverbrook received through UK HC re aircraft production problem. (Oct. 13)

Message from P.M. to L. Beaverbrook ack.message received through UK HC; expressing desire to afford utmost co-operation. (Oct 16)

SEE

Name or Subject

File No.

LORD BEAVERBROOK folder

REQ. 382
5,000—14-6-39

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ATP File

C 268416

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

TELEGRAM NO. 180

MOST SECRET

CYPHER

Important

Ottawa, October 16th, 1940.

Following from Prime Minister to your Prime Minister:

Secret and Personal. Begins,

1. I have not seen Bishop since his return, and have had no conversation with the High Commissioner for the United Kingdom regarding any statements attributed to Bishop, nor am I aware of the terms of the message on the subject sent by the High Commissioner. I should be obliged if you would so inform Lord Beaverbrook.

2. I doubt if my colleagues and I could be more appreciative than we are of the difficulty and urgency of the problems with which the Ministry of Aircraft Production and the Air Ministry in the United Kingdom are faced, and the courage and resourcefulness with which those problems are being met. Our one aim is to have Canada's assistance in the air, as in all else, so related to the plans of the government of the United Kingdom as to secure the maximum effectiveness of our common effort.

3. The Canadian Government have continued to attach paramount importance to the development of the Air Training Plan which was conceived by the United Kingdom government as a means of creating that superiority in air strength which was deemed to be essential to victory. You will recall that Canada's participation in the Plan was regarded by the United Kingdom Government as the most effective assistance which Canada could give. Convinced of this, our energies have been directed toward the accomplishment of this aim.

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C 268417

4. Despite the difficulties which resulted from the necessary decision of the United Kingdom Government to cut down drastically their supply of training aircraft undertaken in the Agreement, my colleagues and I are satisfied that the Plan has made, and is making, good progress at a rate substantially faster than that originally contemplated.

5. Unfortunately an impression seems to have been created in certain quarters both here and in the United States that the United Kingdom Government consider the Air Training Plan has not progressed satisfactorily and, as a result, have found it necessary to seek opportunity for training large numbers of pilots in the United States. Your statement that the air training plan is valued by the United Kingdom Government and that it will be pushed forward with the utmost strength is therefore most reassuring.

6. We fully understand that, apart entirely from the Air Training Plan, it may be desirable for the United Kingdom Government to make every effort to have additional pilots trained as rapidly as possible, in the United States as well as in Canada. So long as this is done in a manner which could not be made to reflect upon what is being accomplished under the Air Training Plan, or prevent the delivery of training planes required for it, and after the fullest consideration of the extent to which the need might be met by adaptations of the Plan, no possible exception could be taken by anyone.

7. You will, however, understand our concern lest it should be made to appear that the Air Training Plan is falling short of expectations. Like you, I am fully aware of the inevitable conflict between the short term and the long term view, and my colleagues, I believe, are equally conscious of what is to be said in support of each view.

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C 268418

If anything, we ourselves, from the very beginning, have been more impressed with the iimportance of expedition than some of those whose counsel we have accepted in the Plan's development. If at any time the United Kingdom Government consider that the present plan should be modified or supplemented to adapt it to changing circumstances, we shall be glad to give any suggestions to this end our immediate attention.

8. We are more than appreciative of the great strain upon yourself and colleagues and indeed upon all in the United Kingdom. Our one aim is so to cooperate in everything as to be of the greatest possible assistance.

9. My kindest personal regards to yourself and Beaverbrook. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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C268419

THE CITADEL
QUEBEC

TELEGRAM

FROM: THE RIGHT HONOURABLE THE PRIME MINISTER OF CANADA,
OTTAWA

TO: THE RIGHT HONOURABLE LORD BEAVERBROOK
MINISTER OF AIRCRAFT PRODUCTION, LONDON

Quebec,
October 16, 1940

Secret

Personal

Code

No.

I duly received from the High Commissioner for the United Kingdom memorandum containing your message of the 13th instant.

Please see communication I have today sent to ~~Churchill~~ the Prime Minister. From what I am able to gather from communications received, there would appear to be some conflict of view about the amount of aircraft production on one hand, and numbers of air pilots on the other of which I have no exact information. Your memorandum is most helpful in setting forth the position as regards aircraft. My communication to Churchill will explain where, in Canada so far as we are concerned, some ~~difficulties have presented themselves with regard to~~ uncertainty has been experienced as to what is really expected or desired of us with regard to the training of pilots.

Please believe that I have the utmost

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confidence and the greatest admiration for what is being accomplished by the Ministry for aircraft production under your direction. If anything in the nature of misunderstanding exists, it has arisen from sources wholly outside opinions held by my colleagues and myself. My one aim, and it is shared by all of my colleagues, is to afford the utmost that lies in our power by way of effective co-operation with yourself, the Prime Minister and other of your colleagues.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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NAVAL MESSAGE C268421

MOST SECRET

FOLLOWING ARE IN "DUCHESS OF ATHOLL" ANTICIPATED ARRIVAL HALIFAX 20th OCTOBER AND MONTREAL 23rd OCTOBER(FROM ADMIRALTY SIGNAL 1748/15).

ROYAL AIR FORCE FOR MONTREAL - 27 OFFICERS 2 WARRANT OFFICERS 239 AIRMEN.

GOVERNMENT CIVILIANS - MR.INNES STEWART,TREASURY OFFICIAL FOR MONTREAL, MR.J.A.STIRLING, MR.F.D'ARCY COOPER,BOARD OF TRADE WITH NURSE,MISS G. PELL FOR WASHINGTON VIA HALIFAX ONWARD CONVEYANCE HAS BEEN ARRANGED.

19.10.40

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C268422

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
OTTAWA.

516X/351. 22nd October, 1940.

IMMEDIATE
SECRET

Dear Major Power,

With reference to the High Commissioner's letter of the 6th September regarding the transfer of certain R.A.F. training establishments to Canada, I am writing in the absence of Sir Gerald Campbell to let you know that a telegram has just been received stating that after a further review of the position, the War Cabinet has approved the move of No. 7 Service Flying Training School proceeding as arranged, and the first echelon of No. 10 Service Flying Training School leaving the United Kingdom at the end of this month. I understand that full details are being sent to the United Kingdom Air Liaison Mission. The telegram adds that the programme will again be reviewed early in November.

Yours sincerely,

W.C. Hankinson.

The Honourable Major C.G. Power, M.P.,
Minister of National Defence for Air,
OTTAWA.

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CROSS REFERENCE SHEET

C 268423

Name or Subject

File No. Air Training Plan III
(British Air Schools in Canada)

Letter from Hon. C.G. Power

Regarding confidential interview ~~with~~ between Hon. R.B. Hanson and J.S. Duncan (Acting Deputy Minister for Air (September, 1940)

Date Letter dated Oct 25/40
Memoranda " Sep 24/40

SEE

Name or Subject

File No. Leader of Opposition
(Sessional Folder)

REQ. 382
5,000—14-6-39

JG
29/10

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ATP

TELEGRAM C 268424

From THE HIGH COMMISSIONER FOR CANADA IN AUSTRALIA

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

No. 109

CANBERRA, October 18th, 1940.

No. 109. October 18th. Understand arrangements about completed with United Kingdom for Australia to send 40 excess air pupils per month for training in Rhodesia, first batch to be there before November 29th.

HIGH COMMISSIONER

Rec'd Ottawa, 7:26 a.m.

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C 268425

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

TELEGRAM NO. 195

SECRET

CYPHER

Important

Ottawa, November 4th, 1940.

Transfer of Royal Air Force schools.

You will recall that late in July we raised the question of publicity regarding the proposed transfer of R.A.F. Schools to Canada and that we were advised through the High Commissioner for the United Kingdom that your Government considered any publicity on this subject might have serious consequences and would accordingly rather not have anything said at that time and also that a similar attitude was taken by Captain Balfour at a meeting of the Supervisory Board in August.

In the event of the question arising here would there be any objection to a brief statement being made of the facts as to the views of the United Kingdom Government to which reference is made above?

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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COPY

ATP
C/K

Canadian Legation,
Washington, November 4, 1940.

SECRET

PRIVATE

Dear Dr. Skelton:

Today Mr. Hickerson asked me to see him at the State Department about a matter he said had been bothering him for some time. It concerned the operations of Messrs. Clayton Knight and Homer Smith, who, with headquarters at the Waldorf-Astoria Hotel in New York City, carry on certain dealings with United States citizens with a view to their entry into the Royal Canadian Air Force.

Mr. Hickerson and his associates on the political side of the State Department now find themselves in a somewhat embarrassing position in this connection, and he outlined it to me very frankly. In doing so he said that he did not intend to make any memorandum of our conversation for their records.

On the other hand, Mr. Hickerson recognized that certain intimations had reached the Canadian Government from the "highest quarters" here. He recalled the message which was communicated to Mr. Mahoney during my absence by Mr. Pierrepont Moffat (before the latter left the State Department to go to Ottawa) and which was conveyed to the Prime Minister by our Telegram No. 91 of May 18th, 1940, reading as follows:

> "Secret. Regarding enlistment United States citizens in Canadian Forces Moffat Department of State called at Legation 3 p.m. and asked me to transmit secret message to Prime Minister from 'highest quarters" informing him United States authorities will not be embarrassed by enlistment in Canada of United States citizens who proceed to Canada for such purposes. Mr. Moffat added it was his understanding that such United States

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C 268427

citizens would be called upon to take oath of obedience but not oath of allegiance. He further added United States authorities fully appreciate action thus far taken by Canada in this respect in conformity with neutrality and international laws."

(It appears that Mr. Moffat's notes of this message are not in the departmental records here but are kept in some special depository.)

On the other hand, Mr. Hickerson informed me of certain matters affecting the Knight-Smith organization which have come to their attention.

Communications, he said, have been coming to official quarters complaining about the activities of Messrs. Knight and Smith, and occasional references to these activities have appeared in the press.

Again, it appears that the Federal Bureau of Investigation (of the Department of Justice) have on their own motion made some enquiries into these activities. F.B.I. agents have interviewed Messrs. Knight and Smith and, I gather, have in some way seen some of the correspondence in which they and their organization have been engaged. The Department of Justice and the F.B.I. are not aware of the intimations received in Ottawa from the "highest quarters". The State Department have been asked by the Department of Justice whether the latter should proceed further with their enquiries.

Furthermore, the branch of the State Department which registers agents of foreign governments have learned of the operations of the Knight-Smith organization and have raised the question whether it ought not to be registered under the Act requiring the registration of agents of foreign principals and of foreign governments. (See our Despatches No. 1606 of

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C 268428

August 29th, 1939, and No. 1900 of October 10th, 1939.) Mr. Hickerson, I gather, has persuaded this branch not to press the matter on the ground that Messrs. Knight and Smith state that they are acting as private persons and not as agents of the Canadian Government.

Mr. Hickerson understands (presumably from the reports of the F.B.I. agents) that the Knight-Smith organization operates somewhat as follows. A United States citizen presents himself to enquire whether he can get into the R.C.A.F. He is informed that Mr. Smith is acquainted with the regulations and qualifications and can advise him. Sometimes the applicant is without funds to get to Canada, and in such cases is given a "loan". Sometimes it happens that the "loan" is not repaid. This raises the question whether the Knight-Smith organization are kept in funds by the Canadian Government or some Canadian official agency.

Mr. Hickerson also understands that Mr. Smith, while not now actually in the R.C.A.F., is on the Reserve. Mr. Smith, it appears, told the F.B.I. agents that he was simply a private person, but the F.B.I. uncovered some correspondence in which Mr. Smith was asking some official agency in Canada about his pay cheques. Mr. Knight, it appears, is a United States citizen.

Mr. Hickerson said frankly that in view of the intimation from the "highest quarters", he was not suggesting any question of prosecution, nor even of closing down this organization. On the other hand, he hoped that in some way they could be cautioned to "slow down and pull in their horns".

In my discussion with him Mr. Hickerson recognized the difficulty of defining precisely what could advisedly be done, and what not. If it were merely a matter of informing applicants before going to Canada that they would likely be received into the R.C.A.F., that would not create difficulties. The financial aspects mentioned above, however, do seem to present difficulties, as does Mr. Smith's status in relation to the R.C.A.F. Both of these features appear to touch on the two legal questions involved: the question of a possible violation of the law respecting recruiting, and

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the question of a possible violation of the above mentioned Act concerning the registration of agents. These features would not jibe very well with the ostensible picture that Messrs. Knight and Smith are simply public spirited or patriotic private persons doing what they can to help Canada and the Allied cause.

It would appear also that as time has gone on the Knight-Smith organization has been carrying on more and more correspondence with possible applicants and has been in touch with other organizations in this country with a view to having possible applicants directed to the Waldorf-Astoria headquarters. The suggestion here appears to be that while there have been no open advertisements, there has been something coming close to advertising the organization's existence and purposes.

Mr. Hickerson mentioned that the reports made by the F.B.I. agents of their interviews with the Knight-Smith organization indicated that the latter had been fairly well advised as to the legal position. They seemed to "know the answers". The suggestion was made, however, that they might perhaps consider employing a wide-awake practical lawyer who could constantly advise them about what risks they were running of violating the laws of this country.

It happens that on October 26th I wrote you a letter regarding the Knight-Smith organization, enclosing a copy of a minute from the Air Attaché. The question was raised whether the Air Attaché should refer applicants directly to this organization. In view of the foregoing, it seems to me clear that neither the Legation nor anyone connected with it should take any steps or have any connection with the Waldorf-Astoria headquarters.

Mr. Hickerson also mentioned another case. It had come to his attention that Mr. Errol Boyd, with headquarters at the Murray Hill Hotel in New York City, was engaged in hiring radio operators who would be used,

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C268430

I understand, in the ferrying of military aircraft across the Atlantic. It was pointed out that United States citizens engaging in that operation would be violating the law which prohibits their travelling into the war zone.

In the circumstances, I cannot do much more than pass on the substance of what Mr. Hickerson said. I know next to nothing about the Knight-Smith organization. I know nothing about the practical results achieved or the value of these measured against the risk of some possible disturbance of public opinion in this country (which has to be taken into account in spite of any special intimations that may be received). So far, our record respecting the position of the United States has been very good and has been definitely recognized here as being very good. Some people might even say we have leaned backward. For myself, I continue to believe that in the long run our attitude will turn out to have been wise and useful rather than the contrary. If, on all the facts, it is considered necessary to continue the Knight-Smith organization, I hope some way can be found so that the operations may be carried on more carefully and circumspectly and so that they can avoid violations of the law.

In any case, Mr. Hickerson has, I think you will agree, adopted a most friendly and helpful method of taking this matter up.

Yours sincerely,

(SGD) LORING C. CHRISTIE

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R

C 268431

file separately.

OFFICE OF THE MINISTER

CANADA

DEPARTMENT OF NATIONAL WAR SERVICES

November 7th, 1940.

Rt. Hon. W. L. Mackenzie King,
Prime Minister,
O T T A W A, Ontario.

Dear Mr. King:

I am enclosing for your information two memoranda, one regarding Training of Men for the Army, and the other regarding an Empire Council.

I hope to have an early opportunity of discussing with you information which I obtained with regard to different matters, but thought it wise to forward these two memoranda immediately.

With kindest regards,

Yours sincerely,

James G. Gardiner.

Encl. 2.

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OFFICE OF THE MINISTER

CANADA

C 268432

DEPARTMENT OF NATIONAL WAR SERVICES

At Sea,
November 5th, 1940.

Memorandum for Rt. Hon. W. L. Mackenzie King
on the
Training of Men for the Army.

My conversations with Mr. Churchill, Mr. Eden, Sir Andrew Duncan, Lord Beaverbrook, Sir James Lithgow, Lieut.-General McNaughton, Major-General Sansome and others, convince me that our greatest need at present is aeroplanes and air pilots supplied with suitable guns and ammunition, including bombs and land and water mines.

The general story is that we entered this war without adequate preparation. Hitler entered it six months below his peak production. We were forced because we were not prepared, or chose because we were lulled into a feeling of security behind the defences of France and the Channel, to allow him to proceed in peace during the first six months of the war to reach his peak. That he accomplished six months ago when he launched his attack which carried him to the Channel ports.

The drive to the Channel ports and the bombing of Britain has proven, according to information which I received from the above named and everyone else I talked to, including air pilots, that the German planes are superior to ours because of the greater efficiency of the German engines. Their planes are faster than ours and can attain an altitude of from five to ten thousand feet higher than ours, although they cannot be manouvered with equal facility.

The war has shown that our pilots are better. Even with their lesser numbers, slower fighter machines, and while unable to reach the heights attained by German fighter planes, our fighters have taken a toll of three planes to one, and a much higher proportion of men. This has resulted in the German bombers, which are slower than fighters, being driven from the Battle of Britain and Hitler resorting to the dispatch of fighters carrying a few bombs by night to be dropped from such heights that the bombing becomes of little military effect.

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It is evident, however, that before we can do more than keep the enemies planes so high that they are not effective our whole effort must be turned to producing faster and more efficient planes through the construction of better engines.

There are rumours that instruments are on the verge of completion which will drive planes from the air but they may be nothing more than rumours.

This need for new and better planes places the final drive for victory some distance into the future.

Added to this is the statement of Mr. Churchill made to me to the effect that one of our greatest difficulties is the lack of mass production of ammunition and light arms. It is stated that it will be the spring of 1942 before we will be in a position to arm an army and keep their arms supplied with ammunition. To use Mr. Churchill's own words: "It would be useless and criminal to line men up to be shot down, who could not defend themselves." The assumption seems to be that we can hold the German planes so high, even with our present equipment of anti-aircraft guns and fighter planes, that their bombardment will be ineffective. It is also thought that before the Spring of 1942 we will have planes, fliers and sufficient ammunition to take the offensive.

I was through factories of all kinds covering planes, engines, munitions, arms and shipbuilding. I am convinced that every effort is being directed toward full preparation for an offensive in 1942 and would therefore conclude that we should do three things.

First -- We should press every factory in Canada into the production of the most efficient type of engine, the making of factory tools, the building and maintenance of planes, and the production of munitions. We should take the best of our mechanically minded young men and train them to work in these factories.

Secondly -- We should encourage those who are inclined to take training in the flying of aircraft to enter our air training schools and prepare themselves immediately.

Thirdly -- We should encourage those best suited to it, as discovered in our compulsory training plan, to fit themselves for handling men in land warfare. I am more convinced than ever that while flying men and planes are essential to the armies ultimate success nothing can ever be accomplished beyond

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the present skirmishing by two air forces.

Britain entered the "Battle of Britain" hopelessly outnumbered and outclassed in planes. Yet Britain could keep the planes so high that they were ineffective. Britain could have twice as many planes as Germany and much more efficient, yet even so supplied she could do nothing more over the great expanse of Hitler occupied areas than tantalize the population into intense hatred of Britain. This battle which I saw for four weeks in London can go on for a long time and end nothing.

Not

This war is going to be ended by an army possibly led into battle by scouting and dive bombers, followed by tanks but until these machines can be followed by motorized troops Hitler is going to be supreme on the Continent of Europe. The day will come in 1942 when the finest, best trained, armed and disciplined army ever placed on the battlefield will be required.

Democratic governments can be pardoned for not having planes, munitions and motorized equipment at the beginning of 1940 but no one will be pardoned for not having the equipment produced and manned by men who know how to use it in the Spring of 1942. This leaves us only one summer to prepare.

James G. Gardiner.

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ATP
India

JER/S
Nov.4/40

FROM - THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA;
TO - SECRETARY, THE GOVERNMENT OF INDIA, NEW DELHI, INDIA.

C 268435

CODE

No.____

Referred to P.M.
N.D. (for Air)

Ottawa, November 4, 1940.

Following for Frederick Tymms, Director, Civil Aviation, begins:

1. Reference your discussions with Legal Adviser External Affairs, concerning possibility of Indian participation in British Commonwealth Air Training Plan.

2. Question has been considered by Canadian authorities who regard proposal with favour.

3. It is thought that Indian trainees should come into plan as members of the Indian Air Force and that as such they would be administered by their own regulations in respect of clothing, pay, etc. and would only be affected by R.C.A.F. regulations whilst in Canada in accordance with the Visiting Forces Act.

4. As Indian Air Force trainees could only come into the plan to the exclusion of the corresponding number of trainees from the United Kingdom or Dominions, it is considered that the financial basis for the admission of Indian trainees would best be arranged by including them in lieu of part of the quota of the United Kingdom if the United Kingdom Government ~~would~~ were be willing. The financial adjustment would then be a matter between the Indian Government and the Government of the United Kingdom only.

5. If on the other hand the Indian trainees were admitted to the exclusion of a small number from the United Kingdom and each Dominion, a revision of the Agreement ratified by all participants would be necessary.

6. It is proposed that this matter should be discussed immediately with the High Commissioner for the United Kingdom in Canada, the proposal being that the Indian trainees should be admitted as in lieu of part of the United Kingdom quota.

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7. Before taking this matter up with the United Kingdom authorities in this way, it would be appreciated if you would consult your Government and have the Government of Indian formally request the Canadian Government to commence negotiations along these lines. It is our understanding that you do not desire that United Kingdom Government should be approached until your Government has made a firm proposal. Ends.

Secretary of State
for External Affairs.

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"R"

TELEGRAM C 268437

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

LONDON, November 9th, 1940.

CIRCULAR D. 563

Circular D. 563. Secret. We wish to bring to the notice of Dominion Governments certain dangers appearing from release for publication of details regarding Empire Training Scheme and aircraft production of a nature likely to furnish valuable information to the enemy. We fully appreciate importance of reassuring the public and encouraging and cheering those concerned by giving satisfactory indications of great progress made. At the same time, practice adopted here is based on importance of ensuring that details which can help the enemy should as far as possible be kept secret, and it would be of assistance to us if Dominion Governments could keep a careful watch on statements issued with the same object in view.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa, 10:19 p.m.

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"R"

TELEGRAM C 268438

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET

CYPHER

NO. 158

LONDON, November 10th, 1940.

No. 158. Secret. Your telegram No. 195, November 4th.

My telegram Circular D. 563, November 9th, which was drafted before receipt of your telegram, sets out views of His Majesty's Government in the United Kingdom upon disclosure of information about air training and aircraft production. If the Canadian Government desires to do so, we should of course have no objection to it being made known that we consider it of the utmost importance to keep secret any information regarding air training or production of aircraft in so far as it might furnish valuable information to the enemy, and that it was on this account that we were anxious that the public should not be given plan for transfer of Royal Air Force Schools to Canada.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa, 1:35 a.m.

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C 268439 Nov.12/40 JER/B

ATP
K/S

Note for the Prime Minister

Clayton Knight - Homer Smith Committee

I am enclosing a copy of Mr. Christie's letter to Dr. Skelton dated November 4, 1940, concerning the activities of this Committee and the views of the State Department with regard thereto.

2. The Prime Minister was informed by telephone of the general nature of the activities of this Committee and of the fact that it was expected that a feature article would appear in the Star in the afternoon and that it was expected that there would be publicity in the A.P. It was subsequently ascertained that there was also nearing completion a feature article in the Saturday Evening Post on the work of this Committee.

3. Acting upon instructions from the Prime Minister, this matter was discussed with Mr. Power and arrangements were made immediately to stop all press references to the work of this Committee. This stop is necessarily of a temporary character because if the news breaks in

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C 268440

the United States it will undoubtedly be necessary to release it.

4. Arrangements were also made by Mr. Power to stop or to defer the feature article in the Saturday Evening Post. It is not certain that it will be possible to do anything about this matter.

5. Arrangements were also made by Mr. Power for the preparation of a statement to be made in case the story breaks on a large scale in the U.S.A. This statement is being sent over to External Affairs and it will be submitted to the Prime Minister.

6. It was ascertained that this Committee is financed by the Canadian Government. On the other hand, it does not seem to be a very serious matter. It has undoubtedly infringed technical breaches of United States Neutrality Law. On the other hand, it has very great accomplishments to its credit. It has obtained personnel for flying United States bombers across the Atlantic and it has furnished more than two hundred experienced airmen for the R.C.A.F. In the event that the news breaks on a large scale and

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C 268441

that there is an unfavourable reaction of public opinion in the United States, there will undoubtedly be an unfavourable governmental reaction. It should then be possible to dissolve the Committee and to start again, if necessary, in a different way and under a different name. It is even possible that it might not be necessary to start again as the Committee has accomplished the most urgent parts of its work.

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"R" C 268412

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

MOST SECRET

CYPHER OTTAWA, November 14th, 1940.

No. 202

No. 202. Most Secret. Following from Prime Minister for your Prime Minister, Begins:

1. It is now possible to forecast with reasonable accuracy the output of air crew under the Commonwealth Air Training Plan. I am advised that the Plan will be operating at capacity before the end of next year. During 1941, the output of air crew will rise from something over 400 in January, to over 1,000 in May, and over 1,700 by December. It is anticipated that at full capacity, that is, from January of 1941 onwards, some 800 pilots will be turned out each fortnight, and 420 observers and 580 air gunners every 28 days. These figures do not, of course, include the output of such Royal Air Force schools as are or may be transferred to Canada under existing arrangements. This means that despite the many difficulties encountered, the Plan, as a result of the efforts which have been made by all concerned, will have reached its peak considerably in advance of the date originally contemplated.

2. While this anticipated output of trained airmen is considerable, our Department of National Defence for Air regards as feasible a further substantial expansion of the present programme under the joint Plan.

3. As administrators of the Plan, under the agreement between the four co-operating governments, we are willing to undertake such a further substantial expansion of the joint programme, and would be glad to do so if the United Kingdom

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Government, in view of their other sources of supply of air crew, the anticipated supply of training and operational aircraft, and their judgment of the probable development of the war, are of the opinion that the additional air crew who would result could be used effectively and would constitute a helpful contribution in the common effort.

4. The detailed arrangements under which such an expansion of the joint programme should be undertaken, and the financial implications of such a revision of the Plan would, of course, form the subject of discussion and agreement between the Governments concerned.

5. My colleagues and I continue to be impressed by the great importance of air power in the struggle in which the Commonwealth is engaged. We continue to follow with admiration the splendid efforts which the United Kingdom is putting forward, under the most difficult conditions, to develop her air strength to the utmost. If the suggestion put forward in this telegram can assist in this great work, we will gladly undertake the further effort involved.

6. In the circumstances we should like to have an early expression of your views as to the desirability of undertaking the substantial expansion of the Commonwealth Air Training Plan to which I have referred. You will readily appreciate that if such action is to be undertaken, preparations should be set on foot with the least possible delay. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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ATP

ODS/ET
21 Nov.1940

PERSONAL

C 268444

Re 162 DO.

Emphasis on air and naval expansion seems to me to be in the right direction.

That does not mean that this would not present problems that do not have to be fitted into the general scheme,as you have frequently indicated. With the experience now available,our Air Ministry will doubtless be able to draw up a timetable showing the additional facilities, instructors,ground crews and trainees required in the scheme, and the schedule of output of trained men.

In addition to considering the financial programme and equipment possibilities,including the obtaining of planes from the United Kingdom or by purchase in the United States or building in Canada, it would appear advisable to have definite reports from our Air Ministry as to the present and future availability of suitable men for pilots,gunners,etc. I understand there has been no lack of good men up to date,but in view of the high qualifications needed, the question comes up whether an increasing supply can be furnished on a voluntary basis. I would be inclined to think it could,but that is wholly a guess. Mr. Powers' reference to the fact that there were only 300 applications from Quebec indicates one difficulty.

.S.

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"R"

TELEGRAM C 268445

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER LONDON, **November 20th, 1940.**

No. 162

No. 162. Most Secret. Your telegram No. 202 of November 14th. Following for Prime Minister from my Prime Minister, Begins:

1. I am most grateful to you for your message and for your very generous offer of affording facilities for a further expansion of the Joint Air Training Plan. I am confident that we shall be able to make excellent use of it.

2. A review of air training requirements in the light of latest developments is at present in progress, and it is of the utmost value to the War Cabinet in this connection to know that in such further measures as prove to be necessary they can rely on the continuance of the wholehearted assistance of the Canadian Government, which has already made such a notable contribution to our common effort.

3. As soon as our review is completed, I will let you know for your consideration what we think would be best direction for our further joint efforts.

4. As you mention in paragraph 4 of your message, any measures for extension of the Joint Training Plan must form the subject of discussion and agreement between all Governments concerned. Would you agree to my repeating to the Prime Ministers of the Governments of Australia and New Zealand, text of your message and of this reply, or would you prefer to take this action yourself?

5. Subject to your agreement, we should like to offer a cordial invitation to Air Vice Marshal Breadner to pay a visit to this country. Such a visit would be most valuable

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TELEGRAM

C 268446

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

for the purpose of consultation on many training questions, and would give Air Vice Marshal Breadner the fullest and most up to date information on our plans for the future development of the Air Force. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa, 11:50 a.m.

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MEMORANDUM

CONFIDENTIAL

ATP
CK

C268447

November 21st, 1940.

Clayton-Knight Agency

Mr. Duncan said today there were some features in connection with the Government's decision to terminate the Clayton-Knight arrangement which he thought might be brought to the Prime Minister's attention, if that had not already been done.

He had brought Clayton-Knight and Homer Smith up from New York on learning from Mr. Power of the Cabinet's decision, and had got full information from them as to the present situation. Through the seven Clayton-Knight Agencies over three hundred pilots have been obtained from the United States for use in the joint air training scheme. These men were all experienced pilots and needed only short refresher courses. They were employed mainly in instructional work, largely in flying observers, bombers, etc. for practice. It would have been extremely difficult to replace them. Their securing these men had been an essential factor in the speeding up of the whole scheme and further recruits from this source had been counted on for continued development. Equally, the future development of the scheme would be greatly hampered if the 300 to 400 pilots who had been counted on for instructional duty were cut off. Mr. Duncan stated that at the

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C268448

moment only about one pilot a day was coming in but this would increase rapidly as a result of inquiries made.

Again, stopping the scheme immediately would he thought lead to a great deal of publicity and adverse comment. If the scheme was stopped he thought that a period of two or three weeks should be allowed to terminate it. They had had some apprehension at times as to adverse comment in the United States but there had been none thus far. There had been over three hundred United States press comments, and the placards (such as Mr. Power showed the other evening) had been placed in aerodromes and airports all over the country. Several hundred enquiries were being received monthly.

Mr. Duncan wondered whether the situation had changed in Washington since Mr. Christie had brought the matter up. I made it clear that Mr. Christie had not brought the matter up. He had merely transmitted an enquiry from the State Department.

So far as I was aware, there were two main difficulties in the present arrangement. The first was that the President had definitely and confidentially indicated to the Prime Minister some months ago that while they had no objection to Americans enlisting in Canada in the Canadian forces (taking the oath of obedience, not of allegiance), they did not wish any recruiting done in the

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United States. The Prime Minister had explained this to his colleagues. Recently, the State Department had asked Mr. Christie to call and had pointed out in a confidential and sympathetic discussion that open recruiting and solicitation for air pilots in the United States was apparently being done and indicated this would prove embarrassing. Both financial and registration questions were involved, and inquiries were being made by certain United States government agencies. The second difficulty was that it appeared that Canadian public funds were being used in furtherance of the scheme. It had been understood that any expenses in connection with the enlisting of these men would be provided by private sources. If it was a fact that public funds were being used this would obviously make it more difficult to establish that the understanding with the United States had been carried out. Mr. Duncan said that while private funds had been provided at the outset the plan had now got beyond such funds and it was undoubtedly a fact that Canadian funds were now being utilized.

With reference to the F.B.I. inquiry, Wing Commander Smith had stated they had themselves asked for an inquiry, with quite happy conclusions. No question of expense arose in this inquiry. Two weeks ago, Air Commander Edwards while in Washington saw Tamm, head of the F.B.I. under Hoover, who said activities there were entirely O.K.

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Mr. Duncan pointed out that the R.A.F. had started training pilots in civilian schools in the United States, 20 a month in each of 4 schools, shortly to be stepped to 1000 all told, all recruited by the Clayton-Knight Committee, the R.A.F. paying the tuition. He added that all the United States Senior Air Officers in Washington knew and approved of the Canadian plan.

He enquired whether if the Government still felt it would not be possible to carry on the plan under Government auspices, there would be any objection to carrying it on by private funds from some Canadian or United States citizen, or asking the R.A.F. to provide for it.

I told Mr. Duncan that I would report the conversation to the Prime Minister. The Minister of Defence for Air would doubtless be reporting direct to his colleagues.

On reading Christie's letter of November 4th, which came in during my absence from the office, I see that Hickerson said that particularly in view of the intimation from "highest quarters" in May last, he was not suggesting closing down the organization but cautioning them to "slow down and pull in their horns". It further appears that Wing Commander's official position created a difficulty, and also the financial implications of the "loans". The question does not appear to have been considered by the President himself recently.

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ATP
CK

Nov 28:—
reply suggested shortly.
Copy sent to Power.

SECRET

PRIVATE

C 268431

Ottawa, 25th November, 1940.

My dear Mr. Mahoney,

May I refer to Mr. Christie's note of November 4th regarding the operations of Messrs. Clayton Knight and Homer Smith.

The Government very greatly appreciate the considerate and sympathetic manner in which this question has been brought up by Mr. Hickerson. Important as has been the help given by United States aviators who have come to Canada and enlisted in our Air Force, they would not wish to see broader issues jeopardized by any difficulty arising out of the continuance of the activities to which attention was called by the State Department. Mr. King had informed his colleagues some months ago of the necessity of observing the understanding that enlistment of any United States citizens in the Canadian Forces should not be effected by recruiting or signing up in the United States. He has recently repeated this injunction.

It is, however, considered desirable to indicate some factors in the situation which perhaps were not known

M.M. Mahoney, Esquire,
Canadian Legation,
Washington, D.C.

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C 268452

to the State Department, and to ascertain whether the Administration is now definitely of the opinion that the activities of these gentlemen are embarrassing and should be terminated.

The first point that might be brought to the attention of the State Department is the value of the assistance afforded our air training scheme by the pilots who have come from the United States largely on information obtained from the agencies in question. Over three hundred pilots from the United States have joined up. They are employed mainly in instructional work. Securing these men has been an essential factor in speeding up the whole plan. One instructor now is worth ten six months from now. The further development and speeding up of the air training scheme would be considerably impeded if it were not possible to obtain pilots from United States sources and it thus became necessary to "plow in" for instructional purposes men now graduating from the training schools rather than to send them overseas.

The second general point is that the giving of information through these agencies has been going on with a large amount of publicity, newspaper and otherwise, for some months without any apparent difficulty or adverse comment.

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C268453

The activities in question appear to be well-known and approved in Washington by senior air officers and many other quarters. As for the F.B.I. enquiry, it is understood that this enquiry, which was welcomed by Smith, was quite satisfactory, and that Mr. Tamm, for example, has recently indicated that no exception is taken.

To terminate these activities so far as they concern Canada might have a prejudicial effect on the work being done by the same agencies for the R.A.F.

If there are any special phases of the past or present operations of the Clayton Knight group as to which special difficulty is felt, the Canadian authorities would be glad to give them immediate consideration.

I should be obliged if you could let me know as soon as possible the outcome of your discussions.

Yours sincerely,

(Signed) O.D.Skelton.

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C268434

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

SECRET

CYPHER

NO. 2/2

Ottawa, November 26th, 1940.

No. 2/2 Secret. Your telegram No. 162 of November 20th. Prime Minister is entirely agreeable to Mr. Churchill repeating to the Prime Ministers of Australia and New Zealand text of message contained in my telegram No. 202 of November 14th, and of Mr. Churchill's reply.

SECRETARY OF STATE FOR
EXTERNAL AFFAIRS.

AH/R

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ATP
CK

ODS/AH

C268455

November 30th,1940.

MEMORANDUM FOR THE PRIME MINISTER.

Nov.27th

Attached is a copy of a letter from Mahoney in reply to my letter of November 25th on the subject of the Clayton-Knight Committee. I also enclose a copy of a covering note I sent Mr. Power today.

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C 268436

SECRET

November 27th, 1940.

Dear Dr.Skelton,

In accordance with your request made by telephone yesterday afternoon, Mr. Reid called this morning on Mr. Hickerson, to discuss with him the Clayton-Knight Committee. Mr. Hickerson had been unable to see Mr. Reid yesterday afternoon.

Mr. Reid said that the Canadian Government greatly appreciated the considerate manner in which Mr. Hickerson had brought up the question on November 4th. Mr. Hickerson could be assured that the authorities in Ottawa are anxious not to jeopardize relations with the United States on broader issues because of difficulties arising out of the continuance of the work of this Committee. The Prime Minister had impressed this on his colleagues in the Cabinet from the start to the finish.

The Government would like to be sure that the Administration is now definitely of the opinion that the activities of the Committee are embarrassing and should be terminated.

O.D.Skelton,Esq., Ph.D.,
Under-Secretary of State for External Affairs,
Ottawa,Canada.

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C 268437

The Government would like to indicate some factors that may not be fully known to the authorities in Washington.

1. The great value of the assistance which has been rendered by the Committee. Over 300 have come in as a result of its work. They are mostly doing instructional work which has been particularly valuable in the initial stages of the Commonwealth Air Training Plan. Otherwise it would have been necessary to plough in the early graduates.

2. The work of the Committee has been given a good deal of publicity in the United States without apparently raising adverse comment. Its work is known to a large number of people in Washington, including senior air people.

As to the enquiry by the Federal Bureau of Investigation, Mr. Tamm had recently indicated that the F.B.I. had no objection to the work of the Committee. Mr. Reid added that the Canadian Government would be grateful to learn if there were any special phases of the work of the Committee to which exception could be taken.

Mr. Hickerson said that he did not understand the statement that the Canadian Government would like to be sure that the Administration is now definitely of the opinion that the activities of the Committee are embarrassing and should be terminated. The Administration does not want to say that the activities should be terminated and has never asked that they should be terminated.

Mr. Hickerson, however, does suggest that the Committee

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should be cautioned by the Canadian authorities to be somewhat more circumspect, "to pull in their horns". He suggests that the situation of the Committee be re-examined in the light of the fact that its activities have received a certain amount of publicity. The Department of State has received enquiries from private individuals asking whether they know of the activities of the Committee. To these enquiries the Department of State has given a good meaningless bureaucratic answer. The F.B.I. has been taken care of, but it is more difficult for the Department of State to deal with enquiries from private individuals.

The Department of State has told its section dealing with the registration of agents of foreign principals not to send the Committee a notice concerning the requirements of the Act. The F.B.I. asked the Committee definitely whether they represent the Canadian Government. The Committee replied, no. It is on this basis that the Department of State's instructions concerning registration of agents of foreign principals were given. The Department of State does not want the Committee to be registered.

Mr. Hickerson suggests that Mr. J.E.Read make a critical examination of what the Committee is doing, asking himself on each specific aspect of the Committee's work whether the Committee is violating United States law. He recommends further that, after study by Mr. Read, the question be turned over to a United

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States legal adviser, such as Mr. Dean Acheson, for his opinion.

In this connection, Mr. Hickerson referred to the press release issued by the Department of State on January 14,1937. This release cites the sections of the United States code which deal with enlistments and recruiting activities. /Department of State press releases, January 16,1937. Vol. XVI, No. 381, pp. 37-87/ (These sections were analyzed in a memorandum forwarded under cover of Legation despatch No.80 of January 23,1937.)

Mr. Hickerson says that the Committee is definitely going beyond what the "highest quarters" had in mind in the communication of May 18,1940, to the Prime Minister through Mr. Pierrepont Moffat. This communication constituted only a "timid departure" from the position which the United States had taken at the outbreak of the war.

In order that our records of this message from the "highest quarters" might correspond exactly, Mr. Hickerson was good enough to give Mr. Reid a copy of that part of Mr. Moffat's secret letter to Mr. Sumner Welles in which Mr. Moffat gives the text of his communication. This reads as follows:

> "I said that we realized that the Canadian Government had been leaning over backwards in the matter of not incorporating Americans in the Canadian armed forces; that we further realized that Canada would never, under any circumstances, recruit in this country or try to circumvent in any ways our enlistment laws; that we further understood that Americans enlisting in the Canadian Air Force or other armed forces in Canada are not required to take an oath of allegiance to the King

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C268460

(merely an oath to obey orders given), and hence would not lose their American citizenship. Now, if Mr. Mackenzie King wished to adopt a more liberal policy and to indicate in some careful manner (without of course indicating in any way that the matter had been discussed with American authorities) that Americans of proper age who, of their own volition, came to Canada and desired to join the air corps or other fighting forces, would not be automatically turned down, this would not be embarrassing to Washington.

"Mr. Mahoney said this message would be most welcome, and that he would convey it to Mr. Mackenzie King without delay and in complete confidence."

The clause which I have underlined is clearly relevant to any discussion of the work of the Clayton-Knight Committee.

Mr. Hickerson said that he prefers not to answer the question whether there are any special phases of the work of the Committee to which exception could be taken. This is a matter which, as he had suggested, should be determined by Mr.Read and Mr. Acheson. The Department of State does not know very much about the inner workings of the Committee, and they do not want to know more than they at present know.

Mr. Hickerson, however, suggests that the following two aspects of the work of the Committee might be discontinued as not being in line with the information received from the "highest quarters" -

(1) the "lending" of money to applicants to enable them to go to Canada, espedially since the F.B.I.'s examination of the records of the Committee indicate that this money is coming from the Canadian Government;

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(2) the circularizing or "advertising" that the Committee is doing. Apparently the Committee has been getting lists of instructors from various schools and instead of waiting for these instructors to come to them they are having their agents call on them.

Mr. Hickerson does not think that there is much danger that the Dies Committee will uncover the activities of the Committee. He did, however, hint that it might be as well if the Committee were to get rid of a certain amount of its incriminating correspondence in case its files are investigated.

He concluded by saying that he thinks that "the people in Ottawa do not understand the possible embarrassment which the work of the Committee might cause the Administration." After all, the United States has certain laws on its statute books, and it is difficult for the Department of State to turn a blind eye to obvious violations of these laws. Clearly in the present state of public opinion in the United States no member of the Committee would be convicted by the courts of a violation of United States laws. He referred, however, to a statement which the Minister had made, that it had been suggested to the Legation that they refer enquirers to the Committee, and asked Mr. Reid to imagine the outcry in the United States which would result from a disclosure that Mr. Thomsen, the German Chargé

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C 268462

d'Affaires, had referred applicants for service in the German flying corps to a Committee of this character.

On Mr. Reid's return to the Legation, he telephoned Mr. Hickerson to ask him, at your request, who had been behind his original statement to the Minister of November 4th, concerning this Committee. Mr. Hickerson replied that it had been Mr. Berle and himself.

Yours sincerely,

(Signed) M.M. Mahoney

Chargé d'Affaires.

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C 268463

Ottawa, 30th November,1940.

SECRET

Dear Mr. Power,

With further reference to my letter of November 28th, I enclose a copy of a letter from Mr. Mahoney regarding the Clayton-Knight Committee.

Nov.27

With reference to the last paragraph of the letter, I may say that Mr. Berle is next to Mr. Welles in the State Department and very closely in touch with the President. Mr. Hickerson, who has for a number of years been specially in charge of Canadian affairs, is, I may say frankly, next to the President himself, the best and most effective friend Canada has in Washington.

Yours sincerely,

O.D.SKELTON

The Hon.C.G.Power,
Minister of National Defence
for Air,
O t t a w a.

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ATP
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ODS/ET
6th Dec.,1940

MEMORANDUM FOR THE PRIME MINISTER:

C 268464

Clayton Knight

I enclose a note of a short conversation with Mowat Biggar. I assume Mayor La Guardia was asked to intervene by some of the Clayton Knight people.

Dec.3.

I also enclose a copy of a letter from Mahoney received yesterday,which indicates clearly what the attitude of the State Department actually is.

Do you wish to have me notify Mr.Power of the La Guardia conversation,and also to send him a copy of Mahoney's letter of December 3rd?

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ODS/ET
6th Dec.1940

Clayton Knight

C268465

Colonel Biggar telephoned last evening that he had had a message from Mayor La Guardia on this subject. It was to the effect that the State Department was not as far ahead as the President in this matter. We had better consider carefully whether we had to do this. If we did consider it necessary, there would be no intervention or trouble.

I asked Mr.Biggar if Mayor La Guardia professed to speak for the President. He said he did not in terms say he had seen the President,but there was a definite implication he was speaking with authority. I suggested to Mr.Biggar that he get in touch at once with the Prime Minister, which he did. I added that I doubted if Mayor La Guardia was fully aware of what the attitude of the State Department had been.

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COPY

CANADIAN LEGATION
WASHINGTON D.C.

C268466

SECRET AND PRIVATE

December 3,1940

Dear Dr.Skelton:

Mr.Hickerson asked Mr.Reid to call on him this morning to discuss further the Clayton Knight Committee.

Mr.Hickerson had shown Mr.Berle a copy of your letter to me of November 25. Mr.Berle said that he wholeheartedly agreed with what Mr.Hickerson had said to Mr.Reid on November 27.

Mr.Hickerson said that what he said on that occasion could be summed up as follows:

1. We did not ask that the activities of the Clayton Knight Committee should be terminated; we do not now ask that these activities be terminated.

2. All we have in mind is that the Canadian Government should,in view of the investigation made by the Department of Justice and various enquiries received by the Department of State, critically review what the Clayton Knight Committee is doing with a view to satisfying itself that there is no violation of United States law. This might involve "changing their activities a little bit",advising them to "pull in their horns". Mr.Hickerson elaborated a little on the second point by saying that they felt that the Canadian Government should make sure that the Clayton Knight Committee is staying within the law. He said that he felt that what was needed was the advice of a friendly United States lawyer with the "instinct of an ambulance chaser". He meant by this a lawyer who would be able to stretch the law a little.

He added that the Clayton Knight Committee had been "damn careless" in the way in which they had gone about their job. At another point in the conversation he referred to the Committee as being "unnecessarily careless" in the way they had gone about "loaning" money.

Yours sincerely,

M.M.MAHONEY

Chargé d'Affaires.

O.D.Skelton,Esq.,Ph.D.,
Under Secretary of State for
External Affairs,
Ottawa,Canada.

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"With complete confidence
should we entrust it to a
administration which has so
amply excelled promise by performance"

C268467

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"R"

ATP

TELEGRAM

C 268408

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

No. 178

LONDON, December 9th, 1940.

No. 178. Most Secret. Your telegram No. 202 of November 14th and my telegram No. 162 of November 20th. Following for your Prime Minister, Begins:

1. May I renew to you the deep satisfaction we feel over the offer which you are able to make to enlarge the joint training scheme. There could not be a more striking testimony to energy and efficiency with which the scheme has been operated. I send to you and your colleagues my admiration and my gratitude for an assistance which promises to be of major importance in the war.

2. I have now had the opportunity to review our training position. I find that it is not thought desirable to embark, at present, on an enlargement of the joint scheme. The decisive consideration is this: the Air Ministry is absorbed in current operations and in making ready for the spring battle. Until that battle has opened it will not be possible for me to take decisions about an extension of the joint scheme with the Secretary of State for Air. As soon as the situation has cleared, you may be sure that we will cooperate to the fullest in the admirable suggestion you make.

3. In the meantime the Secretary of State for Air will discuss plans at length with Colonel Ralston and Mr. Howe. He has arranged to meet Colonel Ralston on Tuesday next.

4. We should be most grateful if, in another direction, your Government could bring an additional measure of assistance

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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TELEGRAM

C268469

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

to the training situation. It would be desirable to develop, as swiftly as possible, the production of training aircraft in the Dominion. Any steps which your administration might take to secure this object would have the complete cooperation and eager support of the Secretary of State for Air. In particular, the Secretary of State wishes to draw your attention to the possibilities of Anson aircraft, particularly if Jacobs engines can be got from the United States. He understands further that it is possible that North American Harvards might be built in Canada. This would be a most desirable project provided only that engines are available. You will understand how important it is that there should be no diversion of engines from Harvards already on order in the United States, and destined for Canada.

5. The proposed extension of productive capacity of the Dominion, which I now put forward for your consideration, would represent an important reinforcement of Canada's strategic role as a centre of training and supply. With complete confidence would we entrust it to an administration which has so amply excelled promise by performance. Ends.

Read to War Committee of Council
10-XII-40

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa, 6:45 p.m.

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ATP

TELEGRAM C 268470

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE LONDON, December 13, 1940.

NO. 2074

No. 2074. Following from Ralston for Power, Begins:

Discussed with Air Ministry this morning principles governing allocation of ultimate responsibility for commitments made by Canada, following the United Kingdom's suspension of shipment of aircraft under training plan, which I have already discussed with you.

First Principle. "The United Kingdom will assume all costs reasonably incurred by Canada to overcome deficiencies in United Kingdom equipment and to assure alternative supplies in case of possible future interruption." Accepted.

Second Principle. "The United Kingdom recognises that the additional commitments made by Canada as set out in Appendix (A) were, under the circumstances, costs reasonably incurred by Canada, in emergent conditions existing and having regard to the obscurity of future developments in order to prevent possible serious delays and as insurance against potential frustration of the plan." Accepted, subject to agreement on details of Appendix (A). This Appendix is the one referred to in a letter from you to Sir Gerald Campbell dated November 12th. Feel there should be no real difficulty over Appendix (A) though some questions were asked this morning as to reasons for including items B. C. H. I. and L. Suggest Breadner should be given

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TELEGRAM C268471

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

all possible factual information to show grounds for such inclusion. United Kingdom cabling Sir Gerald Campbell on this matter, and he or McKeen should be able to confer with Breadner before the latter leaves.

Third Principle. "The United Kingdom will assume any additional costs due to increased requirements of twin engine aircraft, resulting from the recent decision to increase the output of twin engine pilots." Accepted.

Fourth principle. "The United Kingdom will assume its share of additional costs resulting from the revision, acceleration or extension of the plan." Accepted, assuming the United Kingdom share on a percentage basis can be worked out in practice. In this connection, I mentioned a figure of about 25%. Reference was also made to United Kingdom getting credit for additional costs for training and subsistence incurred due to shortening of period of training in Canada and substitution therefore of training in the United Kingdom. Ends.

MASSEY

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file

MW/S
Dec.12/40

C 268472

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

Refer to: P.M.
Mr. Heeney
N.D.
N.D. (Air)

SECRET

CYPHER

No. 227

Ottawa, December 12, 1940.

Your telegram No. 178, December 9. Following from Prime Minister for your Prime Minister, begins:

Colonel Ralston in position to inform you fully as to our aircrew training and Mr. Howe as to aircraft production. We are most anxious to co-operate in developing Canadian production of trainers and we are hopeful that this can be done as regards Ansons, essential however that promised supply of Ansons from United Kingdom between now and June 1st, 1941, be delivered. After that date we hope to obtain adequate supply from our own industry, and if you so desire will explore possibility of supplying United Kingdom with Ansons powered with Jacobs engines.

Re Harvards, we have on order in Canada two hundred and ten Harvards, delivery starts this week. Expansion depends on engine situation.

Could you release Pratt and Whitney Wasp S.3H1 engines from your United States allotment other than those now allocated to Canada. Would appreciate outline of number and delivery dates of trainer planes required by United Kingdom. Ends.

Secretary of State
for External Affairs.

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Copy for the Prime Minister

ATP

December 15th 1940

C268473

RoyCanAirF
From POWER for RALSTON

Have consulted Prime Minister. Press for acceptance method number three giving us first twenty-five squadrons as RCAF in addition to Fighter Squadrons No. 1 and 2 and Army Co-operation 110.

We realize difficulty of separate identity of additional formations. Provided individual identification thru Canadian shoulder badges could be assured now, perhaps decision as to separate identity of additional squadrons and formations could be left open for review say six months hence.

Fully appreciate difficulty of devising procedure for consultation with Canadian Government before decisions made on questions of policy particularly regarding employment Canadian squadrons.

Both Prime Minister and myself would be satisfied to follow your judgment in this matter though Prime Minister stresses desirability of consultation of some kind if at all possible before employing RCAF in other theatres of war.

We are in entire agreement with all your proceedings to date.

Carry on.

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R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM C 268474

Office Serial No. 2

Call IN
and :—
Preface OUT

SECRET

ORIGINAL COPY
FOR
ACTION AND FILE

No. of Groups 68

Office Date Stamp
Air Force Headquarters
DEC 15 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* C.A.S., OTTAWA, CANADA.

FROM* ROYCANAIRF, LONDON.

Originator's Number	Date	In reply to Number and Date
X.298 A.57	14/12	

(Write horizontally)

FROM	RALSTON	FOR	PRIME	MINISTER
AND	POWER.	THIS	MESSAGE	IS
IN	5	PARTS.	PART	1
BEGINS.	IDENTIFICATION	CANADIAN	PILOTS	FROM
TRAINING	PLAN.	AS	YOU	KNOW
WE	HAVE	CONSIDERED	SEVERAL	FORMULAE.
METHOD	NUMBER	ONE	WAS	TO
COMPUTE	NUMBER	OF	SQUADRONS	FOR
WHICH	CANADIAN	PILOTS	COULD	HAVE
PROVIDED	THE	AIRCREW	PERSONNLE	AMOUNTING
TO	112.	METHOD	NUMBER	TWO
WAS	TO	COMPUTE	THE	NUMBER

This message must be sent **AS WRITTEN** | This message must be sent **IN CYPHER** | Originator's Instructions* Degree of Priority* | TIME OF

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R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM C 268475

Office Serial No. .....

Call IN
and :—
Preface OUT

No. of Groups: 1

Office Date Stamp: Received Headquarters GR DEC 15 1940 SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 2

FROM* | Originator's Number | Date | In reply to Number and Date

(Write horizontally)

OF	SQUADRONS	WHICH	CANADIAN	PERSONNEL
AT	THE	TRAINING	ESTABLISHMENTS	COULD
HAVE	MANNED	ENTIRELY	AMOUNTING	TO
76.	BOTH	THESE	METHODS	QUESTIONABLE .
WE	THEREFORE	ESTIMATED	NUMBER	OF
SQUADRONS	WHICH	OUR	CANADIAN	AIRCREWS
PLUS	PERSONNEL	IN	TRAINING	ESTABLISHMENTS
COULD	MAN	AND	MAINTAIN	IF
WE	HAD	ALSO	TO	MAINTAIN
OUR	OWN	REARWARD	ACTIVITIES	AND
LINES	OF	COMMINICATION.	WE	CALL
THIS	METHOD	NUMBER	THREE	AND

Originator's Instructions* Degree of Priority*

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C268476

R.C.A.F. S. 5
(R.A.F.-96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.....

Call and Preface	IN / OUT	No. of Groups	Office Date Stamp
		GR	Air Force Headquarters DEC 15 1940 SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 3

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

IT	GIVES	APPROXIMATELY	27	SQUADRONS
ON	BASIS	OF	ONE	MAN
IN	A	SQUADRON	FOR	FIVE
BEHIND	THE	LINES.	WE	REALIZE
THAT	METHOD	NUMBER	THREE	IS
OPEN	TO	THE	OBJECTION	THAT
UNDER	IT	WE	TREAT	FLYING
PERSONNEL	AS	BEING	ONLY	ON
A	PARITY	WITH	OTHER	AIR
FORCE	PERSONNEL	ALSO	THE	RATIO
OF	FIVE	TO	ONE	MAY
BE	LARGE	AS	THE	R.A.F.

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C 268477

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.....

Call and Preface	IN / OUT	No. of Groups	Office Date Stamp
		GR	Air Force Headquarters DEC 15 1940 SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 4

FROM* | Originator's Number | Date | In reply to Number and Date |

(Write horizontally)

				5
HAVING	ITS	LINES	OF	COMMINICATION
AND	REARWARD	ACTIVITIES	ALREADY	10 ESTABLISHED
WOULD	NOT	HAVE	TO	15 INCREASE
THEM	IN	THE	RATIO	20 OF
FIVE	TO	ONE	TO	25 TAKE
CARE	OF	ADDITIONAL	SQUADRONS.	30 THIS
IS	THE	END	OF	35 PART
ONE.	PART	TWO	TO	40 FOLLOW.
				45
				50
				55
				60

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*

IMMEDIATE

TIME OF ORIGIN 1430GMT

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route.

(Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
	W/T	0045	DD									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L

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R.C.A.F. S. 8
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1023-23-5

C 268477

MESSAGE FORM

Office Serial No.....

Office Date Stamp	No. of Groups		
	GR		Call IN and :— Preface OUT

(Above this line is for Signals use only)

TO*

PAGE 4

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

HAVING	ITS	LINES	OF	COMMUNICATION
AND	REARWARD	ACTIVITIES	ALREADY	ESTABLISHED
YOU'D	NOT	HAVE	TO	INCREASE
THEM	IN	THE	RATIO	OF
FIVE	TO	ONE	TO	TAKE
CARE	OF	ADDITIONAL	Original	THIS
IS	THE		2nd.	PART
ONE.	PART		3rd.	FOLLOW.
			4th.	

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 15 19[illegible]
Copy No.
Original
2nd.
3rd.
4th.
Passed to
Prime Minister
Minister for Air
A.M.A.S.
C.A.S.
C.R.

This message must be sent **AS WRITTEN** and may be sent by **W/T.** Signature.....

This message must be sent **IN CYPHER** and may be sent by **W/T** Signature.....

Originator's Instructions* Degree of Priority*

IMMEDIATE

TIME OF ORIGIN 1430GMT

T.O.R.

†Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System In	Time In	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
	W/T	0046	DD									

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R.C.A.F. S. 5
(R.A.F. 96A.)
26M Pads of 100—2-40 (3990)
H.Q. 1062-23-6

MESSAGE FORM C 268478

Office Serial No. 48

Call / and :— / Preface		No. of Groups	Office Date Stamp
IN / OUT	SECRET	GR	Air Force Headquarters DEC 14 1940 SIGNAL OFFICE

ORIGINAL COPY FOR ACTION AND FILE

(Above this line is for Signals use only)

TO* C.A.S. OTTAWA.

FROM* ROYCANAIRF. LONDON.

Originator's Number	Date	In reply to Number and Date
X.218 A.57	14/12	

(Write horizontally)

PART	TWO	BEGINS.	ON	THE
REPEAT	ON	THE	OTHER	HAND
WE	HAD	TO	REMEMBER	THAT
THE	U.K.	WAS	PROVIDED	GROUND
CREWS	PAY	AND	ALLOWANCES	AND
INITIAL	AND	MAINTENANCE	EQUIPMENT	OUR
FINANCIAL	OBLIGATIONS	BEING	TO	THE
EXTENT	OF	OUR	EIGHTY	PER
CENT	CONTRIBUTION	UNDER	THE	PLAN.
AS	NO	MATHEMATICAL	FORMULA	COULD
PRECISELY	TAKE	ACCOUNT	OF	ALL
THE	FACTORS	WE	CONSIDERED	THAT

This message must be sent AS WRITTEN | This message must be sent IN CYPHER | Originator's Instructions* Degree of Priority*

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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CANADA

POOR PRINT
Epreuve illisible

C268479

R.C.A.F. S. 5
(R.A.F. 96A.)
26M Pads of 100—2-40 (3090)
H.Q. 1062-23-6

MESSAGE FORM

Office Serial No.....

Call and Preface	IN / OUT	No. of Groups	Office Date Stamp
		GR	Air Force Headquarters DEC 14 1940 SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 2.

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

THERE	WERE	TWO	POINTS	WHICH 5
WE	MUST	PRESS.	FIRST	THERE 10
~~THE~~ SHOULD	BE	A	SUBSTANTIAL	EMBODIMENT 15
OF	THE	RCAF	TO	REPRESENT 20
TO	THE	CANADIAN	PUBLIC	IN 25
SOME	MEASURABLE	DEGREE	CANADA'S	CONTRIBUTION 30
AND	TO	ENSURE	THAT	ANY 35
OPERATIONS	IN	WHICH	THIS	CANADIAN 40
PERSONNEL	TOOK	PART	THE	PRESS 45
REFERENCES	TO	THE	FORMATIONS	WOULD 50
PERMIT	INSTANT	RECOGNITION	OF	THEM 55
AS	CANADIAN.	SECONDLY	THERE	SHOULD 60

This message must be sent AS WRITTEN | This message must be sent IN CYPHER | Originator's Instructions* Degree of Priority* | TIME OF

R.C.A.F. HEADQUARTERS SIGNAL OFFICE DEC 14 1940 Passed to Copy No. Original 2nd. 3rd. 4th.

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Epreuve illisible

C 268480

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. .....

Call IN
and :—
Preface OUT

No. of Groups GR

Office Date Stamp
DEC 14 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 3 (CONCLUDED)

FROM* | Originator's Number | Date | In reply to Number and Date

(Write horizontally)

BE	SOME	PROVISION	FOR	OR
ASSURANCES	OF	CONSULTATION	WITH	CANADIAN
AUTHORITIES	IN	THE	EMPLOYMENT	OF
THIS	PERSONNEL	IN	MAJOR	OPERATIONS.
WE	RECOGNIZE	THAT	THE	NUMBER
OF	SQUADRONS	WHICH	WE	COULD
ASK	TO	BE	MADE	RCAF
AND	TO	BE	LIMITED	REMEMBERING
THE	FACTORS	MENTIONED	ABOVE.	ER THIS
END	OF	PART	TWO.	PART
THREE	IS	TO	FOLLOW.	

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*
IMMEDIATE

TIME OF ORIGIN 1455G

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1538												

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R.C.A.F. S.S
(R.A.F. 95A.)
25M Pads of 100—2-40 (3900)
T.T.C. 1085-23-8

C 268480

MESSAGE FORM

Office Serial No.

Call IN and :— Prefix OUT		No. of Groups CR	Office Date Stamp DEC 14 1940 R.C.A.F. HEADQUARTERS SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 3 (CONCLUDED)

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

BE	SOME	PROVISION	FOR	OR 5
ASSURANCES	OF	CONSULTATION	WITH	CANADIAN 10
AUTHORITIES	IN	THE	EMPLOYMENT	OF 15
THIS	PERSONNEL	IN	MAJOR	OPERATIONS. 20
WE	RECOGNIZE	THAT	THE	NUMBER 25
OF	SQUADRONS	WHICH	WE	COULD 30
ASK	TO	BE	MADE	HCAF 35
AND	TO	BE	LIMITED	REMEMBERING 40
THE	FACTORS	MENTIONED	ABOVE.	BY THIS 45
END	OF	PAGE	TWO.	PART 50
THREE	OF	THIS	FOLLOW.	55
				60

Copy No.
Original
2nd. to Prime Minister
3rd. Minister for Air
4th. CAS
AR

Passed to

This message must be sent **AS WRITTEN** and may be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may be sent by **W/T** Signature

Originator's Instructions* Degree of Priority* IMMEDIATE

TIME OF ORIGIN

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender

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C268481

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 1

Call IN
and :—
Preface OUT

SECRET

ORIGINAL COPY
FOR
ACTION AND FILE

No. of Groups GR

Office Date Stamp
Air Force Headquarters
DEC 15 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* C.A.S., OTTAWA.

FROM* ROYCANAIRF. LONDON.

Originator's Number	Date	In reply to Number and Date
X.298 A.57	14/12	

(Write horizontally)

FOLLOWING	IS	PART	THREE.	BEGINS.
WE	ALSO	FELT	THAT	IT
WOULD	BE	UNWISE	IN	ARRIVING
AT	THIS	LIMITED	NUMBER	OF
SQUADRONS	TO	ACCEPY	PRECISELY	THE
RESULTS	OF	ANY	FORMULA	AND
THUS	BE	COMMITTED	TO	THAT
FORMULA	AS	A	YARDSTICK.	WE
PREFERRED	IF	WE	COULD	TO
PROCURE	THE	ACCEPTANCE	OF	A
SIZEABLE	NUMBER	OF	R.C.A.F.	SQUADRONS
AND	IF	POSSIBLE	TO	PROVIDE

This message must be sent **AS WRITTEN** | This message must be sent **IN CYPHER** | Originator's Instructions* Degree of Priority* | TIME OF

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C 268482

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.....

Call IN
and :—
Preface OUT

No. of Groups CR

Office Date Stamp

Air Force Headquarters
DEC 15 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO*

PAGE 2

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

FOR	THE	REMAINDER	OF	THE
PERSONNEL	BY	WAY	OF	SOME
ASSURENCE	THAT	THEY	WOULD	BE
KEPT	TOGETHER	AND	CANADIAN	OFFICERED
AS	FAR	AS	COULD	BE
REASONABLY	ARRANGED.	THE	UNITS	TO
WHICH	THEY	WOULD	GO	WOULD
BE	R.A.F.	AND	MIGHT	BE
IDENTIFIED	WITH	THE	WORD	CANADIAN
OR	CANADA.	IN	BRACKETS	OR
AT	LEAST	THERE	SHOULD	REPEAT
SHOULD	BE	INDIVIDUAL	IDENTIFICATION	OF

This message must be sent AS WRITTEN | This message must be sent IN CYPHER | Originator's Instructions* Degree of Priority* | TIME OF

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MG 26 J 4, Volume 382, pages C267856-C268549

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POOR PRINT
Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

C268483

MESSAGE FORM

Office Serial No.....

Call and Preface	IN / OUT	No. of Groups	Office Date Stamp
		GR	Air Force Headquarters DEC 15 1940 SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 3

FROM* | Originator's Number | Date | In reply to Number and Date

(Write horizontally)

THE	PERSONNEL	AS	CANADIAN.	USING
METHOD	NUMBER	THREE	AS	AN
INDICATOR	ALTHOUGH	NOT	A	RULE
TO	GIVE	US	AN	IDEA
OF	THE	NUMBER	OF	R.C.A.F.
SQUADRONS	WE	MIGHT	ASK	FOR
AND	PURELY	BY	WAY	OF
EXPLORATION	AND	NOT	AS	A
PROPOSAL	WE	SUGGESTED	THAT	THE
FIRST	TWENTY-FIVE	SQUADRONS	BE	R.C.A.F.
IN	ADDITION	TO	FIGHTER	SQUADRONS
ONE	AND	TWO	AND	ARMY

This message must be sent **AS WRITTEN** | This message must be sent **IN CYPHER** | Originator's Instructions* Degree of Priority* | TIME OF ORIGIN

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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C 268484

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.....

Call and Preface	IN / OUT	No. of Groups	Office Date Stamp
		GR	Air Force Headquarters SIGNAL OFFICE DEC 15 1940

(Above this line is for Signals use only)

TO* PAGE 4

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

CO-OPERATION	SQUADRON	110.	THIS	IS
THE	END	OF	PART	THREE.
PART	FOUR	AND	PART	FIVE
ARE	TO	FOLLOW.		

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*: **IMMEDIATE**

TIME OF ORIGIN 1445 GMT

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
	W/T	0024	DD									

***The Signal Department** is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L

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CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
33M Pads of 100—3-40 (3990)
H.Q. 1002-22-5

C 268484

MESSAGE FORM

Office Serial No.....

No. of Groups	Office Date Stamp
88	DEC 15 1940

Call IN
and :—
Prefix OUT

(Above this line is for Signals use only)

TO* PAGE 4

Originator's Number	Date	In reply to Number and Date

FROM*

(Write horizontally)

CO-OPERATION	SQUADRON	NO.	THIS	IS
THE	END	OF	PART	THREE.
PART	FOUR	AND	PART	FIVE
ARE	TO	FOLLOW.		

R.C.A.F. HEADQUARTERS
SIGNAL OFFICE
DEC 15 1940
Copy No. Passed to
Original Prime Minister
2nd. Minister for Air
3rd. AMAS
4th. GAS

This message must be sent **AS WRITTEN** and may be sent by **W/T.** Signature.....

This message must be sent **IN CYPHER** and may be sent by **W/T** Signature.....

Originator's Instructions* Degree of Priority*

IMMEDIATE

TIME OF ORIGIN 1445 GMT

T.O.R.

†Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
	W/T	0024	DD									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their significance from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L.

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C268485

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 3

Call IN
and :—
Preface OUT

SECRET

ORIGINAL COPY
FOR
ACTION AND FILE

No. of Groups

Office Date Stamp
Air Force Headquarters
GR DEC 15 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* C.A.S., OTTAWA.

FROM* ROYCANAIRF. LONDON.

Originator's Number	Date	In reply to Number and Date
X.298 A.57	14/12	

(Write horizontally)

PART	FOUR	BEGINS.	WE	WERE
AGREEABLY	SURPRISED	AT	WHAT	SEEMED
TO	BE	THE	SYMPATHETIC	RECEPTION
OF	THIS	SUGGESTION.	THE	NUMBERS
ARE	JUSTIFIABLE	UNDER	METHOD	THREE
ABOVE	BUT	WE	WERE	NOT TOO
HOPEFUL	OF	READY	ACCEPTANCE	AND
EXPECTED	SOME	OTHER	COMPROMISE	PROPOSAL.
SQUADRON	IDENTIFICATION	OF	CANADIANS	OUTSIDE
THESE	R.C.A.F.	SQUADRONS	SEEMED	TO
GIVE	MORE	TROUBLE.	THE	DIFFICULTY
PUT	FORWARD	WAS	THE	MATTER

This message must be sent **AS WRITTEN** | This message must be sent **IN CYPHER** and mavt..... | Originator's Instructions* Degree of Priority* | TIME OF

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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C268486

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.....

Call IN
and :—
Preface OUT

No. of Groups GD

Office Date Stamp
Air Force Headquarters
DEC 15 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 2

FROM* | Originator's Number | Date | In reply to Number and Date

(Write horizontally)

OF		ANY	COMMITTMENT	TO 5
PRESERVE	SEPERATE	IDENTITY	OF	THESE 10
TWILIGHT	FORMATIONS	AS	IT	WERE. 15
THERE	SHOULD	HOWEVER	BE	NO 20
DIFFICULTY	ABOUT	INDIVIDUAL	IDENTIFICATION	BY 25
CANADA	SHOULDER	BADGES.	WE	POINTED . 30
OUT	THAT	242	R.A.F.	SQUADRON 35
IS	ALREADY	IN	THIS	CATEGORY 40
BUT	THE	UNITED	KINGDOM	FELT 45
THAT	WHILE	ONE	SQUADRON	MIGHT 50
BE	HANDLED	IN	THIS	WAY 55
IT	WAS	A	VERY	MUCH 60

This message must be sent **AS WRITTEN** | This message must be sent **IN CYPHER** | Originator's Instructions* Degree of Priority* | TIME OF

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R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM C 268487

Office Serial No.....

Call and Preface: IN / OUT

No. of Groups: GR

Air Force Headquarters
DEC 15 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO*

PAGE 3

FROM*

Originator's Number | Date | In reply to Number and Date

(Write horizontally)

MORE	FORMIDABLE	TASK	TO	DEAL
WITH	AN	INDEFINITE	NUMBER.	AS
A	MATTER	OF	FACT	THE
QUESTIONS	OF	THESE	TWILIGHT	FORMATIONS
WILL	NOT	PRESUMABLY	ARISE	UNTIL
THE	TWENTY-FIVE	SQUADRONS	ARE	FILLED
UP	WHICH	MAY	BE	A
YEAR.	THIS	IS	THE	END
OF	PART	FOUR.	PART	FIVE
TO	FOLLOW.			

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*: **IMMEDIATE**

TIME OF ORIGIN 1450GMT

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
	W/T	0108	DD									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L

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Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—3-40 (3900)
H.Q. 1083-23-5

C 268487

MESSAGE FORM

Office Serial No.....

Call IN and :— Preface OUT	No. of Groups 6R	Office Date Stamp

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 15 1940
Copy No.
Original
2nd.
3rd.
4th.
Passed to
Prime Minister ✓
Minister for Air.
A.M.A.S.
C.A.S.
C.R.

(Above this line is for Signals use only)

TO*

PAGE 3

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

MORE	FORMIDABLE	TASK	TO	DEAL 5
WITH	AN	INDEFINITE	NUMBER.	AS 10
A	MATTER	OF	FACT	THE 15
QUESTIONS	OF	THESE	LIGHT	POINTATIONS 20
WILL	NOT	PRESUMABLY	ARISE	UNTIL 25
THE	TWENTY-FIVA	SQUADRONS	AIR	FILLED 30
UP	WHICH	MAY	BE	A 35
YEAR.	THIS	IS	THE	END 40
OF	PART	FOUR.	PART	FIVE 45
TO	FOLLOW.			50
				55
				60

TIME OF ORIGIN	Originator's Instructions* Degree of Priority*	This message must be sent IN CYPHER and may not.....be sent by W\T	This message must be sent AS WRITTEN and may not.....be sent by W\T.
T.O.R.	IMMEDIATE	Signature	Signature

(Originator to insert "NOT" if message is not to go by W\T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
	W\T	0108	DD									

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Epreuve illisible

C 268488

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 68/14

Call IN and :— Preface OUT

SECRET

ORIGINAL COPY FOR ACTION AND FILE

No. of Groups GR

Office Date Stamp: Air Force Headquarters DEC 15 1940 SIGNAL OFFICE

(Above this line is for Signals use only)

TO* C.A.S., OTTAWA.

FROM* ROYCANAIRF. LONDON.

Originator's Number	Date	In reply to Number and Date
X.298 A.57	14/12	

(Write horizontally)

PART	FIVE	BEGINS.	THIRDLY	WE
ASKED	THAT	SOME	PROCEDURE	BE
WORKED	OUT	FOR	CONSULTATION	WITH
CANADIAN	GOVERNMENT	THROUGH	CANADIAN	AUTHORITIES
IN	LONDON,	BEFORE	DECISIONS	MADE
ON	QUESTIONS	OF	POLICY	SUCH
AS	MAJOR	OPERATIONS	IN	WHICH
IT	MAY	BE	PROPOSED	TO
EMPLOY	SUBSTANTIAL	NUMBER	OF	CANADIAN
SQUADRONS .	IF	THERE	ARE	ANY
OBJECTIONS	TO	OUR	PROCEEDING	ALONG
THE	LINES	INDICATED	WOULD	APPRECIATE

This message must be sent **AS WRITTEN** | This message must be sent **IN CYPHER** | Originator's Instructions* Degree of Priority* | TIME OF

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CANADA

POOR PRINT
Epreuve illisible

C 268489

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3090)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.

Call and Preface IN / OUT

No. of Groups 68

Office Date Stamp

Air Force Headquarters
DEC 15 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* PAGE 2

FROM*

Originator's Number | Date | In reply to Number and Date

(Write horizontally)

COMMENTS	BY	MONDAY	MORNING	NEXT 5
THE	MATTER	HAS	BEEN	THROUGHLY 10
DISCUSSED	BETWEEN	MASSEY,	PEARSON,	AIR 15
COMMODORE	STEVENSON	AND	MYSELF	AND 20
PEARSON	AND	STEVENSON	WERE	PRESENT 25
AND	TOOK	PART	IN	CONFERENCE 30
FRIDAY.	ENDS.	THIS	ENDS	PART 35
FIVE	AND	ENDS	MESSAGE.	40
				45
				50

Sept 15th — 11.30 a.m. — Power called - after conference together over plan it was recommended Minister should be allowed to proceed on certain individuals 2 named. It remarked that the number 27, had been mentioned on the number Rogers felt one should have on formula be had worked out

This message must be sent AS WRITTEN and may† ..... be sent by W/T. Signature

This message must be sent IN CYPHER and may† ..... be sent by W/T Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1455GMT

T.O.R.

It was agreed that if these above 27 could be limited & be worked out when

†Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
	W/T	0015/15 DD										

Then Mewburn replied must consult others before he could agree but not likely should agree to consultation. Power said it was difficult. I said it was reasonable. We agreed to leave it that

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Epreuve illisible

R.C.A.F. S 5
(R.A.F. 96A.)
25M Pads of 100—3-40 (3900)
H.Q. 1082-23-5

C 268489

MESSAGE FORM

Office Serial No. .....

Office Date Stamp
DEC 15 1940
ROYAL AIR FORCE

No. of Groups
CR

Call IN
and :—
Preface OUT

(Above this line is for Signals use only)

TO* PAGE 2

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

COMMENTS	BY	MONDAY	MORNING	NEXT	
THE	MATTER	HAS	BEEN	THROUGHLY	10
DISCUSSED	BETWEEN	MASSEY,	PEARSON,	AIR	15
COMMODORE	STEVENSON	AND	MYSELF	AND	20
PEARSON	AND	[illegible]	[illegible]	PRESENT	25
AND	TOOK	PART	IN	CONFERENCE	30
FRIDAY.	ENDS.	THIS	[illegible]	PART	35
FIVE	AND	[illegible]	MESSAGE.		40
					45
					50
					55
					60

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 15 1940
Copy No.
Original
2nd.
3rd.
4th.
Passed to
Prime Minister ✓
Minister for Air
a mas
Cas
CR

This message must be sent **AS WRITTEN** and may be sent by **W/T**. Signature .....

This message must be sent **IN CYPHER** and may be sent by **W/T** Signature .....

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1455GMT

T.O.R.

To Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
	W/T	0015	JG DD									

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ATP
CK

ODS/ET
18th Dec.1940

MEMORANDUM FOR THE PRIME MINISTER:

Clayton Knight Committee C 268430

This matter now seems to be clearing up quite satisfactorily. The Department of National Defence for Air sent Mr.T.Sheard down to New York and Washington to look into the question. You will recall that the State Department had suggested that Mr.John Read should make a report on the situation and that some United States lawyer such as Dean Acheson should then be consulted as to the best way of keeping within the law. Mr.Sheard proceeded to Washington and discussed the question with the Legation,which arranged for an interview with Mr.Acheson. Mr.Acheson declined to take any fee for consultation.

Mr.Acheson confirmed the view that under the existing laws any recruiting in the United States for Canadian Armed Forces was unquestionably against the law. He said there would be no objection to men being engaged in the United States for a civil task. If later,when in Canada,some of them wished to join the R.C.A.F. and were accepted, no objection could be taken provided it was not done in such a way as to make it appear a colourable evasion. National Defence for Air considers this can be worked out without difficulty. Mr.Sheard

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C 268491

later consulted the Clayton Knight people, who considered this would be entirely feasible. National Defence for Air were prepared to work out such a plan. As a matter of fact, a considerable number of the men available could remain permanently in civilian posts, as instructors. It is planned to set up a new organization here to take charge of this work. It will not be given any particular publicity at present. The State Department will of course be informed when it is completed. It will enable us to work within the law and at the same time not hamper in any way Air Force activities.

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ATP

C268492

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-22-5

MESSAGE FORM

Office Serial No. 33

Call IN
and :—
Preface OUT

SECRET

ORIGINAL COPY
FOR
ACTION AND FILE

No. of Groups 5

Office Date Stamp

Air Force Headquarters
DEC 24 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* C.A.S. RCAF HQ OTTAWA

FROM* ROYCANAIRF LONDON

Originator's Number	Date	In reply to Number and Date
X.643 A.81	23/12	

(Write horizontally)

FOLLOWING	MESSAGE	IN	FIVE	PARTS.
PART	ONE	BEGINS.	FOLLOWING	FROM
RALSTON	FOR	PRIME	MINISTER	AND
POWER.	BEGINS.	TEXT	OF	MEMORANDUM
OF	AGREEMENT.	AS	TO	ARRANGEMENTS
TO	BE	MADE	UNDER	ARTICLE
15	OF	BRITISH	COMMONWEALTH	AIR
TRAINING	AGREEMENT	AND	LETTER	OF
DEC.	16,	1939	FROM	LORD
RIVERDALE	IS	AS	FOLLOWS.	IT
IS	AGREED	THAT	THE	ARRANGEMENTS
REFERRED	TO	IN	ARTICLE	15

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R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (2090)
H.Q. 1062-23-5

MESSAGE FORM

C268493

Office Serial No.....

Call and Preface	IN / OUT	No. of Groups GR	Office Date Stamp
	PAGE TWO		

(Above this line is for Signals use only)

TO*

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

OF	THE	AIR	TRAINING	AGREEMENT
FOR	IDENTIFYING	WITH	CANADA	THE
CANADIAN	PILOTS	AND	AIRCREWS	TRAINED
UNDER	THE	BRITISH	COMMONWEALTH	AIR
TRAINING	PLAN	SHALL	BE	ON
THE	FOLLOWING	LINES.	ONE.	THESE
PILOTS	AND	AIRCREWS	WILL	BE
INCORPORATED	INTO	SQUADRONS	OF	THE
ROYAL	CANADIAN	AIR	FORCE	UP
TO	THE	NUMBER	OF	25
IN	ADDITION	TO	THE	THREE
ALREADY	SERVING	IN	THE	UNITED

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C268494

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.....

Call and Preface IN / OUT		No. of Groups GR	Office Date Stamp
	PAGE THREE		

(Above this line is for Signals use only)

TO*

FROM* | Originator's Number | Date | In reply to Number and Date

(Write horizontally)

KINGDOM.	TWO.	THE	EXACT	RATE
OF	FORMATION	CANNOT	BE	GUARANTEED
SINCE	IT	DEPENDS	ON	THE
RATE	AT	WHICH	THE	PROJECTED
AIR	FORCE	EXPANSION	CAN	BE
ACHIEVED;	NEVERTHELESS	THE	ENDEAVOUR	WILL
BE	TO	FORM	THESE	25
SQUADRONS	WITHIN	THE	NEXT	18
MONTHS	IN	ACCORDANCE	WITH	THE
FOLLOWING	SCHEDULE.....	END	OF	PART
ONE.	PART	TWO	FOLLOWS.	

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1800/23G

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1430/24	W/T		JHB/WGA									

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CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S.S
(R.A.F. 90A.)
25M Pads of 100—2-40 (3000)
H.Q. 1083-23-5

C268439

MESSAGE FORM

Office Serial No.....

Call IN	No. of Groups GR	Office Date Stamp
and :—		
Preface OUT	PAGE THREE	

TO*

(Above this line is for Signals use only)

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

KINGDOM.	TWO.	THE	EXACT	RATE
OF	FORMATION	CANNOT	BE	GUARANTEED
SINCE	IT	DEPENDS	ON	THE
RATE	AT	WHICH	THE	PROJECTED
AIR	FORCE	EXPANSION	CAN	BE
ACHIEVED;	NEVERTHELESS	THE	ENDEAVOUR	WILL
BE	TO	FORM	THESE	
SQUADRONS		THE	NEXT	
MONTH		ACCORDANCE	WITH	THE
FOLLOWING	SCHEDULE...,	3rd,	END.	OF
ONE.	PART	TWO	FOLLOWS.	

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd,
4th.
Passed to
Prime Minister
Minister N.D.(AIR)

This message must be sent **AS WRITTEN** and may† be sent by **W\T**. Signature

This message must be sent **IN CYPHER** and may† be sent by **W\T** Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1800\25G

T.O.R.

†Originator to insert "NOT" if message is not to go by W\T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1430\24	W\T		WGA\JHB									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P\L

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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ARCHIVES PUBLIQUES
CANADA

POOR PRINT
Epreuve illisible

C268495

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 38

Call IN and :— Preface OUT

SECRET

ORIGINAL COPY FOR ACTION AND FILE

No. of Groups: GR

Office Date Stamp: Air Force Headquarters DEC 24 1940 SIGNAL OFFICE

(Above this line is for Signals use only)

TO* C.A.S. RCAF HQ OTTAWA

FROM* ROYCANAIRF LONDON

Originator's Number	Date	In reply to Number and Date
X.643 A.81	23/12	

(Write horizontally)

PART	TWO	BEGINS.	BY	MARCH 5
1941	THREE	SQUADRONS	TO	BE 10
FORMED.	JUNE	1941	SEVEN.	SEPTEMBER 15
1941	12.	DECEMBER	1941	17. 20
MARCH	1942	22.	APRIL	OR 25
MAY	1942	25.	THREE.	TO 30
FACILITATE	ARRANGEMENTS	FOR	POSTING	CANADIAN 35
PILOTS	AND	AIRCREWS,	THERE	WILL 40
BE	ESTABLISHED	A	CENTRAL	POSTING 45
ORGANIZATION	AND	A	CENTRAL	RECORD 50
OFFICE	THE	STAFF	OF	WHICH 55
WILL	INCLUDE	ROYAL	CANADIAN	AIR 60

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
RCM Pads of 100—2-40 (3990)
H.Q. 1062-23-5

C 268496

MESSAGE FORM

Office Serial No.....

Call and Preface		No. of Groups GR	Office Date Stamp
IN			
OUT	PAGE TWO		

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

FORCE	PERSONNEL.	FOUR.	ALL	CANADIAN
PILOTS	AND	AIRCREWS	FROM	THE
AIR	TRAINING	PLAN	NOT	IN
ROYAL	CANADIAN	AIR	FORCE	UNITS
OR	FORMATIONS	WILL	CONTINUE	TO
WEAR	ROYAL	CANADIAN	AIR	FORCE
UNIFORMS.	FIVE.	THE	WORKING	OUT
OF	THE	FOREGOING	ARRANGEMENTS	SHALL
BE	REVIEWED	IN	SEPTEMBER	1941,
IN	ORDER	TO	DETERMINE	WHETHER
THE	SCHEDULE	IN	PARAGRAPH	TWO
CAN	BE	MAINTAINED	OR	ACCELERATED

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3999)
H.Q. 1062-23-5

MESSAGE FORM C 268497

Office Serial No.....

Call and Preface IN / OUT		No. of Groups GR	Office Date Stamp
	PAGE THREE		

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(*Write horizontally*)

AND	TO	CONSIDER	THE	POSITION
AND	ORAGNIZATION	OF	CANADIAN	PILOTS
AND	AIRCREWS	IN	EXCESS	OF
THOSE	WHO	MAY	BE	ABSORBED
IN	ROYAL	CANADIAN	AIR	FORCE
SQUADRONS	UNDER	THESE	ARRANGEMENTS.	SIX.
UNDER	THE	AIR	TRAINING	PLAN
AND	AT	THE	REQUEST	OF
THE	UNITED	KINGDOM	GOVERNMENT,	THE
ROYAL	CANADIAN	AIR	FORCE	HAS
CONCENTRATED	ON	THE	PRODUCTION	OF
PILOTS	AND	AIRCREWS.	END	OF

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

C 268498

Office Serial No.....

Call and Preface IN / OUT		No. of Groups GR	Office Date Stamp
	PAGE FOUR		

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

PART TWO. PART THREE FOLLOWS. 5

10

15

20

25

30

35

40

45

50

55

60

R.C.A.F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd.
Passed to

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1818G/23

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1512/24	W/T		JHB/WGA									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L

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CANADA

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Epreuve illisible

R.C.A.F. S.S
(R.A.F. 95A.)
25M Pads of 100—2-40 (2000)
H.Q. 1052-23-5

C 2685439

MESSAGE FORM

Office Serial No.....

Call IN and :— Preface OUT	PAGE FOUR	No. of Groups GR	Office Date Stamp

(Above this line is for Signals use only)

TO*

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

PART	TWO.	PART	THREE	5 FOLLOWS.

10 15 20 25 30 35 40 45 50 55 60

R. C. A. F., HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd,
Passed to
Prime Minister
Minister N.D. (AIR)

This message must be sent **AS WRITTEN** and may be sent by **W/T**. Signature.....

This message must be sent **IN CYPHER** and may be sent by **W/T**. Signature.....

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1815/25

T.O.R.

(Below this line is for Signals use only)

Originator to insert "NOT" if message is not to go by W/T over any part of the route.

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1815/24	W/T		JHB/WCA									

*The **Signal Department** is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L.

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R.C.A.F. S.S
(R.A.F. 95A.)
H.Q. 1002-22-6 25M Pads of 100—2-40 (2000)

C 268438

Office Serial No.....

MESSAGE FORM

Call IN and :— Preface OUT		No. of Groups GR	Office Date Stamp
	PAGE FOUR		

(Above this line is for Signals use only)

TO*

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

PART	TWO.	PART	THREE	PART	FOUR.	PART	FIVE.

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd,
Passed to
Prime Minister
Minister N.D. Cair

This message must be sent **AS WRITTEN** and may† be sent by **W\T**.
Signature

This message must be sent **IN CYPHER** and may† be sent by **W\T**
Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1815\25

T.O.R.

†Originator to insert "NOT" if message is not to go by W\T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1815\24	W\T		JHB\WCA									

*The **Signal Department** is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P\L

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CANADA

POOR PRINT
Epreuve illisible

C268439

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3999)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 36

Call IN and :— Preface OUT

SECRET

ORIGINAL COPY FOR ACTION AND FILE

No. of Groups: GR

Air Force Headquarters SIGNAL OFFICE Office Date Stamp DEC 24 1940

(Above this line is for Signals use only)

TO* CAS RCAF HQ OTTAWA

FROM* ROYCANAIRF LONDON

Originator's Number	Date	In reply to Number and Date
X.643	23/12	

(Write horizontally)

PART	THREE	BEGINS.	THIS	HAS
NECESSITATED	THE	PROVISION	AND	EMPLOYMENT
IN	CANADA	OF	GROUND	PERSONNEL
WHO	WOULD	OTHERWISE	HAVE	BEEN
AVAILABLE	FOR	SERVICE	WITH	ROYAL
CANADIAN	AIR	FORCE	SQUADRONS	OVERSEAS.
IT	IS	RECOGNIZED,	HOWEVER,	AS
DESIRABLE,	SO	FAR	AS	IT
MAY	MUTUALLY	BE	CONSIDERED	PRACTICABLE.
THAT	THE	UNITED	KINGDOM	GROUND
PERSONNEL	WHO,	FOR	THE	REASONS
STATED	ABOVE,	WILL	BE	REQUIRED

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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ARCHIVES PUBLIQUES
CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

C 268498

Office Serial No.....

Call and Preface		No. of Groups GR	Office Date Stamp
IN / OUT	PAGE FOUR	.....	

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(*Write horizontally*)

PART TWO. PART THREE FOLLOWS.

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd.
Passed to

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1818G/23

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1512/24	W/T		JHB/WGA									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L

REPEAT
REPETER

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S.5
(R.A.F. 96A.)
H.Q. 1052-23-6 20M Pads of 100—2-40 (2990)

C 268438

MESSAGE FORM

Office Serial No.....

Call IN and :— Preface OUT	PAGE FOUR	No. of Groups GR	Office Date Stamp

(Above this line is for Signals use only)

TO*

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

PART	TWO.	PART	THREE	FOLLOWS.

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd,
Passed to
Prime Minister
Minister N.D. (AIR)

This message must be sent **AS WRITTEN** and may be sent by **W/T.**
Signature

This message must be sent **IN CYPHER** and may be sent by **W/T**
Signature

Originator's Instructions. Degree of Priority*

TIME OF ORIGIN 1815/25

T.O.R.

†Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1815/24	W/T		1HB/WGA									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L.

REPEAT
REPETER

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

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Epreuve illisible

C268439

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (7999)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 36

Call IN and :— Preface OUT

SECRET

ORIGINAL COPY
FOR
ACTION AND FILE

No. of Groups: GR

Air Force Headquarters
DEC 24 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* CAS RCAF HQ OTTAWA

FROM* ROYCANAIRF LONDON

Originator's Number	Date	In reply to Number and Date
X.643	23/12	

(Write horizontally)

PART	THREE	BEGINS.	THIS	HAS
NECESSITATED	THE	PROVISION	AND	EMPLOYMENT
IN	CANADA	OF	GROUND	PERSONNEL
WHO	WOULD	OTHERWISE	HAVE	BEEN
AVAILABLE	FOR	SERVICE	WITH	ROYAL
CANADIAN	AIR	FORCE	SQUADRONS	OVERSEAS.
IT	IS	RECOGNIZED,	HOWEVER,	AS
DESIRABLE,	SO	FAR	AS	IT
MAY	MUTUALLY	BE	CONSIDERED	PRACTICABLE,
THAT	THE	UNITED	KINGDOM	GROUND
PERSONNEL	WHO,	FOR	THE	REASONS
STATED	ABOVE,	WILL	BE	REQUIRED

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-22-5

C 268500

MESSAGE FORM

Office Serial No.....

Call and Preface	IN / OUT	No. of Groups GR	Office Date Stamp
	PAGE TWO		

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

FOR	THE	SQUADRONS	REFERRED	TO
IN	PARAGRAPH	TWO	SHOULD	GRADUALLY
BE	EXCHANGED	FOR	ROYAL	CANADIAN
AIR	FORCE	GROUND	PERSONNEL	EMPLOYED
ON	THE	AIR	TRAINING	PLAN,
WITH	A	VIEW	TO	ACHIEVING
HOMOGENITY	OF	PERSONNEL	IN	THESE
SQUADRONS.	SEVEN.	THE	CONCENTRATION	OF
THE	ROYAL	CANADIAN	AIR	FORCE
ON	THE	AIR .	TRAINING	PLAN
MAY	ALSO,	AT	THE	OUTSET,
RESULT	IN	A	SHORTAGE	OF

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MG 26 J 4, Volume 382, pages C267856-C268549

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C 268501

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads.c4-100—2-40 (3099)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.....

Call and Preface IN / OUT		No. of Groups GR	Office Date Stamp
	PAGE THREE		

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

ROYAL	CANADIAN	AIR	FORCE	OFFICERS 5
WITH	THE	NECESSARY	QUALIFICATIONS	TO 10
FILL	POSTS	AS	SQUADRON	COMMANDERS, 15
ETC.	IT	IS	RECOGNIZED	THAT, 20
IF	ENOUGH	ROYAL	CANADIAN	AIR 25
FORCE	OFFICERS	WITH	THESE	QUALIFICATIONS 30
ARE	NOT	IMMEDIATELY	AVAILABLE,	SOME 35
OF	THESE	POSTS	MAY	REQUIRE 40
TO	BE	FILLED	BY	ROYAL 45
AIR	FORCE	OFFICERS.	END	OF 50
PART	THREE.	PART	FOUR	FOLLOWS. 55
				60

R.C.A.F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd.
4th.
Passed to
Message Received

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature	This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature	Originator's Instructions* Degree of Priority*	**TIME OF ORIGIN** 1815G/23
			T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1451/24	W/T		JHB/WGA									

***The Signal Department** is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L

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MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S.-S.
(R.A.F. 964.)
20M Pads-6c 100—2-40 (2222)
H.Q. 1052-29-5

C 268501

MESSAGE FORM

Office Serial No.....

Office Date Stamp	No. of Groups GR		Call IN and :— Preface OUT
		PAGE THREE	

(Above this line is for Signals use only)

TO*

FROM* | Originator's Number | Date | In reply to Number and Date |

(Write horizontally)

ROYAL	CANADIAN	AIR	FORCE	OFFICERS 5
WITH	THE	NECESSARY	QUALIFICATIONS	TO 10
FILL	POSTS	AS	SQUADRON	COMMANDERS, 15
ETC.	IT	IS	RECOGNIZED	THAT, 20
IF	ENOUGH	ROYAL	CANADIAN	AIR 25
FORCE	OFFICERS	WITH	THESE	QUALIFICATIONS 30
ARE	NOT	IMMEDIATELY	AVAILABLE,	SOME 35
OF	THESE	POSTS	MAY	REQUIRE 40
TO	BE	FILLED	BY	ROYAL 45
AIR	FORCE	OFFICERS.	END	OF 50
PART	THREE.	PART	FOUR	FOLLOWS. 55
				60

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd.
4th.
Passed to
Prime Minister
Minister N.D.(Ont.)

This message must be sent **AS WRITTEN** and may† .....be sent by **W\T.** Signature

This message must be sent **IN CYPHER** and may† .....be sent by **W\T** Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1815G\23

T.O.R.

‡Originator to insert "NOT" if message is not to go by W\T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1451\24	W\T		JHB\WCA									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P.C.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

POOR PRINT
Epreuve illisible

C 268502

R.C.A.F. S-5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No. 32

Call IN and :— Preface OUT

SECRET

ORIGINAL COPY FOR ACTION AND FILE

No. of Groups GR

Office Date Stamp

Air Force Headquarters
DEC 24 1940
SIGNAL OFFICE

(Above this line is for Signals use only)

TO* C.A.S. RCAF HQ OTTAWA

FROM* ROYCANAIRF LONDON

Originator's Number	Date	In reply to Number and Date
X.643	23/12	

(Write horizontally)

PART	FOUR	BEGINS.	THE	REPLACEMENT
OF	THESE	ROYAL	AIR	FORCE
OFFICERS	WILL	BE	EFFECTED	PROGRESSIVELY
AS	SOON	AS	QUALIFIED	ROYAL
CANADIAN	AIR	FORCE	OFFICERS	BECOME
AVAILABLE	FOR	THAT	PURPOSE.	EIGHT.
NOTHING	IN	THESE	ARRANGEMENTS	TO
IMPLEMENT	ARTICLE	15	AFFECTS	THE
FINANCIAL	RESPONSIBILITIES	OF	THE	TWO
GOVERNMENTS	UNDER	THE	AIR	TRAINING
AGREEMENT,	IT	BEING	UNDERSTOOD	THAT
THE	COST	OF	THE	25

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

POOR PRINT
Epreuve illisible

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-22-5

MESSAGE FORM

C 268503

Office Serial No.....

Call and Preface		No. of Groups GR	Office Date Stamp
IN			
OUT	PAGE TWO		

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

				5
SQUADRONS	REFERRED	TO	IN	PARAGRAPH
ONE	ABOVE	WILL	BE	10 BORNE
BY	THE	UNITED	KINGDOM	15 GOVERNMENT,
EXCEPT	THAT	THE	PAY,	20 ALLOWANCES,
AND	NON	EFFECTIVE	BENEFITS	25 OF
ROYAL	CANADIAN	AIR	FORCE	30 PERSONNEL
WHO	SERVE	IN	THE	35 NEW
SQUADRONS	WILL	BE	BOURNE	40 BY
THE	UNITED	KINGDOM	GOVERNMENT	45 ONLY
TO	THE	EXTENT	PROVIDED	50 FOR
IN	ARTICLE	17	OF	55 THE
AIR	TRAINING	AGREEMENT.	NINE.	60 THE

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MG 26 J 4, Volume 382, pages C267856-C268549

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CANADA

POOR PRINT
Epreuve illisible

C268504

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM

Office Serial No.....

Call and Preface	IN / OUT	No. of Groups GR	Office Date Stamp
	PAGE THREE	.....	

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

AIR	OFFICER	COMMANDING	THE	ROYAL
CANADIAN	AIR	FORCE	OVERSEAS	HEADQUARTERS,
OR	A	SENIOR	OFFICER	DESIGNATED
BY	THE	CANADIAN	GOVERNMENT	FOR
THE	PURPOSE,	WILL	AT	ALL
TIME	HAVE	ACCESS	TO	COMMANDERS
OF	STATIONS	AND	GROUPS	AND
TO	COMMANDERS	IN	CHIEF	OF
COMMANDS	IN	WHICH	ROYAL	CANADIAN
AIR	FORCE	PERSONNEL	ARE	SERVING,
AND	WILL	BE	FURNISHED	BY
THEM	WITH	SUCH	INFORMATION	AS

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R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3090)
H.Q., 1062-23-5

MESSAGE FORM C 268505

Office Serial No.....

Call and Preface IN / OUT		No. of Groups GR	Office Date Stamp
	PAGE FOUR		

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(*Write horizontally*)

HE	MAY	DESIRE.	END	OF 5
PART	FOUR.	PART	FIVE	FOLLOWS. 10
				15
				20
				25
				30
				35
				40
				45
				50
				55
				60

R.C.A.F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd.
4th.
Passed to
Time Received
Transmitted R.C.

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1825G/23

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1413/24	W/T		JHB/WGA									

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R.C.A.F. S.S
(R.A.F. 96A.)
25M Pads of 100—3-40 (4000)
H.Q._1082-23-6

C 268506

MESSAGE FORM

Office Serial No.....

Call IN and :— Preface OUT	PAGE FOUR	No. of Groups GR	Office Date Stamp

(Above this line is for Signals use only)

TO*

FROM* | Originator's Number | Date | In reply to Number and Date

(Write horizontally)

HE MAY DESIRE. HMD OF

PART FOUR. PART FIVE FOLLOWS.

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No. Passed to
Original Prime Minister
2nd. Minister N.D. (Ott.)
3rd.
4th.

This message must be sent **AS WRITTEN** and may be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1259½/23

T.O.R.

*Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1413/24	W/T		JHB/WCA									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their significance from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in P/L

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R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3090)
H.Q. 1062-23-5

MESSAGE FORM C268506

Office Serial No. 35

Call IN and :— Preface OUT

SECRET

ORIGINAL COPY FOR ACTION AND FILE

No. of Groups: GR

Office Date Stamp: Air Force Headquarters DEC 24 1940 SIGNAL OFFICE

(Above this line is for Signals use only)

TO* C.A.S. RCAF HQ OTTAWA

FROM* ROYCANAIRF LONDON

Originator's Number: X.643

Date: 23/12

In reply to Number and Date:

(Write horizontally)

PART	FIVE	BEGINS.	HE	WILL
ALSO	HAVE	ACCESS	TO	THE
CHIEF	OF	THE	AIR	STAFF.
HE	WILL	BE	FURNISHED	WITH
ADVANCE	INFORMATION	ABOUT	ANY	MAJOR
QUESTIONS	WHICH	ARISE	FROM	TIME
TO	TIME	AFFECTING	THE	EMPLOYMENT
OF	ROYAL	CANADIAN	AIR	FORCE
PERSONNEL	AND	SQUADRONS.	HE	WILL
BE	AT	LIBERTY	TO	MAKE
REPRESENTATIONS	TO	THE	AIR	MINISTRY
ON	ANY	OF	THE	ABOVE

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R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-23-5

MESSAGE FORM C268507

Office Serial No.....

Call IN / and :— / Preface OUT		No. of Groups GR	Office Date Stamp
	PAGE TWO //		

(Above this line is for Signals use only)

TO*

FROM*	Originator's Number	Date	In reply to Number and Date

(Write horizontally)

MATTERS.	TEN.	THE	ARRANGEMENTS	IN
THE	PRECEDING	PARAGRAPH	WILL	NOT
AFFECT	THE	EXISTING	PROCEDURE	FOR
CONSULTATION	BETWEEN	THE	TWO	GOVERNMENTS
ON	MAJOR	QUESTIONS	AFFECTING	THE
EMPLOYMENT	OF	THE	ROYAL	CANADIAN
AIR	FORCE	PERSONNEL	AND	SQUADRONS
OVERSEAS.	AGREEMENT	ENDS.	I	HAVE
INITIALLED	THIS	WITH	SECRETARY	OF
STATE	FOR	AIR	AND	AM
SUBMITTING	IT	FOR	YOUR	URGENT
CONSIDERATION.	I	AM	CABLING / CERTAIN	COMMENTS

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C 268508

R.C.A.F. S. 5
(R.A.F. 96A.)
25M Pads of 100—2-40 (3990)
H.Q. 1062-22-5

MESSAGE FORM

Office Serial No.....

Call and Preface IN / OUT		No. of Groups GR	Office Date Stamp
	PAGE THREE		

(Above this line is for Signals use only)

TO*

FROM* | Originator's Number | Date | In reply to Number and Date

(Write horizontally)

TO	YOU	VIA	EXTERNAL	AFFAIRS, 5
BUT	MEANWHILE	THOUGHT	YOU	WOULD 10
LIKE	TO	HAVE	THE	TEXT 15
OF	THE	AGREEMENT.	WHICH	I 20
HOPE	YOU	CAN	APPROVE.	ENDS. 25
END	OF	PART	FIVE.	30
				35
				40
				45
				50
				55
				60

R.C.A.F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd.
4th.
Passed to

This message must be sent **AS WRITTEN** and may‡.....be sent by **W/T.** Signature

This message must be sent **IN CYPHER** and may‡.....be sent by **W/T** Signature

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1830G/23

T.O.R.

‡Originator to insert "NOT" if message is not to go by W/T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1442/24	W/T		JHB/WGA									

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R.C.A.F. S. 5
(R.A.F. 96A.)
20M Pads of 100—2-40 (3900)
H.Q. 1053-29-6

C 268506

MESSAGE FORM

Office Serial No.....

Call IN		No. of Groups GR	Office Date Stamp
and :—			
Preface OUT	PAGE THREE		

(Above this line is for Signals use only)

TO*

FROM*

Originator's Number	Date	In reply to Number and Date

(Write horizontally)

TO	YOU	VIA	EXTERNAL	AFFAIRS.
BUT	MEANWHILE	THOUGHT	YOU	WOULD
LIKE	TO	HAVE	THE	TEXT
OF	THE	AGREEMENT,	WHICH	I
HOPE	YOU	CAN	APPROVE.	ENDS.
END	OF	PART	FIVE.	

R. C. A. F. HEADQUARTERS
SIGNAL OFFICE
DEC 24 1940
Copy No.
Original
2nd.
3rd.
4th.
Passed to
Prime Minister
Minister Nat Def (Air)

This message must be sent **AS WRITTEN** and may be sent by **W\T**. Signature.....

This message must be sent **IN CYPHER** and may be sent by **W\T**. Signature.....

Originator's Instructions* Degree of Priority*

TIME OF ORIGIN 1850G\25

T.O.R.

*Originator to insert "NOT" if message is not to go by W\T over any part of the route. (Below this line is for Signals use only)

T.H.I.	System in	Time in	Reader	Sender	System out	Time out	Reader	Sender	System out	Time out	Reader	Sender
1642\24	W\T		JHR\WCA									

*The Signal Department is responsible that these details are transposed to the appropriate portion of the message form and that all possibility of compromising distinguishing signals, etc., by omitting to remove their signification from the address, etc., is avoided. Before delivery of the message these details are to be re-inserted in T\C

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ATP

C 268509

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON

CODE

OTTAWA, December 24th, 1940.

No. 234

No. 234. Would appreciate your conveying the following message to Sir Archibald Sinclair from Major Power, Begins:

Please accept my sincere thanks for your Christmas message which I reciprocate most warmly. The heroic design traced by the R.A.F. and the leadership of yourself and your colleagues in the year now drawing to a close has been an inspiration of unparalleled significance to the world.

Actuated by it we go forward into the New Year with a sure faith and an enduring confidence and with the strong determination that our assistance will be worthy of the example which you have set. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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COLOURED PAPER
PAPIER DE COULEUR

"R" ATP Copy sent Mr Power

C 268510

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

NO. 2139

LONDON, December 24th, 1940.

No. 2139. Following from Ralston to the Prime Minister and Power, Begins:

Following are comments on Memorandum of Agreement as to arrangements made under Article 15 of Air Training Plan, which was cabled you on December 23rd.

Regarding paragraph 2 of Agreement, slowness in forming squadrons is not due to any reluctance on the part of the United Kingdom to carry out spirit of the Agreement, but arises from the fact that air crews cannot simply be thrown into complete squadrons as they arrive in the United Kingdom. It will be obviously necessary to have the proper proportions of pilots, bombers, gunners, wireless and air navigation personnel, and also it may be necessary for them to have some preparatory operational training with experienced Royal Air Force units, thus giving them greater efficiency and avoiding casualties, which would result from forming them immediately into Royal Canadian Air Force operational squadrons.

Paragraph 3. Stevenson feels strongly that centralization of posting is in Canadian interests, and permits most effective employment of personnel, without the delays which would be incurred if Canadians were posted through a separate organization to Royal Air Force squadrons while Royal Canadian Air Force squadrons in course of formation.

Paragraphs 4 and 5 provide for identification of all

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PAPIER DE COULEUR

TELEGRAM

C 268511

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

Canadians from the Air Training Plan, wherever serving, with the provision for reviewing the situation in September 1941, which will afford an opportunity to consider practicability of Royal Air Force Canadian squadrons in addition to the 28 Royal Canadian Air Force squadrons in paragraph 1 of the Agreement. As already indicated, the United Kingdom feel very doubtful about such a plan being effectively worked out, but they are willing to leave it open for further consideration. The six months period mentioned for this purpose was considered too short for sufficient experience to be gained to enable practical consideration to be given.

Paragraph 6. This is a new point. It is really not much more than an expression of hope that something may some time be done by way of exchange. The Royal Air Force service people were particularly anxious to have some paragraph of this kind; their earlier draft was much stronger, but, as you will note, final draft only binds as far "as may mutually be considered practicable". We could (hardly?) refuse to go this far, and I hope that (there will be no?) suggestion for change in this paragraph as it is the result of very considerable discussion and revision.

Paragraph 7 speaks for itself, and is designed to ensure operational efficiency.

Paragraph 8 speaks for itself.

Paragraph 9 is a consultation clause, We have made it as wide as we possibly could, and think you will be quite satisfied with it.

Paragraph 10 is designed to make it clear that consultation between service representatives of paragraph 9

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PAPIER DE COULEUR

TELEGRAM

C 268512

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

-3-

LONDON.

is supplementary to and not any substitution for consultation between the Governments.

I should have made clear in my earlier telegram that my initialling was subject to confirmation by the Canadian Government, but at the same time I sincerely hope the Agreement can stand as initialled. Sir Archibald Sinclair, in his covering letter sending me a copy of the Memorandum of Agreement, says "at an earlier stage the Memorandum contained clause stating that arrangements would be made from time to time between the two Governments to effect changes between senior officers of the Royal Air Force and senior officers of the Royal Canadian Air Force. This has rightly been deleted from the Memorandum, but I think it would perhaps be well for us to take this opportunity of stating in writing that our respective Governments have it in mind to effect such exchanges as opportunity offers". We had suggested that this matter was really not part of the Agreement respecting the Air Training Plan, and that it be put forward in a separate communication. I see no objection to my confirming Sir Archibald's statement that "our respective Governments have it in mind to effect such exchanges as opportunity offers". Please confirm this as well. Ends.

Received 26-XII-40 PC

MASSEY

Rec'd 12.45 a.m.
25th Dec.

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AC 268513

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM, LONDON.

IMMEDIATE

SECRET

CYPHER

NO. 2036

Ottawa, December 27th, 1940.

Following from Prime Minister and Power to Ralston, Begins:

1. The Cabinet War Committee have now considered the text of the memorandum of agreement as to arrangements for identification of Canadians from the Air Training Plan, as contained in your Air Force Signal of December 23rd. Full consideration has also been given to the comments contained in your External Affairs telegram No. 2139 of December 24th.

2. The Government are willing to confirm the agreement as set out in your telegram of December 23rd, and initialled by you, subject to what follows regarding paragraph six thereof as to exchange of ground personnel.

3. We are not sure as to what is intended by paragraph six, which appears to be capable of two interpretations. First, this paragraph may be interpreted as a proposal that the United Kingdom ground crews who are to be attached to the twenty-five R.C.A.F. squadrons will be replaced in due course, and as may be considered practicable, by Canadian ground crews previously employed in the Training Plan, and that such R.C.A.F. personnel will in turn be replaced in Canada by equal numbers of United Kingdom personnel of similar categories. Second, paragraph six may be interpreted as requiring the raising of additional ground crews by Canada to take the place in the Training Plan of such Canadians as may proceed overseas to join the R.C.A.F. squadrons, in substitution for United Kingdom personnel. If the twenty-five R.C.A.F. squadrons are eventually to be fully manned by

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C 268514

Canadians, this would involve, in due course, the raising by Canada of approximately 7,500 ground personnel, additional to the numbers at present contemplated.

We should like to have you clarify the meaning of this paragraph. Immediately we are sure of what is intended in this respect, we will let you have our decision.

4. Subject to what has been said in the preceeding numbered paragraph of this telegram, you may regard this message as confirmation by the Canadian government of the memorandum of agreement with the government of the United Kingdom, and you may inform the Air Ministry accordingly.

5. The government have no objection to your confirming in writing to the Secretary of State for Air the understanding regarding the exchange of senior officers of the Royal Air Force and Royal Canadian Air Force described in the final paragraph of your telegram of December 24th. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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ATP - Supplies

C268515

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

NO. 2152 LONDON, December 28th, 1940.

No. 2152. Air Ministry ask whether, in connection with memorandum of Agreement of December 17th, 1939, relating to training of air crews in Canada, Canadian authorities propose to maintain equipment records which will show use, consumption, disposal and available stocks of equipment supplied by the United Kingdom to Canada under the Agreement. Maintenance of such records by the Canadian Government will enable the Accounting Officer of the Air Ministry to discharge his responsibilities to the United Kingdom Parliament in respect to equipment purchased out of air votes. Also ask whether such records will be controlled by the Financial Adviser appointed under Clause 13(a) of Agreement, and whether they will be subject to examination by the Auditor-General of Canada.

Matter has been discussed with Breadner and Stedman, who advise equipment records are maintained in Canada and are always available, but no arrangements have been made to take off situation reports for the information of the Air Ministry. Please cable information on which to base reply to the above Air Ministry communication.

MASSEY

Rec'd Ottawa 2.27 p.m.

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"R"

ATP

TELEGRAM C 268516

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

LONDON, December 31, 1940.

NO. 2160

No. 2160. Following from Ralston for the Prime Minister and Power, Begins:

Your telegram No. 2036, Memorandum of Agreement on Air Training Plan. First interpretation of paragraph 6, as outlined in your paragraph 3, is the correct one. Have consulted Dominions Office and Air Ministry who have written that their interpretation of this paragraph is that it contemplates that Royal Canadian Air Force ground personnel sent from Canada to the 25 Royal Canadian Air Force squadrons would be replaced by Royal Air Force ground personnel sent to Canada. They add that this system of replacement is, of course, also covered, as regards both parties to the Agreement, by the words:

"So far as it may mutually be considered practicable".

With this interpretation, I assume that there is no objection to me signing the Agreement.

MASSEY

Rec'd Ottawa, 3:26 p.m.

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"R"

TELEGRAM

C268517

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

No. 33

LONDON, January 7th, 1941.

No. 33. Your telegram No. 24 of January 2nd. Following for the Prime Minister and Power from Colonel Ralston, Begins:

Secretary of State for Air and I signed Memorandum of Agreement on Article No. 15 this afternoon. Previously we had exchanged letters, substance of which was as follows:

My letter.

"As clarification of paragraph six of Memorandum has been satisfactorily effected by exchanges of letters between Canada House and Dominions Office, I am now in a position to sign Memorandum. Your suggestion re exchange of officers is concurred in. It is our understanding of the purpose of these exchanges that by them Royal Canadian Air Force officers will gain the experience which is necessary for them to qualify for higher command overseas. This will ensure that seniority of Royal Canadian Air Force personnel in Canada will not be restricted to training activities there for the duration of the war. The Canadian Government would also desire that, when practicable, Royal Canadian Air Force squadrons should serve together in stations and groups, and that Canadian officers should, when qualified, be given commands and staff appointments, not only in stations and groups in which Canadian squadrons would normally be serving, but also in the commands and at the Air Ministry, to the extent that such commands and appointments should be proportionate to the numbers of Royal Canadian Air Force squadrons serving overseas."

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TELEGRAM

C268518

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

Substance of Sir Archibald's reply was:

"I am in full agreement with what you say as to the purpose of the suggested exchanges between senior officers and the Royal Air Force and Senior officers of the Royal Canadian Air Force, and as to the desirability of arranging that in so far as suitably qualified Royal Canadian Air Force officers are available, they should be given commands and staff appointments, not only in stations and groups in which Canadian squadrons would normally be serving, but also in the commands and at the Air Ministry. It would be our endeavour to arrange that such appointments were given to Royal Canadian Air Force officers in numbers fully proportionate to the number of R.C.A.F. squadrons overseas. We will also endeavour to arrange that where practicable, R.C.A.F. squadrons will be grouped together in the same stations and in the same groups, but, as I am sure you will appreciate, the first consideration must be to retain the high degree of officers which is essential to operational efficiency."

Discussed above exchange of letters with Air Vice Marshal Breadner who concurs. Ends.

MASSEY

Rec'd Ottawa, 6:49 p.m.

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"R"

ATP

C 268519

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

LONDON, January 8th, 1941.

No. 37

No. 37. Following from Colonel Ralston to the Prime Minister and Power, Begins:

Secretary of State for Air has written to me concerning further expansion of the Joint Air Training Plan. He refers to Mr. Churchill's telegrams of November 14th and December 4th which deal with the possibility of developing production of trainer aircraft in Canada. He adds that this was not intended to mean that the United Kingdom had abandoned the idea of undertaking more flying training in Canada at a later stage, but it was not possible at the moment to give a final decision as to how much more training might be done in Canada, or whether it could better be provided by an extension of the Plan than setting up more transfer schools in Canada.

Attached to his letter was an aide-memoire which summarizes the position, and which I am cabling separately through Air Ministry cypher. I have agreed that Air Vice Marshal Breadner shall discuss questions in that aide-memoire with Air Ministry here, pending consideration that will be given it in Ottawa. Ends.

MASSEY

Rec'd Ottawa 2:56 P.M.

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A.T.P

C 2888520

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CODE

NO. 39

LONDON, January 8th, 1941.

No. 39. Following for Mr. Power, Begins:

Further consideration has been given Air Ministry to points raised in your X. 966, January 5th. They suggest that your telegram is based on assumption that final adjustment with the United Kingdom arising from modification of plan will necessitate introduction of major accounting complications for purpose of separating additional costs from cost of plan as originally contemplated. By Memorandum of Agreement, however, (see telegram A. 116 from R.C.A.F. to Chief of the Air Staff) the principle of contribution in kind by the United Kingdom would be preserved, and recording of costs for purpose of effecting adjustment between the United Kingdom and Canada would be abandoned. United Kingdom regard principle of contribution in kind simpler work than proposed alternative that they should bear share of total cost and receive credit in Canadian dollars for value of contribution in kind. This alternative, in their opinion, would involve very laborious task of pricing all issues in kind at a time when efforts are being made to reduce detailed work, and when conditions have made it difficult to fix price for many items recently manufactured. Further, if cash or book credit is to be given to the United Kingdom for contribution in kind, it would be argued that such credit should allow for any equipment lost at sea en route to Canada, as such losses from part of the contribution put

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TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

into the joint plan by the United Kingdom Government. Costs of packing, loading and transportation to Canada would have to be credited. Air Ministry also feel that present complicated accounting procedure would largely disappear if Australia and New Zealand agree to the adjustment on basis of shares assessed at the end of each year on an estimated (instead of an actual) cost, monthly instalments being paid during the year on an estimate of the cost made at the beginning of the year, and any adjustment being effected when post-estimate has been made. It is recalled that proposed Memorandum of Agreement with the United Kingdom on commitments entered into by Canada, consequent on interruption of deliveries, cover all commitments entered into prior to date of Agreement, and provides that no commitments will be entered into after that date as potential United Kingdom liabilities without prior agreement with the United Kingdom representatives in Canada and the United States of America.

United Kingdom hope therefore that any further modification in plan, as distinct from an extension of plan, can be settled on the lines of proposed Agreement referred to above. Ends.

MASSEY

Rec'd Ottawa, 7:00 p.m.

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MEMORANDUM

Office of the Clerk of the Privy Council C 268522

Ottawa, Jan, 10th, 1941.

For the Prime Minister:

Message received this morning through R.C.A.F. from Mr. Ralston. Copy for Mr. King's information.

Air Training Plan

Training Organization &c

A.D.P.H.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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COPY

ATP

C268523

To: CAS Ottawa, Canada

From: ROYCANAIRF, London.

The following message in five parts. Part One begins:

Following from Ralston for Prime Minister and Power through External.

Following is text of Aide Memoire referred to in my telegram 37 of January 8th. Begins:

> Canada's generous offer to provide more flying training facilities has been the subject of telegraphic correspondence between Prime Ministers ending with telegram No. 178 to the Prime Minister of Canada.
>
> 2. In that telegram we put first things first and the limiting factor in the expansion of flying training being the shortage of advanced trainer aircraft, we asked that Canada's first effort should be to increase its production of advanced trainers. This still remains the primary need.
>
> 3. The flying training organization has been planned to meet the needs of the operational force which it is hoped to complete in the course of the year 1942 and to provide some margin against the possibility of still further operational expansion beyond the force at present engaged for that year.
>
> (End of Part One. Part Two follows.)
>
> (Part Two begins:)
>
> 4. This training organization embraces 56 flying training schools and includes, of course, the schools provided by the British

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C268524

Commonwealth Joint Air Training Plan which in turn provides 25 of the 56 service flying training schools required for the complete training organization.

5. The course of the war has placed severe restrictions on flying training in the United Kingdom and this fact, together with the heavy aerodrome requirements for operational purpose in the United Kingdom, makes the completion of the United Kingdom portion of the authorized expansion of the flying training organization a matter of some difficulty. Indeed, account has to be taken of the possibility that all flying training other than operational training may, in due course, have to take place outside the United Kingdom.

(End of Part Two. Part Three follows:)

(Part Three begins:)

6. Canada has very generously agreed to provide accommodation for eight service flying training and six other schools to be transferred from the United Kingdom. Four of these service flying training schools we hope to occupy or beging to occupy by about the end of next month. Two existing schools are already transferred and one newly formed school is in process of being transferred. The fourth (a newly formed school) will leave later this month. We hope to transfer four more service flying training schools by August 1941.

7. The actual process of transfer involves a break in training and an immediate loss of output but this we must accept.

8. Canada has tackled the problem of providing a vast training organization with great energy and resource and we appreciate what a heavy strain this must involve. It is with some hesitation, therefore, that we

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ask Canada to contemplate at any rate before the middle of 1941, the transfer from the United Kingdom of additional training units. This possibility arises entirely from the considerations set out in paragraph five.

(End of Part Three. Part Four follows.)

(Part Four Begins)

9. We have a balance of six additional service flying training schools in the United Kingdom portion of the programme and we have reached the conclusion that it is highly desirable that these should be located in the North American continent. The time factor is all important and consequently we cannot afford to neglect any possibility of securing the use of ready-made capacity.

10. It remains to consider the need for capacity for observer and general reconnaissance training (in addition to that for which Canada is already providing accommodation) and we cannot see any means of providing it in this country. This additional training which makes use of Anson aircraft very largely must again depend on the availability of that type, or an equivalent type of aircraft. If and when an adequate supply of aircraft for this purpose can be foreseen, we should like to discuss the formation in Canada of more schools, giving these kinds of training.

(End of Part Four. Part Five follows.)

(Part Five Begins)

11. Another way in which Canada might be able to help would be by extending the existing elementary flying training organization in Canada to cover the needs of any United Kingdom schools transferred to that Dominion.

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12. It is realized that the planning and construction of additional training schools must take some considerable time, and that it is essential that the Canadian government should be furnished with definite proposals at an early date if the additional schools ultimately found to be needed in Canada are to be profided in time. It may well be that before Air Vice Marshal Breadner leaves the United Kingdom we shall be in a position to indicate our needs with more precision. We should therefore be glad if Mr. Ralston would agree to our pursuing the question further with Air Vice Marshal Breadner. NOW

(End of Part Five and end of message.)

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THURSDAY LUNCHEON

1940-1941
Luncheon
No. 12

Thursday,
Jan. 2nd
1.00 p.m.

268527

D. Gordon, President.

A luncheon of THE CANADIAN CLUB of OTTAWA will be held in the CHATEAU LAURIER on THURSDAY, JANUARY 2nd, at 1.00 p.m., when our guest of honour will be

AIR CHIEF MARSHALL SIR HUGH DOWDING, G.C.V.O., K.C.B., C.B., C.M.G.

who will address the meeting on a subject of immediate interest.

Our guest is a graduate of the Royal Military Academy, Woolwich and served with great distinction in the War 1914-1918, first with the Royal Artillery and later with the Royal Flying Corps. Since 1937 he has been Principal Air A.D.C. to the King and up until very recently was Commander-in-Chief of the Royal Air Force Fighter Command. He has just reached Ottawa from Great Britain on a most important mission to Canada and the United States.

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A POST CARD



C268279

RT.HON.W.L.MACKENZIE KING,
LAURIER HOUSE
LAURIER AVE. OTTAWA.

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C268528

OFFICE OF THE
HIGH COMMISSIONER FOR CANADA
CANADA HOUSE,
LONDON, S.W.1.

27th December, 1940.

A. 241.

Sir,

Confirming the telegram from Colonel Ralston to the Prime Minister and Mr. Power, sent through Royal Air Force Headquarters, I am enclosing herewith three copies of a Memorandum of Agreement as to the arrangements to be made under Article 15 of the British Commonwealth Air Training Plan and the letter of December 16th, 1939, from Lord Riverdale to the Canadian Minister of National Defence.

Certain comments on this Memorandum were cabled by Colonel Ralston on December 24th. The Agreement has been initialled by the Secretary of State for Air and Colonel Ralston, subject on the latter's part to confirmation by the Canadian Government.

I have the honour to be,

Sir,

Your obedient servant,

L.B. Pearson.

for High Commissioner.

The Right Honourable

The Secretary of State for External Affairs,

OTTAWA.

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C 268529

MEMORANDUM OF AGREEMENT

as to the arrangements to be made under Article 15 of the British Commonwealth Air Training Agreement and the letter of 16th December, 1939, from Lord Riverdale to the Canadian Minister of National Defence.

It is agreed that the arrangements referred to in Article 15 of the Air Training Agreement for identifying with Canada the Canadian pilots and air crews trained under the British Commonwealth Air Training Plan shall be on the following lines.

1. These pilots and air crews will be incorporated into squadrons of the Royal Canadian Air Force up to the number of twenty-five, in addition to the three already serving in the United Kingdom;

2. The exact rate of formation cannot be guaranteed since it depends on the rate at which the projected Air Force expansion can be achieved; nevertheless the endeavour will be to form these twenty-five squadrons within the next eighteen months in accordance with the following schedule:-

By March, 1941	3	squadrons to be formed
" June, 1941	7	" " " "
" September, 1941	12	" " " "
" December, 1941	17	" " " "
" March, 1942	22	" " " "
" April or May, 1942	25	" " " "

3. To facilitate arrangements for posting Canadian pilots and air crews, there will be established a Central Posting Organisation and a Central Record Office, the staff of which will include Royal Canadian Air Force personnel.

4. All Canadian pilots and air crews from the Air Training Plan not in Royal Canadian Air Force units or formations will continue to wear Royal Canadian Aif Force uniform.

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5. The working out of the foregoing arrangements shall be reviewed in September, 1941, in order to determine whether the schedule in paragraph 2 can be maintained or accelerated and to consider the position and organisation of Canadian pilots and air crews in excess of those who may be absorbed in Royal Canadian Air Force squadrons under these arrangements.

6. Under the Air Training Plan and at the request of the United Kingdom Government, the Royal Canadian Air Force has concentrated on the production of pilots and air crews. This has necessitated the provision and employment in Canada of ground personnel who would otherwise have been available for service with Royal Canadian Air Force squadrons overseas. It is recognised, however, as desirable, so far as it may mutually be considered practicable, that the United Kingdom ground personnel who, for the reason stated above, will be required for the squadrons referred to in paragraph 2 should gradually be exchanged for Royal Canadian Air Force ground personnel employed on the Air Training Plan, with a view to achieving homogeneity of personnel in these squadrons.

7. The concentration of the Royal Canadian Air Force on the Air Training Plan may also, at the outset, result in a shortage of Royal Canadian Air Force officers with the necessary qualifications to fill posts as Squadron Commanders, Station Commanders, etc. It is recognised that, if enough Royal Canadian Air Force officers with these qualifications are not immediately available, some of these posts may require to be filled by Royal Air Force officers. The replacement of these Royal Air Force officers will be effected progressively as soon as qualified Royal Canadian Air Force officers become available for that purpose.

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C 268531

8. Nothing in these arrangements to implement Article 15 affects the financial responsibilities of the two Governments under the Air Training Agreement, it being understood that the cost of the twenty-five squadrons referred to in paragraph 1 above will be borne by the United Kingdom Government, except that the pay, allowances, and non-effective benefits of Royal Canadian Air Force personnel who serve in the new squadrons will be borne by the United Kingdom Government only to the extent provided for in Article 17 of the Air Training Agreement.

9. The Air Officer Commanding the Royal Canadian Air Force Overseas Headquarters, or a senior officer designated by the Canadian Government for the purpose, will at all times have access to Commanders of Stations and Groups and to Commanders in Chief of Commands in which Royal Canadian Air Force personnel are serving, and will be furnished by them with such information as he may desire. He will also have access to the Chief of the Air Staff. He will be furnished with advance information about any major questions which arise from time to time affecting the employment of Royal Canadian Air Force personnel and squadrons. He will be at liberty to make representations to the Air Ministry on any of the above matters.

10. The arrangements in the preceding paragraph will not affect the existing procedure for consultation between the two Governments on major questions affecting the employment of the Royal Canadian Air Force personnel and squadrons overseas.

Initialled on behalf of the
Government of the United Kingdom.

Initialled on behalf of the
Government of Canada.

December, 1940.

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C268532

OFFICE OF THE
HIGH COMMISSIONER

Canada House,
Trafalgar Square
London, S.W.1.

28th December, 1940.

No. A 442

Sir,

I have the honour to transmit herewith the undermentioned documents:-

Two copies of letter from the Air Ministry, dated December 21st, on which my telegram No. 2152 of December 28th was based.

I have the honour to be,
Sir,
Your obedient servant,

(sgd) L.B. PEARSON
for High Commissioner

The Right Honourable
The Secretary of State for External Affairs,
Ottawa.

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C 268533

COPY

Air Ministry
King Charles Street
Whitehall S W 1

S.64459/Accts.6

21st December, 1940.

Sir,

I am commanded by the Air Council to refer to the Memorandum of Agreement dated 17th December, 1939, between the Governments of the United Kingdom, Canada, Australia and New Zealand relating to the training of pilots and aircraft crews in Canada and to ask whether H.M. Government in Canada propose to maintain equipment records which will show the use, consumption, disposal and available stocks of equipment supplied by the United Kingdom to Canada under the agreement. The maintenance of such record by H.M. Government in Canada would enable the Accounting Officer of the Air Ministry to discharge his responsibility to the Parliament of Great Britain in respect of equipment purchased out of Air Votes.

2. I am to enquire also whether such records will be controlled by the Financial Adviser appointed under Clause 13 (a) of the Agreement and whether they will be subject to the examination of the Auditor General of Canada.

I am, Sir,
Your obedient servant,

G.B. Abraham.

The High Commissioner for Canada,
Canada House,
Trafalgar Square,
S.W.1.

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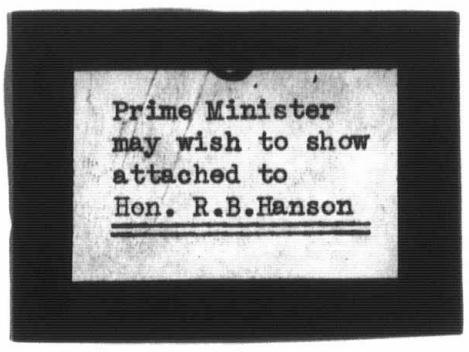
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Prime Minister
may wish to show
attached to
Hon. R.B.Hanson

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Prime Minister
may wish to show
attached to
Hon. R.B.Hanson

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Prime Minister

C 268534

Original in Dept. Sec. ATP
Copies to Hon Rod Logan
Air Power
Hon Heaney
Jan 27/41
OD?

SECRET

MEMORANDUM OF AGREEMENT

between the Governments of the United Kingdom and Canada as to the arrangements to be made under Article 15 of the British Commonwealth Air Training Agreement and the letter of 16th December, 1939, from Lord Riverdale to the Canadian Minister of National Defence.

It is agreed that the arrangements referred to in Article 15 of the Air Training Agreement for identifying with Canada the Canadian pilots and air crews trained under the British Commonwealth Air Training Plan shall be on the following lines:—

1. These pilots and air crews will be incorporated into squadrons of the Royal Canadian Air Force up to the number of twenty-five, in addition to the three already serving in the United Kingdom.

2. The exact rate of formation cannot be guaranteed since it depends on the rate at which the projected Air Force expansion can be achieved; nevertheless the endeavour will be to form these twenty-five squadrons within the next eighteen months in accordance with the following schedule:—

By March, 1941	3 squadrons to be formed.
By June, 1941	7 squadrons to be formed.
By September, 1941	12 squadrons to be formed.
By December, 1941	17 squadrons to be formed.
By March, 1942	22 squadrons to be formed.
By April or May, 1942	25 squadrons to be formed

3. To facilitate arrangements for posting Canadian pilots and air crews, there will be established a Central Posting Organisation and a Central Record Office, the staff of which will include Royal Canadian Air Force personnel.

4. All Canadian pilots and air crews from the Air Training Plan not in Royal Canadian Air Force units or formations will continue to wear Royal Canadian Air Force uniform.

5. The working out of the foregoing arrangements shall be reviewed in September, 1941, in order to determine whether the schedule in paragraph 2 can be maintained or accelerated and to consider the position and organisation of Canadian pilots and air crews in excess of those who may be absorbed in Royal Canadian Air Force squadrons under these arrangements.

6. Under the Air Training Plan and at the request of the United Kingdom Government, the Royal Canadian Air Force has concentrated on the production of pilots and air crews. This has necessitated the provision and employment in Canada of ground personnel who would otherwise have been available for service with Royal Canadian Air Force squadrons overseas. It is recognised, however, as desirable, so far as it may mutually be considered practicable, that the United Kingdom ground personnel who, for the reason stated above, will be required for the squadrons referred to in paragraph 2 should gradually be exchanged for Royal Canadian Air Force ground personnel employed on the Air Training Plan, with a view to achieving homogeneity of personnel in these squadrons.

7. The concentration of the Royal Canadian Air Force on the Air Training Plan may also, at the outset, result in a shortage of Royal Canadian Air Force officers with the necessary qualifications to fill posts as Squadron Commanders,

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C 268535

Station Commanders, etc. It is recognised that, if enough Royal Canadian Air Force officers with these qualifications are not immediately available, some of these posts may require to be filled by Royal Air Force officers. The replacement of these Royal Air Force officers will be effected progressively as soon as qualified Royal Canadian Air Force officers become available for that purpose.

8. Nothing in these arrangements to implement Article 15 affects the financial responsibilities of the two Governments under the Air Training Agreement, it being understood that the cost of the twenty-five squadrons referred to in paragraph 1 above will be borne by the United Kingdom Government, except that the pay, allowances, and non-effective benefits of Royal Canadian Air Force personnel who serve in the new squadrons will be borne by the United Kingdom Government only to the extent provided for in Article 17 of the Air Training Agreement.

9. The Air Officer Commanding the Royal Canadian Air Force Overseas Headquarters, or a senior officer designated by the Canadian Government for the purpose, will at all times have access to Commanders of Stations and Groups and to Commanders-in-Chief of Commands in which Royal Canadian Air Force personnel are serving, and will be furnished by them with such information as he may desire. He will also have access to the Chief of the Air Staff. He will be furnished with advance information about any major questions which arise from time to time affecting the employment of Royal Canadian Air Force personnel and squadrons. He will be at liberty to make representations to the Air Ministry on any of the above matters.

10. The arrangements in the preceding paragraph will not affect the existing procedure for consultation between the two Governments on major questions affecting the employment of the Royal Canadian Air Force personnel and squadrons overseas.

Done in duplicate, at London, England, this 7th day of January, 1941.

On behalf of the Government of the United Kingdom

Archibald Dunbar

On behalf of the Government of Canada

W. L. Mackenzie

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ATP/Td
C 268536

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON

CODE

NO. 146

OTTAWA, January 29th, 1941.

Following is text of statement regarding identification of air crews which Prime Minister proposes to make public as soon as possible. It is a summary of Agreement signed by Ralston and Sinclair with which Pearson is familiar . We should be glad to have any suggested modifications United Kingdom authorities or your office may wish to propose, Begins:

When the Agreement was signed, in December 1939, which established the British Commonwealth Air Training Plan, one of the articles provided that "pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective Dominions, either by the method of organizing Dominion units and formations or in some other way, such methods to be agreed upon with the respective Dominion Governments concerned. The United Kingdom Government will initiate inter-governmental discussions to this end."

Advantage was taken of the recent visit of the Minister of National Defence to the United Kingdom to carry on the inter-governmental discussions with the British authorities on the methods of identifying Canadian graduates from the air training plan on active service.

Honourable J.L. Ralston, as a member of the War Committee of the Cabinet and also of the Supervisory Board of the British Commonwealth Air Training Plan, was thoroughly familiar both with the original agreement and with the views of the government and the Air Ministry in this important matter.

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C 268537

During his discussions with the United Kingdom Air Ministry, Mr. Ralston was, of course, in close touch by cable with his colleagues, and particularly with Honourable C.G. Power. As a result of the discussions, a supplementary agreement was signed by Sir Archibald Sinclair, the Secretary of State for Air, acting on behalf of the United Kingdom, and by Mr. Ralston for Canada. This supplementary agreement set out the arrangements arrived at whereby practical effect was given to the provisions of the article in the original agreement mentioned above respecting the identification of air crew graduates under the Plan.

In accordance with the terms of this supplementary agreement which was signed on January 7, 1941, Canadian pilots and air crews trained under the British Commonwealth Air Training Plan will be incorporated into squadrons of the Royal Canadian Air Force up to the number of twenty-five. This number is in addition to the three R.C.A.F. squadrons already serving in the United Kingdom.

All Canadian pilots and air crews from the Air Training Plan who are not in R.C.A.F. units or formations will continue to wear the R.C.A.F. uniform.

At the request of the United Kingdom Government the Royal Canadian Air Force has concentrated on the production of pilots and air crews through the Air Training Plan. This concentration on training has necessitated the provision and employment of Canadian ground personnel who would otherwise have been available for service with the R.C.A.F. squadrons Overseas. Consequently, the ground crew personnel attached to the twenty-five R.C.A.F. squadrons Overseas will be United Kingdom airmen. It was recognized that, so far as it may mutually be considered practicable, there should gradually be an exchange of such ground personnel with Canadian ground personnel employed on the Air Training Plan with a view to achieving homogeneity in the R.C.A.F. squadrons serving Overseas.

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C 268538

The necessary concentration of the R.C.A.F. on the work of the Air Training Plan may make it difficult at the outset to make available to the Canadian squadrons Overseas, officers with the necessary qualifications to fill the higher commands. Some of these posts may, therefore, require to be filled by experienced Royal Air Force officers. The agreement provides that the R.A.F. officers will be gradually and progressively replaced by qualified R.C.A.F. officers as soon as the latter become available.

The supplementary agreement provides for a review in September, 1941, of the arrangements agreed upon, in order to determine whether the schedule and number of squadrons fixed in the supplementary agreement can be maintained or accelerated, and to consider the position and organization of Canadian pilots and air crews in excess of those who, under the present agreement, may be absorbed in the R.C.A.F. squadrons.

Advantage was also taken of Mr. Ralston's visit to make arrangements with the United Kingdom government to provide against the possibility of senior Royal Canadian Air Force personnel being restricted to training activities in Canada for the duration of the war. To that end exchanges of senior officers with the R.A.F. are to be arranged as far as practicable.

The Canadian air crew output of the Air Training Plan will eventually exceed by many thousands the number of pilots, gunners and observers required to man the twenty-five R.C.A.F. squadrons provided for under the supplementary agreement. On the other hand, the United Kingdom will be furnishing not only the ground crews for these squadrons but the necessary personnel for the administration and lines of communication which call for many thousands of men to be furnished by the United Kingdom.

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MG 26 J 4, Volume 382, pages C267856-C268549

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Although Canada is furnishing administrative personnel for the Plan, it would not be reasonable to expect that, under the circumstances, all Canadian graduates of the Plan who proceed Overseas should be immediately included in R.C.A.F. units.

The Air Training Plan is a co-operative enterprise and many of its graduates will serve in United Kingdom, Australian and New Zealand formations. Many more will go into the Plan itself as instructors. Some of the Canadian graduates will be retained in Canada in operational units of the Home War Establishment, others will be required as reinforcements to make up for wastage in R.C.A.F. squadrons, and a very large number, who are presently being sent Overseas, will be utilized as reinforcements to R.A.F squadrons now engaged in actual operations or in process of formation. Every Canadian graduate of the Air Training Plan, whether he be serving in a Canadian unit or formation, or in the Royal Air Force unit, will be identified as a Canadian by the badges and uniform which he will wear.

The formation of the R.C.A.F. operational squadrons provided for in the supplementary agreement will in no way operate to retard the primary purpose of the Air Training Plan, which is to supply to the Air Forces of the Empire, as rapidly as possible, a steady and ever-increasing flow of pilots, gunners and observers. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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C268540

OFFICE OF THE PRIME MINISTER

MEMORANDUM

Prime Minister

Attached is the draft identification release of air crews as prepared by Mr Power.

Since sending it to me Mr Power has telephoned to say he has consulted Mr Ralston who feels it should not be released in its present form, that there should be no release at all today, and that, before anything is released the text should be submitted to the U.K. Govt

JWP

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COPY

ATP
C 268541

Office of the High Commissioner
for the United Kingdom
Ottawa

No.5.

30th January, 1941.

Sir:

I have the honour to inform you that the Air Ministry are anxious that ground personnel of the Royal Air Force serving in the Dominions, who desire to transfer from ground duties to air crew duties and can be recommended for air crew training, should be allowed to transfer to such training. It would be convenient in such cases if the Dominion authorities would allow the necessary air crew training to take place in the Dominion in which the transferee is serving at the time of his transfer.

2. I have been instructed to approach the Canadian Government in this matter, and to enquire whether they are prepared to agree to the proposal, in so far as Canada is concerned. It is understood that this question was discussed with Air Vice Marshal Breadner during his visit to the United Kingdom.

3. The United Kingdom Government would propose that any Royal Air Force volunteers serving in Canada who might be accepted for training in Canadian schools under this arrangement would be regarded as forming part of the United Kingdom quota under the Joint Air Training Plan.

I have, etc.,

(Sgd) W. C. Hankinson

The Secretary of State
for External Affairs,
Ottawa.

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MG 26 J 4, Volume 382, pages C267856-C268549

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JER/S
Feb.3, 1941.

C268542

FROM - THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

TO - THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN, LONDON, ENGLAND.

No. 169

Refer to National Defence
" " (Air)

CODE

IMMEDIATE

Ottawa, Feb.3, 1941.

Your telegram No. 189, February 3, 1941, see my telegram No. 168 of same date. The statement to be made tomorrow is a different statement. Assume that you will expedite observations.

Secretary of State
for External Affairs.

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C268543 ATP

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA.

TO: THE HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM, LONDON.

IMMEDIATE

CODE

No. 168

Ottawa, February 3rd, 1941.

My telegram No. 146 of January 29th, 1941,

British Commonwealth Air Training Plan.

Prime Minister proposes to make the public statement tomorrow, February 4th. It is important that he should be able to do so. Please let me know at once whether your office or United Kingdom authorities are suggesting any modifications.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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TELEGRAM C268544 ATP

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE LONDON. February 4th, 1941.

CODE

No. 197

No. 197. Your telegram No. 168 of February 3rd, British Commonwealth Air Training Plan statement. Neither United Kingdom authorities nor this Office have any modifications to suggest. United Kingdom authorities have asked me to stress their appreciation of the opportunity of seeing statement in advance.

MASSEY

Rec'd Ottawa, 9:21 a.m.

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NAR/ET
15 Feb.1941 ATP

C 268545

MEMORANDUM FOR THE PRIME MINISTER:

I am enclosing a note prepared by the Legal Adviser of the Department on the answer to Mr. Perley's question with regard to the Moose Jaw airfield.

Taken up with the Prime Minister. Done. 17.2.41

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JER/S
Feb.15/41

C 268546

NOTE FOR THE ACTG. UNDER-SECRETARY OF STATE
FOR EXTERNAL AFFAIRS

Mr. Perley's Question with regard to
the Moose Jaw Airfield.

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1. I have annexed a copy of a draft reply to be sent in to the Under-Secretary of State of Canada, covering Mr. Perley's question.

2. Replies had been prepared by the Department of National Defence for Air, and the Department of Transport, but the matter was discussed with Dr. Skelton and he thought that it might be desirable to make a more extended reply than those departments had in mind. He thought that it might be desirable to give Mr. Perley the information that he actually desired to get, in so far as it was possible to do so.

3. Accordingly, the draft replies explain the position of the R.A.F. School at Moose Jaw. Further, they give very full information with regard to the contract and costs.

4. The figure given for the construction of the areodrome has not heretofore been released. I understand that the Department of Transport has not released any of their figures for works of this sort. It is possible that the Prime Minister might want to consult the Minister of Transport with regard to the policy of releasing this information. I do not know of any good reason for withholding it.

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JERS
Feb.13/41

C 268547

Mr. E. E. Perley

Votes and Proceedings No. 19. (p.ii)

QUESTIONS

1. Does the British Government (a) own or (b) operate airfields or other training facilities at or near the city of Moose Jaw, Saskatchewan.

2. If so, from whom were the same acquired or purchased, and what are the particulars as to price.

3. Who has the contract to (a) prepare the ground, (b) to erect the buildings.

4. What prices were paid to the contractors for such work.

ANSWERS

1. (a) The Government of the United Kingdom does not own an airfield or training facilities at or near Moose Jaw, Saskatchewan.

(b) The Government of the United Kingdom operates an airfield at Moose Jaw, which was built by the Department of Transport as a part of the Joint Air Training Plan. The title of the property remains vested in the Crown in right of Canada, in the same way as any ordinary Royal Canadian Air Force airfield. It is, however, used and operated by the Royal Air Force.

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C 268547

Mr. E. E. Perley

Votes and Proceedings No. 19. (p.ii)

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REPEAT
REPETER

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This is one of certain training schools of the Royal Air Force which have been moved to Canada from the United Kingdom by arrangement between the governments of Canada and the United Kingdom, independently of the British Commonwealth Air Training Plan.

The training schools so moved to Canada are integral parts of the Royal Air Force, and the expense of maintaining the schools is borne solely by the Government of the United Kingdom.

It is not possible, for security reasons, to give details of this movement and, further, it is not possible to disclose the details of the movement at any time without the consent of the Government of the United Kingdom.

The Royal Air Force Training Schools constitute "visiting forces" within the meaning of The Visiting Forces (British Commonwealth) Act 1933, Chapter 21 of the Statutes of 1932—33. By an Order-in-Council under Section 6 of that Act, the Governor-in-Council has declared that these Royal Air Force Training Schools in Canada shall serve together and act in combination with the Royal Canadian Air Force in Canada. An Order to the same effect has been made by the United Kingdom authorities, under the United Kingdom Statute of the same name.

There is no superior Royal Air Force formation in Canada, and these Royal Air Force Training Schools have been placed under the command of the Canadian Air Officers commanding the respective areas in which the Schools are located.

2. The Moose Jaw airfield in question was not acquired or purchased in the ordinary sense of the word. It is used and operated by the Royal Air Force under an arrangement whereby the Government

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of the United Kingdom has assumed liability for all costs of maintenance and construction.

3. (a) It is assumed that by "prepare the ground" is meant the construction of the areodrome. This was constructed by the Department of Transport, the contractor being the Bird Construction Company.

(b) The construction within the Royal Air Force building area was by the Department of National Defence for Air, the contract to erect the building being held by Carter-Hall-Aldinger Company, Limited, of Winnipeg, Manitoba.

4. Up to the present time the sum of $578,348 has been paid for the construction of the aerodrome.

Up to the 5th December, 1940, the sum of $950,588.40 had been paid for the construction of buildings, parade grounds, roads, aprons, the erection of fences, the provision of water and sewage services within the Royal Air Force building area.

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FILE:

BELGIUM -- NETHERLANDS

C 268550

1) Belgium - Netherlands

2) Belgium

3) Netherlands

4) Canadian Minister to Belgium

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Belgium-N.

"R"

TELEGRAM

C 268551

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE LONDON, November 9th, 1939.

MOST SECRET

CYPHER

NO. 628.

No. 628. Most Secret. Evidence from Diplomatic and Secret Service sources accumulates that Germans are likely to undertake major operations within a week. Both Dutch and Belgian Governments are making preparations against possible attack including certain measures involving demolitions and inundations.

MASSEY

Rec'd Ottawa: 3.30 P.M.

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"R"

Belgium N

TELEGRAM C 268552

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET

CYPHER

LONDON, November 9th, 1939.

CIRCULAR D. 72.

Circular D. 72. Most Secret. Following for your Prime Minister, Begins:

Belgium and Holland

1. French Government state that Belgian Government have informed them that if Belgium were assured of French assistance she would make common war with Holland in event of German invasion of the latter. French Government replied France would give Belgium such assistance as lay in her power which must however be very limited as French army could not march into Belgium and expose itself on an unprepared front. French Government requests His Majesty's Government to provide for necessary Air Forces.

2. French Government are anxious for identic Franco-British attitude to Dutch-Belgian mediation offer. They consider situation has not been changed since we replied to Hitler's peace offensive and that our reply can only be the same.

3. His Majesty's Ambassador at Brussels asked the Minister for Foreign Affairs what the attitude of the Belgian Government would be if Holland was attacked. Minister for Foreign Affairs enquired whether France and Great Britain were prepared to send a force to defend Holland. He thought Belgian

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TELEGRAM C268553

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

Government would consent to our sending troops across Belgium; military contacts may, he hoped very shortly be established in Paris. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa: 7.20 P.M., November 9th, 1939.

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Belgium. - N.

Paraphrase of Cypher C 268554

TELEGRAM

From THE CANADIAN MINISTER IN BELGIUM

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

CYPHER

No. 75

BRUSSELS, November 10, 1939.

No. 75. November 10th. In Holland no new development except that reports are made that Germans are building bridges on rivers near Dutch border. In Belgium hope is still entertained in official circles that Belgium might be spared even if Holland is invaded. Would explain reluctance of Belgian Government to establish military contact with Dutch and Allies is in order to maintain strict neutrality until the last moment.

CANADIAN MINISTER

Received Ottawa 11. p.m.

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R

"R"

Belgium. - N. -

TELEGRAM C 268555

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE LONDON, November 10th, 1939.

MOST SECRET & PERSONAL

CYPHER

CIRCULAR D. 74.

Circular D. 74. Most Secret and Personal.

My telegram November 9th, Circular D. 72.

Following for your Prime Minister, Begins:

Following instructions were telegraphed this morning to His Majesty's Ambassador at Brussels, Begins:

Trend of recent events seems to point clearly to possibility of imminent attack by German forces either on Holland or Belgium. In either event it would be essential that resistance of Belgium and Holland should at once be supported by forces of France and Great Britain. In order that such support if requested may be effective, it is most urgent that plans should be concerted now without further delay with Belgian military authorities.

2. Delay may well prove disastrous and involve losses of territory and man power which may be irrecoverable.

3. We could not render full aid which we anticipate Belgian Government may seek and which French Government and we should desire to give unless plans are made immediately.

4. Please speak at once to Minister for Foreign Affairs in above sense. Ends.

read

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa: 11.25 A.M.

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R. "R" Belgium - N.

C 268556

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET & PERSONAL

CYPHER

LONDON, **November 10th, 1939**

Circular D. 79.

Circular D. 79. Most Secret and Personal. Following for your Prime Minister, Begins:

My telegram Circular D. 74. French Government have made similar communication to the Belgian Government, and in response to urgent appeal a French General will go to Brussels at once for military discussions. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Received Ottawa 5 p.m. November 10th.

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R

Belgium - N.

C268557

"R"

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET AND PERSONAL

CYPHER

CIRCULAR D. 81.

LONDON, November 11, 1939

Circular D. 81. Most Secret and Personal. Following for your Prime Minister, Begins:

My telegram Circular D. 79. His Majesty's Ambassador at Brussels understands from French Embassy that statement that French General will go to Brussels must be a mistake and that it is an exaggeration to say that M. Spaak is appealing for military conversations. Ends.

SECRETARY OF STATE
FOR DOMINION AFFAIRS

Received Ottawa
11.00 a.m.

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R

"R"

Belgium -N.

TELEGRAM C 268558

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET & PERSONAL

LONDON, November 11th, 1939.

CYPHER

CIRCULAR D. 83

Circular D. 83. Most Secret and Personal. Following for your Prime Minister, Begins:

Belgium

My telegrams Circular D. 79 and 81. There appears now to be no question of visit of French general to Brussels, but Belgian Chief of Staff has been authorized to discuss matters with our Military Attache and Belgian Military Attache is reported to have seen Gamelin. Belgian Minister for Foreign Affairs has indications of possible German intention to enter Luxemburg. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa 7:17 P.M.

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R

"R"

Belgium - N.

TELEGRAM C 268559

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

LONDON, November 12th, 1939.

MOST SECRET & PERSONAL

CYPHER

CIRCULAR D. 84

Circular D. 84. Most Secret and Personal. Following for your Prime Minister, Begins:

Belgium - Holland

1. It appears that the King of the Belgians, in his capacity as Acting Commander -in-Chief, has delegated authority to his principal Aide-de-Camp, General Van Overstraeten, to conduct military conversations with the British Military Attache in Brussels who is allowed no contact with the Chief of the General Staff. Contact with the French is being arranged through the Belgian Military Attache in Paris and General Gamelin. According to General Van Overstraeten the Belgian Military Attache had been very well received by General Gamelin and had obtained a satisfactory indication of Allied plans for support of the Belgian army.

2. General Van Overstraeten doubts whether King Leopold would agree to tripartite conversations.

3. Germans have been evacuating women and children and effects from their Brussels Embassy. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa 5:15 P.M.

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R

Belgium
-N.

C 268560

TELEGRAM

From THE CANADIAN MINISTER IN BELGIUM

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

BRUSSELS, November 12th, 1939

IMMEDIATE

CODE

NO. 78

No. 78. My telegrams No. 76 and 77.
Please cable whether I am authorized to give notice to Canadians in Belgium and The Netherlands suggesting that they leave the country if they can.

CANADIAN MINISTER

Received Ottawa 11.26 a.m.

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R.

Belgium -N

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TO: THE CANADIAN MINISTER, CANADIAN LEGATION, BRUSSELS

C 268561

MOST IMMEDIATE

CODE

Ottawa, November 12th, 1939.

No. 51

Your telegram No. 78. Wide prominence was given in both Canadian and United States press to advice alleged to have been given by you on Friday and it was put forward as official recognition of the seriousness of situation. We issued to Canadian Press Saturday denial that you had given any such notice. I doubt necessity of any special message to Canadians in view of (1) what I assume are very small numbers compared with United Kingdom nationals, (2) fact that they must all be aware of situation and (3) notice to British subjects in Belgium already given by Consul General. Apparently no British notice has been issued in Holland. It is not desirable for Canada, which has so few nationals there, to take any action which will be quoted as conclusive evidence of coming invasion of either country. If you have reached conclusion that there are Canadians in either country who are postponing action pending word from Legation and if British Embassy or Consul General has issued notice to British subjects in the country regarding which you wish to give notice, I would be prepared to consider your taking action by calling attention to notice so issued by United Kingdom authorities. As at present advised and particularly in view of absence of any public statement of alarmist character by the Government of either country I do not consider it is now necessary to issue notice . I shall, however, be glad to give immediate consideration to any further report or suggestion you desire to make. Ends.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

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2.

Belgium. - N.

TELEGRAM O 268562

From THE CANADIAN MINISTER IN BELGIUM

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

IMPORTANT

BRUSSELS, November 13, 1939.

CODE

NO. 79.

No. 79. Your telegram No. 51. No action of any kind will be taken by us in the Netherlands and Belgium until we have consulted you further. Should like to add that circular letter was sent Friday to British subjects in the Netherlands by British Consul General inviting them to consider the advisability of taking necessary steps to remove elsewhere and asking them whether they wish to leave independently or be evacuated or remain under all circumstances. French nationals in Holland were also advised in the same sense.

Pred Wlmr Nov 16 39

CANADIAN MINISTER

Rec'd Ottawa: 11.15 A.M.

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"R"

Belgium - N.

TELEGRAM C 268568

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET LONDON, November 19, 1939.

CYPHER

UNNUMBERED

Unnumbered. Most Secret. Following for your Prime Minister, Begins:

Principal object of meeting of last Friday of the Supreme War Council was to ascertain whether policy which governs the employment of Franco-British Forces in the event of a German invasion in the near future of either Belgium, or alternatively of Holland with Belgium intervening on our side. There was a general feeling that these contingencies were not as imminent as they had appeared the previous week, but that possibility could not yet be ignored. There was complete agreement on all points.

The press notice issued after the meeting referred to arrangements which have been made by the Allies for the pooling of all their resources. These arrangements, which arose out of discussions at an earlier meeting of the Supreme War Council, had been concerted after exhaustive examination by technical experts. It was thought that Friday's meeting of the Supreme War Council was a suitable occasion on which to announce their completion.

At the end of the meeting, the French representatives urged that the possibility of a German offensive in southeast Europe should not be overlooked, and it was agreed

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TELEGRAM C 268564

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON,

that the question of action which should be taken by the Franco-British military, naval and air forces in various contingencies which might arise in that event, should be the subject of constant study by military experts of both countries working in conjunction with each other. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa 4:40 P. M.

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C 268565 11

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GERMANY. January 8, 1940.

CONFIDENTIAL. SECTION 3.

[C 434/31/18] Copy No. 036 a

Viscount Halifax to Sir L. Oliphant (Brussels).

(No. 13.)

Sir, *Foreign Office, January 8, 1940.*

I ASKED the Belgian Ambassador to come and see me to-day, and told him that about a week ago His Majesty's Government had obtained the impression from certain quarters in Italy that, while in November last they had felt fairly sure that there would be no attack on Belgium and Holland by Germany, they now felt less sure. I added that this information was supported by other information which had come to us from two secret sources, and that the estimated date for the attack was some time in February. I told the Ambassador that we had all lived on dates for some time past, and that His Majesty's Government had no desire to be perpetually crying "wolf." I understood that the French Government for their part considered these rumours as possibly connected with some further peace offensive.

2. None the less I thought it well to pass on this information and to suggest that, as we saw it, the strongest insurance against such a danger would be for the Belgian Government to declare now that if the Netherlands were attacked Belgium would be drawn in. I said that I hoped it was not presumptuous of me to say so much, but it seemed to me that some such statement by the Belgian Government might strengthen the hand of the German generals who, I understood, were on the whole opposed to an invasion of the Low Countries, and whose opponents habitually declared that the Dutch were divided and that the Belgians would not mind if Holland were invaded.

3. Baron Cartier thanked me for giving him this information and reminded me that the Belgian Counsellor had recently passed on to Mr. Strang somewhat similar information which the Belgian Government had received. Speaking personally, he said that he quite took my point and that he thoroughly agreed that some such declaration as I had suggested would be the most effective deterrent to the German Government. In his view it would be highly dangerous for the Belgian Government to say nothing, and the sooner they said something the better. He promised to find some way of passing on what I had said to the appropriate quarter in Belgium. He himself was shortly going to Brussels, but he did not think that this was a matter which could wait. He said that he thought that it was perhaps a good thing that the Netherlands Government had recently declared that Holland would fight if she were invaded, since the Belgian Government, in making a statement on the lines proposed, might be regarded as simply keeping in step with the Netherlands Government.

4. The Ambassador then remarked that the Finns had rendered humanity a great service by destroying the bogy of Russian strength. He supposed, however, that, since His Majesty's Government were sending so much help to Finland, they were unable to help Belgium by sending material. He wished to point out, however, that German aircraft repeatedly flew over Belgian territory and, for lack of anti-aircraft guns, the Belgians could do nothing. If only we would sell them a few anti-aircraft guns, they would be well utilised, and he thought he need hardly assure me that it would be, incidentally, to our own advantage to do so. I said that I would do what I could, by mentioning this matter in the right quarter, and that I certainly appreciated the importance of what he said.

5. Before he left, I asked Baron Cartier his opinion of the new Belgian Cabinet. He told me that, besides M. Spaak, the Minister of Finance and the Minister of Justice were both excellent men. It was his country's misfortune,

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however, that there were too many politicians, all of whom expected to receive a portfolio after about six months' experience. He said that he hoped that the resignation of Mr. Hore-Belisha had nothing to do with our policy towards Finland; and I assured him that it had not, and that it did not imply any change of military or foreign policy.

I am, &c.
HALIFAX.

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C 268567 12

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GERMANY. January 8, 1940.

CONFIDENTIAL. SECTION 2.

[C 435/31/18] Copy No. 036a

Viscount Halifax to Sir N. Bland (The Hague).

(No. 15.)

Sir, *Foreign Office, January* 8, 1940.

I ASKED the Netherlands Minister to call this afternoon, and told him that I had some information to pass on to him, which might or might not be new to his Government.

2. I said that we understood from certain quarters in Italy, which had been convinced in November last that there would be no attack on the Netherlands and Belgium by Germany, that they were now less sure of this. We should not attach so much importance to these reports were it not that they were supported by other information which had come to us from two secret sources, the general impression being that the date for the German attack was some time in February. Naturally the last accusation to which I would wish to expose myself was that of crying "wolf." I understood that the French Government for their part considered these rumours as possibly connected with some further peace offensive. But I thought it as well to pass on this information quite unofficially for what it might be worth. I told the Minister that I thought that the declaration made by the Netherlands Government on the 6th January, to the effect that any attack on the Netherlands would meet with obstinate resistance, was much the best way of staving off any invasion that might be in the offing. It was our information that there was some difference of opinion between the German Government and the German generals with regard to the wisdom of an invasion of the Low Countries, and the more reasons the generals could be given for showing that such an invasion would not be an easy matter, the better chance there would be of their view prevailing.

3. Jonkheer Michiels thanked me for my information, which he said he accepted in the spirit in which it was offered, that is to say, simply as information. He himself had received a somewhat similar report from a private industrial source, though the date given to him had been the beginning of March. German agents in the Netherlands had for some time been trying to spread the idea that, if German troops simply passed through the Maestricht appendix, there would be no need for Holland to oppose them. The recent declaration by the Netherlands Government had, however, been intended to show that the invasion of any part of Dutch territory would be opposed.

4. When I suggested to the Minister that I thought it might perhaps be helpful if the Belgian Government were to declare that if the Netherlands were invaded it would be a matter of direct interest to Belgium, who would inevitably be drawn in, he replied that the Belgian Government had not yet said anything of the sort, though he personally thought that if they were to do so it would be a very good thing.

I am, &c.
HALIFAX.

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"R"

Belgium - N.

TELEGRAM C 268568

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

IMMEDIATE

LONDON, January 14th, 1940.

MOST SECRET

CYPHER

CIRCULAR D. 23.

Circular D. 23. Most Secret. Following for your Prime Minister, Begins:

His Majesty's Ambassador at Brussels was informed at midnight on January 13th by Belgian Ministry for Foreign Affairs that Belgian Government had grave reason to expect immediate attack by the German Army along the whole line, Holland-Belgian-Luxemburg, and that in such eventuality the Belgian Government would look to United Kingdom and French Governments to support them.

2. His Majesty's Ambassador has been instructed to inform Belgian Government that His Majesty's Government in the United Kingdom are determined to fulfil undertaking of assistance given Belgian Government and that in view of situation it is vitally necessary that Anglo-French-Belgian staff conversations should immediately take place. Ends.

LK

SECRETARY OF STATE FOR DOMINION AFFAIRS

Rec'd Ottawa: 5.55 P.M.

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Belgium - N.

C [redacted]

TELEGRAM

From THE CANADIAN MINISTER IN BELGIUM

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

BRUSSELS, January 14th, 1940

CODE

No. 4.

No. 4. In view of the developments in international events and in particular of recent frequent flights of German aeroplanes over Belgian territory, reports of important movements of German troops along Dutch frontier, and German Minister Frick's declaration that the German Government was about to take a far-reaching decision and resort to force to bring quickly to an end outstanding disputes with Great Britain and France, Belgian Government called up, Friday, Saturday and again this morning, numerous fresh (troops word omitted), including reservists of Phase "D" of Mobilisation Plan. At the same time, all soldiers on leave were ordered by radio to join their units and further war material was moved to northern and eastern frontiers.

It is significant that "Vingtieme Siecle", newspaper of Prime Minister Pierlot, reiterated this morning the complaint which was so deeply resented in these (quarters? word omitted) last week that certain western countries by refusing to accept the same sacrifices as Belgium had now become the cause of anxiety for their neutral neighbours. I.E. Holland

CANADIAN MINISTER

Received Ottawa 4.55 p.m.

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"R" C 268570 Belgium - N.

TELEGRAM

From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST SECRET LONDON, January 15th, 1940.

CYPHER

NO. 50.

No. 50. Most Secret. The Dutch and Belgian Governments are thoroughly alarmed over new German menace. It is still possible, however, that the Germans do not plan immediate attack but have only made one more move in the war of nerves. There is no apparent increase in the forty-four German divisions recently massed against the frontiers of the Low Countries. It is the view of the Chief of the General Staff here that although existing low temperatures might induce the Germans to launch attack, conditions are not altogether favourable particularly on icy roads in the Ardennes. The existing frost in Holland would not impede inundation as defensive measure. The Allied High Command most anxious that the political situation will make it possible for Allied forces to occupy Namur, Wavre, Antwerp line before any German attack could be launched.

MASSEY

Rec'd Ottawa: 7.20 P.M.

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Belgium-N.

C268571

CANADIAN LEGATION

61 Nieuwe Parklaan

The Hague.

January 18th, 1940.

No. 24.

Sir,

I have the honour to submit below a brief review of the recent "alarm" which has disturbed the Netherlands and Belgium. Telegraphic reports, to be followed by despatches, have gone forward from the Brussels Legation describing the situation as affecting Belgium in particular, and as seen from that post of observation. The present summary will therefore be mainly confined to the situation as affecting Holland and as seen from the Hague. Needless to say, closest contact by telephone, several times each day, was maintained between the Legations in Brussels and The Hague, and with Paris; and constant touch was also kept with the diplomatic circles in each post.

1. The Recent Crisis Background.

2. Apparent evidence of a new danger to Holland can be constructed, as has been done by various foreign press correspondents in Holland, by piecing together a number of disparate facts. These include the following:-

i. The number of German troops opposite the Dutch frontier has recently been increased, and is said to include infantry troops, mechanized units, cavalry units, heavy artillery, and other specialized services, all designed for specialized operations on this front.

The Right Honourable,

The Secretary of State for External Affairs,

OTTAWA.

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ii. The frequency of supposedly German flights over Holland has increased during the past fortnight. (See despatch No. 20 of Jan. 16). German flights have also increased in violation of Belgian neutrality.

iii. The accusation (denied by the Dutch authorities) of a Dutch flight over German territory on Jan. 13th is interpreted as an attempt to create an offense justifying reprisal, the technique familiarized in Germany's relations with Czechoslovakia and Poland.

iv. The declaration of the Dutch Government on January 9th as to Holland's determination to resist any attack (despatch No. 8 of Jan. 8), followed by the radio address of Jonkheer B.C. de Savornin-Lohman on January 12th with the same import (despatch No. 23 of Jan. 17), is interpreted as indicating an intensified need of such reassurances. If the danger were not great, it is argued, why was it necessary to make new declarations?

v. The relatively long spell of freezing weather, might have been regarded as offering a more favourable condition for German military operations in the Low Countries; but this supposed advantage was offset on January 12th-14th by Dutch utilization of ice in their own unique defense plans, (See despatch No. 22 of Jan. 17th), and was further offset by the temporary thaw of January 14th which badly softened all the approaches that German troops might have tried to use. (a new frost on January 16th, however, partly annulled that momentary change of condition).

vi. An examination of the press of the past week shows that an increased tension was being developed by reports, tendentious or otherwise, from various sides, by correspondents and foreign press circles. (see despatch No.16 of Jan. 11). The German press now point to these reports as being a deliberate fomentation, mainly on the part of Gt. Britain and France, of a hostile attitude toward Germany in neutral lands.

All these factors, when pieced together into a single fabric - or exaggerated fabrication - were regarded as omens by the more pessimistically inclined.

3. On the other hand, as represented to you in a number of recent despatches from this Legation, these seemed reason to discount these omens - at last as regards an imminent attack on Holland. The diplomatic

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corps almost entirely, and the Dutch government officials almost unanimously so far as they expressed their views openly, were inclined to minimize any immediate danger to Holland, and regretted any tendency toward nervousness or alarm. The "notice" of Holland's determination to resist any attack was considered salutary to the international situation; the moral support of common interests between Holland and Belgium, if not sealed by any formal political or military accord, was at least regarded as a strong and cohesive factor, in confrontation of a common danger. The general military and international situation seemed to offer little promise of advantage to Germany for an invasion of the Low Countries: so much so that on January 15th a political correspondent in Copenhagen wrote in "Politiken" that "One thing is definite. In Germany they find it inconvenient to launch an offensive via Belgium and Holland", and a number of other foreign papers took the same confident tone. The sudden thaw of January 14th - 15th seemed to remove any supposed advantages which might have accrued from frozen conditions, though these advantages were themselves hypothetical. Above all it is recognized that such a German attempt on the Low Countries would be rash, inexpedient and foolhardy, and can offer little political or military advantage to Germany in the long run.

2. <u>The Alarm</u>.

4. The foregoing factors, whether regarded as unrelated incidents or as parts of a single pattern, had not actually aroused any special alarm in either Belgium or Holland, until one or two other events seemed to bring them all into sudden focus.

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A) 5. One of these new factors, it is suggested, was the disclosure alleged to have been made in Rome. According to information passed on, among others by the Japanese Minister in The Hague to me personally, certain German plans for an attack on the Low Countries, either on Saturday Jan. 13th or Wednesday Jan. 17th, became known to Italian diplomatic circles, and this information was privately given to French diplomatic circles who relayed it to Paris. The French Foreign Office is then alleged to have confidentially communicated the information to the Belgian Government or their Ambassador in Paris, and to the Dutch Government or their Minister in Paris. In support of this supposition is the fact that in Rome Count Ciano saw the French Ambassador on Jan. 12th; and in Paris the French President saw the Dutch Minister on Jan. 13th and M. Daladier saw the Belgian Ambassador on Jan. 15th. It is also significant that Dr. Colijn, the former Dutch Prime Minister now concerning himself with the League of Nations coordination plans for assistance to Finland, was in Rome for five days; he saw Count Ciano on Jan. 12th, and also the French Ambassador in Rome; on the 14th he stopped off in Paris for a day, and then hastened back to The Hague on the 15th. I am also informed privately that closest diplomatic contacts have been maintained between the Vatican (now in intimate touch with the Fascist Government) and the Papal representatives in Paris, Brussels and The Hague; and through these channels some diplomatic information may well have been passed on to interested governments.

6. Supporting this explanation is the fact that after the "alarm", the German press, obviously inspired, unitedly raised an angry criticism against France for having "given the show away" to the neutral

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Low Countries. This charge against French "intervention" would seem to substantiate the suspicion that Belgium and Holland actually received some form of warning from French sources, which in their turn may have obtained information from Italy.

7. Against this interpretation may be quoted the following excerpts from the London TIMES of January 16th and 17th:

> " The claim that it was a French, or mainly French, scare carries no conviction at all, particularly in Belgium, where the alarm was first sounded on information that came solely from Belgian sources, according to an explicit statement made officially in Brussels yesterday."
> (Jan. 17th)

> " A statement by the German News Agency insinuating that the Belgian and Dutch precautions had been prompted by British and French suggestions was commented on as follows by authoritative quarters at The Hague: 'Nothing is known in Holland about the alleged divulgation of information of this nature from British or French sources'. The "Algemeen Handelsblad" said: 'We have eyes ourselves and a sufficient quantity of common sense .... We do not need any whispering campaign to be on the alert'. It is learned that, contrary to the German allegations, the visit of the Netherlands Minister to President Lebrun on Saturday had no connexion whatever with the international tension."
> (Jan. 17th)

> " There seems to be no foundation for the report that the military precautions taken by Belgium and Holland were due to a direct Italian warning, which would presuppose a 'double-crossing' by Italy of her German ally quite inconsistent with all recent official declarations of the relations between the two partners to the Rome-Berlin axis."
> (Rome. Jan. 16th)

> " The talks which the former Prime Minister, Dr. Colijn, had in Rome, where he met Count Ciano and Signor Bottai, naturally attracted attention (in Holland). It is believed that these talks included more than the avowed discussions about the work of the League of Nations Economic Committee but it is regarded as going too far to conclude that Dr. Colijn received positive warnings, about alleged German invasion plans. It is likely, however, that Dr. Colijn inquired what the Italian attitude would be if such an attack was directed against the Low Countries by either belligerent party."
> (Jan. 16th)

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B) 8. . Whether or not a distinct diplomatic warning was relayed either from Italy or from France to the Low Countries, a much more definite piece of information fell into the hands of the Belgian Government on Jah.11th.

This was the capture of important German documents, including photographs of the Albert Canal - one of Belgium's chief strategical assets, - and a complete set of Supreme Command instructions for an invasion, at a blank date, which were being carried by courier from Berlin to German Army headquarters in Cologne, Through the forced landing of the German plane carrying the courier, accidentally on Belgian territory due to loss of direction in fog, on Jan. 11th, these incriminating documents were seized; the German officer vainly attempted to destroy them, and afterwards vinly attempted to kill himself in expiation for their loss. This explanation, detailed by foreign military attaches in Brussels and The Hague, may err in minor particulars, but seems in general to have been the signal to the Belgian and Dutch governments (who are in closest touch with each other) to take promptest precautionary defense measures.

3. Reactions in the Low Countries.

9. The reaction to the discovery of this alleged German plan of invasion, in Belgium are outlined in telegrams and despatches from our Brussels Legation. The reactions in Holand seem mainly to have been repercussions, a day later, to Belgian measures. In Belgium certain measures were taken on Saturday January 13th; in Holland parallel action followed on Sunday the 14th. On Sunday morning a special Cabinet meeting was held at The Hague, and while it was still in session, instructions were issued cancelling new army leaves except in certain business classes. The official communiqué issued at noon by radio read:

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"Certain less favourable symptoms having appeared in the international situation, the Government has decided to be prepared for all eventualities and not to permit any military leave for the time being." Troop dispositions, transport facilities and frontier defenses were furthrer organized. The Dutch Government later ordered a complete black-out in future at Den Helder, the naval base facing the island of Texel. On January 17th announcement was made in the official gazette that the areas already under a "state of siege" (see despatch No. 107 of Nov. 3,· 1939) has been extended in certain coastal areas in South Holland province.

10. Notwithstanding these precautionary measures, reinforcing those taken at the time of the November crisis and constantly improved since then, the Dutch press and people were unexcited by the fresh developments and remained much more calm than in November. They seemed far less convinced, over this week-end, of the gravity of the new menace than they had been on the former occasion in November last.

4. A Bluff?

11. By Tuesday the 16th and Wednesday the 17th there was a growing tendency to suspect that this present crisis was an elaborately staged "scare" by Germany, to threaten the Low Countries once more into an acquiescent and compliant attitude and to compel them, under threat, to yield to German economic and commercial demands. This view obtained currency in France, England and the United States. The London TIMES, for example, stated on Jan. 16th:

> " It is remembered that the Germans manufactured an elaborate scare last November, when the Low Countries had quite naturally to take precautions. It would not be the first time that the Germans, adepts at threats and bullying, had kept small countries in a state of false alarm for a long time in order that, when the real danger was suddenly upon them, they should be off their guard .... There are some who believe the present heightened tension to be due simply to a variant of the same tactics - particularly as the Germans are reported

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to be hoping to call a conference of Scandinavian and Low Country representatives to 'discuss' trade matters."

A Paris despatch of the 15th, in the same paper declares:

" Although the wisdom of precautionary preparation by Holland and Belgium is unquestioned here, the general verdict appears to be that these periodic outbursts of tension are being deliberately provoked by Germany to play on the nerves of nations whose attitude of correctness in the matter of neutrality fails to hide the bent of their moral sympathies."

12. While it is not possible to determine the degree of reality in the ostensible danger thrust upon the Low Countries during the past week-end, and while in both Belgium and Holland vigorous measures were taken to meet any contingencies, the psychological impression here is that it was a further "false alarm" deliberately designed to keep the neutrals in a state of nervousness, and possibly, by such repetitive tactics, to leave them off their guard when a real attack takes the place of these prearranged feints. It is impossible to verify this interpretation.

13. In any event, it seems clear that, instead of throwing the Low Countries into consternation, the alarm has strongly reinforced their precautions and consolidated their determination. It has brought into even closer accord and coordination the Governments and Army Commands of Brussels and The Hague; it has strengthened the potential support that would undoubtedly be offered by France and Britain in the event of invasion; it has reportedly increased the distrust of Germany of public opinion in the United States; and it has had further salutary influences on the public spirit of the Dutch people who are slow to react but strongly determined when aroused. The Dutch are by degrees becoming inured to intimidation and alert to any further threats. The behaviour of Finland is a heroic example to the equally stubborn patriots of Holland.

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14. The fact still remains, however, to which all impartial observers and diplomats are agreed, that a German attack on Holland or Belgium, or both, would be an inexpedient if not fatal mistake for Germany, especially at this time when Germany is concerned over the situation in Scandinavia; and it is reliably reported that even in certain high German army circles they are also aware of the imprudence of an assault on the Low Countries. This does not remove the possibility of a desperate or misjudged "gambler's" chance" on the part of Herr Hitler. As Sir Nevile Henderson has pointed out in the report of his mission in Berlin (Cmd. 6115, Para. 18), when Hitler hesitates to force an issue in some direction because of indecision or realization of the risk, he is liable to be pressed by the extremists around him into a reckless forward policy.

I have the honour to be,

Sir,

Your most obedient servant,

Jean Desy.

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Belgium.

C268579

CANADIAN LEGATION

61, Nieuwe Parklaan

THE HAGUE

January 23rd, 1940

No.25.

Sir,

In continuation of Mr. Désy's despatch No. 24 of January 18th concerning the recent "alarm" over German intentions toward Belgium and Holland, I may add that while this alarm spent itself within a few days after Belgian and Dutch military precautions had been quickly effected, the belief has grown that the whole alarm was a framed-up affair by German authorities.

2. Ever since the Athenian Wars, faked military plans purporting to indicate a contemplated scheme of operations or attack, have been employed in every major war, and were used on various occasions during the last World War. Needless to say, the staging of these deceptions becomes more elaborate with each advance of military technique and intelligence services. It will be recalled that the present German Government have employed these arts of staging, with most careful elaboration, in the Reichstag fire, and probably in the Munich bomb plot; as well as in other concocted "incidents" carefully arranged to suggest hostile machinations or to mislead the "enemy".

3. It is now believed, though as yet confirmed, that the capture of German military documents from a landed German aeroplane in Belgium on January 11th was a similar feint. The action of the courier, a German officer, in disobeying his instructions to travel

The Right Honourable
The Secretary of State
for External Affairs,
OTTAWA.

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by train to Cologne, and in choosing to accept a "lift" in a friend's aeroplane; the "accidental" loss of direction and forced landing in Belgium; the casual manner in which the courier walked to a farm-house to obtain matches for burning his documents or destroying his machine; the carelessness with which he failed to burn or destroy his documents; the manner in which the pilot and courier allowed themselves to be captured and to let their papers fall into Belgian hands; all this suggests that the whole business was prearranged. Apparently there has so far been no official German comment, protest, or reproach of the German officer who thus broke discipline and acted contrary to his ostensible instructions.

4. The military correspondent to the "Groene Amsterdammer" (weekly, January 20th issue), reviewing the whole episode of the state of tension, infers that the alarm was provoked by Germany herself. He writes in part:

> " A very important factor, bearing on the evaluation of information, that resulted in the precautionary measures, - now as in last November - is the fact that the news of a possible offensive came from Germany itself. Such information, from such a source, could of course be of very great importance, if it were not that all such information from German sources <u>is given intentionally by the German Government</u> ....
>
> The pilot concerned must have acted on the instructions of his chiefs, and the documents were meant to fall into the hands of the Belgian authorities. It is easy to see that this method of "planting" news is of great advantage to those who employ it. By applying these very reasonable tactics, the information service of the opponent and the neutral foreigners is lamed as these services get only that information which the German Government wishes them to get .....
>
> Abroad there will always remain the doubt; "One never knows whether this time the 'planted' information may be true." ..... The task therefore of the Intelligence Service in neutral countries, is noticeably more difficult."

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5. If this well-staged "accident" were a bluff - as is now suspected in Holland, Belgium and Allied circles - it is still difficult to determine its purpose. It is an undeniable fact that German military concentrations opposite the Belgian-Dutch frontier have now assumed colossal proportions. Travel across the frontier is now almost prohibited; great secrecy is being observed in the German frontier sections; electrified barb-wire mesh fences are reported to have been extensively constructed along the border by the Germans to keep out spies and unauthorized travellers. The preparations behind the neutral frontiers are indeed alarming. But the effect of the "exposure", by military documents planted in Belgium, was merely to strengthen Belgian and Dutch counter-measures and improve their means of defense, and thus to thwart any contemplated future "Blitzkrieg" in these regions. It also served to reinforce the mutuality of defense-plans between Holland and Belgium, and potentially, between these neutrals and the Allies.

6. At present the only interpretation is that the German authorities sought to "test" how far those reactions and that mutual cooperation, would be pushed. In this way, supposing that all defensive measures by the neutrals would now be completed in consequence of this alarm, the German military authorities would be able to estimate the final amount of cooperative resistance by Belgium and Holland they would have to prepare to overcome, in their next and ultimate invasion. There is therefore some reason to anticipate that a new German threat, if and when it comes, may be a genuine one, based on the calculations of ultimate resistance now being made.

7. As to the possibility of creating a "crisis" in the direction of the Low Countries in order to screen

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German military plans or intended operations elsewhere, subsequent developments have revealed no inclination on the part of Germany to take advantage of any consternation or concern in the Low Countries for launching a movement in some other direction. Nor does it appear that any political end has been served either in intimidating Holland or Belgium, or in inveigling them into unneutral acts, or into recourse to Allied help. While, therefore, the recent alarm may have been a subterfuge, no immediate consequences of use to Germany are visible.

8. The unpleasant fact remains, however, that German concentrations are reported to be still accumulating opposite Belgium and Holland, where according to some reports, nearly a million men, supported by complete mechanized units, are assembled along approximately an 85-mile front. Assuming that the Siegfried and Maginot lines are so impregnable as to frustrate any direct offensive on the Westwall, the presence of the main German army along the more vulnerable neutral frontiers is a matter of apprehension, notwithstanding the military as well as political difficulties of a German invasion which have repeatedly been emphasized in previous despatches.

I have the honour to be,

Sir,

Your most obedient servant,

K.P. Kirkwood.

Chargé d'Affaires a.i.

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Belgium - Netherlands

C268583

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM.
Earnscliffe,
OTTAWA.

950H/51

21st March, 1940.

MOST SECRET AND PERSONAL.

My dear Prime Minister,

I have been asked to convey to you the information contained in the accompanying Memorandum and, in so doing, to draw your special attention to the highly secret and personal nature of this information.

Yours sincerely,

Malcolm Campbell.

The Right Honourable W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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MEMORANDUM.

MOST SECRET AND PERSONAL.

1. The Belgian Minister for Foreign Affairs on March 16th asked His Majesty's Ambassador what the attitude of the United Kingdom and France would be if the Germans attacked the Netherlands without attacking Belgium. The Minister for Foreign Affairs recalled that in a speech on December 19th he had said that the position of the Netherlands would not be a matter of indifference to Belgium; it would be parlous if the Netherlands were to apply to the United Kingdom and France for help and nothing had been decided in advance.

2. Sir L. Oliphant was on March 19th instructed to inform the Minister for Foreign Affairs that the United Kingdom Government appreciate his enquiry and will give a definite answer after consulting the French Government, but that their immediate reaction is as follows:

(a) If in the event of a German attack on the Netherlands Belgium went to the assistance of the Netherlands the United Kingdom Government are in no doubt whatsoever that the Allies would immediately come with all force to help Belgium.

(b) In view of the Minister for Foreign Affairs speech of December 19th the United Kingdom Government would be unwilling to assume that, in the event of a German attack on the Netherlands, the Belgian Government would not immediately give active assistance to that country, but in the unlikely event of the Belgian Government deciding on such a course the United Kingdom Government think that the Allies, would in response to a request for assistance from the Netherlands Government, go to the assistance of the Netherlands by operating Air Forces across Belgium, and that they would also think it necessary to send troops into Belgium, with a view not only to protecting themselves but also to giving all possible assistance to the Dutch.

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(c) In either event the measure and method of this assistance would depend largely upon the character of the military dispositions taken by the Netherlands Government. As to these the United Kingdom Government have no adequate knowledge, and without this knowledge assistance cannot be rendered without what might be dangerous delay. It would be helpful therefore if the Belgian Government could inform the Netherlands Government of the enquiry made of the United Kingdom Government and suggest that the Netherlands Government should at once furnish the United Kingdom Military authorities with all necessary information. His Majesty's Ambassador was to inform the Minister for Foreign Affairs also that the United Kingdom Government propose themselves shortly to approach the Dutch direct.

3. His Majesty's Minister at the Hague has been instructed to make the following communication to the Netherlands Government if the French Government concur: after informing the Netherlands Government of the Belgian enquiry and reply His Majesty's Minister will say that while the United Kingdom Government are not asking the Netherlands Government in the present circumstances to engage themselves definitely in advance, they would be glad to know what is likely to be their attitude to a proposal that, in the event of a German attack on the Netherlands, the Allies should come to their assistance, and that in the view of the United Kingdom Government a pre-requisite of Allied assistance would be not only consultation between the Netherlands and Belgian Governments but also between the Netherlands Government and the Allied Governments.

4. His Majesty's Minister in Paris has been instructed to inform Monsieur Daladier personally and in the strictest confidence of the enquiry from the Belgian Government and the reply and of the instructions to the Hague and to ask if he concurs to his views on the next steps to be taken.

21st March, 1940.

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Belgium - Netherlands

C 268586

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
Earnscliffe,
OTTAWA.

950H/56 1st April, 1940.

MOST SECRET AND PERSONAL.

My dear Prime Minister,

With reference to the second paragraph of my letter of the 29th March (950H/52), I have been asked to convey to you for your most secret and personal information the information contained in the accompanying Memorandum.

Yours sincerely,

Malcolm Campbell.

The Right Honourable W. L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
Ottawa.

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MEMORANDUM.

MOST SECRET.

The Netherlands Minister for Foreign Affairs informed His Majesty's Minister at the Hague on March 30th that the suggestion had been most carefully considered by the Dutch Cabinet, but that it had been decided that the traditional policy of complete independence must be maintained. In answer to a specific question the Minister for Foreign Affairs said that what applied to us applied also to Belgium, i.e. that the Netherlands Government had and wished to have no engagement with the Belgians.

2. In reply to the question whether on the assumption that the Netherlands Government persisted in their present attitude we could count on them to lose no time in getting into touch with us if a real crisis arose, the Minister for Foreign Affairs replied in the affirmative.

1st April, 1940.

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Belgium - Netherlands

C 268588

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM,
Earnscliffe,
OTTAWA.

950H/64.
MOST SECRET & PERSONAL.

9th April, 1940.

My dear Prime Minister,

With reference to my letter of the 1st April (950H/56), I have been asked to let you know for your most secret and personal information that although the Netherlands Government have declared against concerting defensive measures with the United Kingdom or making an arrangement with the Belgians, the approach seems to have been well received. The United Kingdom Government will therefore endeavour to make full use of the contacts between the Service Attachés at the Hague and the Dutch authorities.

The United Kingdom authorities are informing the French Government of the results of this exchange of views with the Netherlands Government.

Yours sincerely,

Malcolm Campbell.

The Right Honourable W.L. Mackenzie King, M.P.,
Secretary of State for External Affairs,
OTTAWA.

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Belgium-N.

TELEGRAM

C 268589

From THE CANADIAN MINISTER IN BELGIUM

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

CODE

No. 30

BRUSSELS, May 8th, 1940.

No. 30. State of nervousness exists in Holland and Belgium resulting from certain military movements at Dutch border but nothing tangible seems to justify, at this moment, any serious alarm. Military precautions taken as in previous cases. Cabinet meeting is being held.

CANADIAN MINISTER

Rec'd Ottawa 10:20 a.m.

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C 268590

TELEGRAM

From THE CANADIAN MINISTER IN BELGIUM — N.

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

CODE

NO. 32.

BRUSSELS, May 8th, 1940.

No. 32. Following addition to my telegram No. 30 of even date. After its meeting Belgian Government issued communique stating merely that international situation had been (word omitted). It was rumoured this morning that an isolated invasion of Holland was imminent. Impossible to obtain any information these rumours. It is felt here that an isolated invasion of Holland is not likely and that an attack, if launched, will cover Belgium as well. Rumours emanating from various quarters, especially Italy and the Balkans, would lead to think that situation might evolve rapidly. It is felt action in the Balkans might coincide with an offensive on Western Front.

CANADIAN MINISTER

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Belgium - N.

C 268591

TELEGRAM

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON, May 10, 1940.

EN CLAIR

CIRCULAR A. 9

Circular A. 9.

Message in following terms has been broadcast to all Dutch and Belgian merchant ships at sea.

Following instructions are from Royal Netherlands and Belgian Governments; "Holland and Belgium are at war with Germany. Dutch and Belgian merchant ships bound for Holland, Belgium and Germany are to proceed to nearest British or French port for instructions. Other Dutch and Belgian merchant ships are to continue their voyages." Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

Received Ottawa: 10.55 A.M.

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R.

Belgium-N.

TELEGRAM

C268592

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

MOST IMMEDIATE

EN CLAIR

LONDON, May 10, 1940.

Circular C. 23. Following for Prime Minister, Begins:

Belgium

1. Belgian Minister for Foreign Affairs informed His Majesty's Ambassador at Brussels at 5.50 A.M. today that:

(1) German troops had invaded Belgian territory in defiance of Reich's undertakings of 13th October, 1937, renewed on outbreak of present war;

(2) Belgian Government decided to resist with all their forces.

(3) Belgian Government appeal to French and United Kingdom Governments for help.

2. In reply to (3) we have assured Belgian Government that we will give them utmost assistance. Allied troops are moving to their Help.

Netherlands

3. German troops crossed Dutch frontier at 3.00 A.M. today.

4. Simultaneously with invasion German official news agency announced that German Government had issued memorandum to Dutch and Belgian Governments declaring that Germany had proof that an Allied attack through Dutch and Belgian territory was imminent. Reich Government had therefore given orders to German troops

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TELEGRAM

C268593

From THE SECRETARY OF STATE FOR DOMINION AFFAIRS

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

LONDON.

to safeguard neutrality of these countries by all means.

5. In response to appeal from Netherlands Government we have assured them that we are moving to their assistance immediately.

SECRETARY OF STATE FOR DOMINION AFFAIRS.

Received Ottawa: 9.45 A.M.

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Belgium - N.

TELEGRAM C268594

From THE CANADIAN MINISTER IN BELGIUM

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

MOST IMMEDIATE

CODE

BRUSSELS, May 10th, 1940

NO. 34.

No. 34. Early this morning Foreign Office informed me Luxemburg, Belgium and Holland were invaded. Belgium and Holland have appealed to Great Britain and France for assistance.

CANADIAN MINISTER

Rec'd Ottawa 5:15 a.m.

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