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102nd Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 4th December, 1952, at 11.30 a.m.

Present :

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| The Right Hon. WINSTON S. CHURCHILL, M.P., Prime Minister (<i>in the Chair</i>). | |
| The Right Hon. ANTHONY EDEN, M.P., Secretary of State for Foreign Affairs. | The Most Hon. the MARQUESS OF SALISBURY, Secretary of State for Commonwealth Relations. |
| The Right Hon. LORD SIMONDS, Lord Chancellor. | The Right Hon. Sir DAVID MAXWELL FYFE, Q.C., M.P., Secretary of State for the Home Department and Minister for Welsh Affairs. |
| The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer. | The Right Hon. H. F. C. CROOKSHANK, M.P., Lord Privy Seal. |
| The Right Hon. the EARL ALEXANDER OF TUNIS, Minister of Defence. | The Right Hon. OLIVER LYTTTELTON, M.P., Secretary of State for the Colonies. |
| The Right Hon. JAMES STUART, M.P., Secretary of State for Scotland. | The Right Hon. LORD LEATHERS, Secretary of State for Co-ordination of Transport, Fuel and Power. |
| The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service. | The Right Hon. HAROLD MACMILLAN, M.P., Minister of Housing and Local Government. |
| The Right Hon. LORD CHERWELL, Paymaster-General. | The Right Hon. VISCOUNT SWINTON, Chancellor of the Duchy of Lancaster. |

The following were also present :

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| The Right Hon. L. S. ST. LAURENT, Q.C., Prime Minister of Canada. | The Right Hon. R. G. MENZIES, Q.C., Prime Minister of Australia. |
| The Right Hon. S. G. HOLLAND, Prime Minister and Minister of Finance, New Zealand. | The Hon. KHWAJA NAZIMUDDIN, Prime Minister and Minister for Defence, Pakistan. |
| The Hon. DUDLEY SENANAYAKE, Prime Minister and Minister of Defence and External Affairs, Ceylon. | The Right Hon. Sir GODFREY HUGGINS, Prime Minister and Minister of Defence, Southern Rhodesia. |
| The Hon. N. C. HAVENGA, Minister of Finance, South Africa. | Sir CHINTAMAN D. DESHMUKH, Minister for Finance, India. |

Secretariat :

Sir NORMAN BROOK.
Mr. G. MALLABY.
Mr. R. M. G. HARRIS.

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Foreign Affairs.

Mr. Churchill said that it was for him a unique experience and privilege to preside over a Cabinet meeting attended by so many Prime Ministers and other Ministers from other countries of the Commonwealth. In considering the many grave problems which confronted them they would be encouraged by the knowledge that their combined influence was capable of affecting the course of world events. They would all welcome a review by Mr. Eden of the main features of the international situation.

Germany.

Mr. Eden said that in Germany, through which ran the dividing line between East and West, Dr. Adenauer was working strenuously to bring the Federal Republic into the closest possible association with Western Europe. His greatest difficulty was the failure to reach an agreement with the French over the Saar. At an earlier stage agreement had almost been reached on the basis of German acceptance in principle of the permanent autonomy and "Europeanisation" of the Saar. It had not proved possible, however, to provide adequately for the economic needs of France, to whom Saar coal was vital in order to maintain the balance of the Schuman Plan. The results of the recent elections had created an atmosphere more favourable to a settlement and there would be further discussions while Ministers were in Paris for the meeting of the North Atlantic Council in the following week. Dr. Adenauer was genuinely anxious for a settlement and the election results should have strengthened his position *vis-à-vis* the more extreme opinion in Germany.

East/West Trade.

Relations with Russia, in respect of Germany, were settling down on the basis of Russian consolidation in the east and Russian acceptance of our consolidation in the west. This position, though it could not be called satisfactory, had certain advantages to all parties, not excluding the Germans themselves. The Russians doubtless believed that they were better able to withstand a protracted "cold war" than were the Western Powers, and it must be expected that they would exploit all the difficulties of the Western Powers and any differences of view between them which might reveal themselves.

Soviet Satellites.

The recent executions of political leaders in Czechoslovakia were thought to be due partly to the failure of the Government's economic programme and partly to personal rivalries within the local Communist Party. It was possible that M. Clementis had had ambitions to follow Marshal Tito's example, but this was not true of M. Slansky who was an orthodox Communist. He was also a Jew, but there was no conclusive evidence of anti-Semitic motives behind the recent events in Prague, though Russia was undoubtedly opposed to Zionism because of its appeal to Jews to leave their countries of domicile for Palestine. The recent events in Prague had given rise to serious apprehensions in Hungary.

European Defence Community.

There appeared to be a reasonable prospect that the European Defence Community Treaty would be ratified by Germany before the end of the year. Dr. Adenauer hoped for a clear majority when the Bundestag voted upon it at the end of the present week. It seemed unlikely that the Federal Court would intervene and there was a fair prospect that a majority would be obtained later in the Bundesrat. The prospects of ratification by France were more uncertain. M. Pinay's Government was becoming weaker and the French were keenly apprehensive of the effect of the war in Indo-China upon the relative strengths of the French and German elements in the proposed European Army. The French Government would undoubtedly welcome some move by the United Kingdom in the direction of closer association with the Community but we had already gone as far as we could short of full membership. We should continue to discourage any suggestion that the cohesion of the Community should be loosened in order to make our participation possible and to do everything in our power to persuade the French Government to ratify the Treaty. If the European Defence Community were not formed, it would be difficult to avoid the admission of a national German army to the forces of the North Atlantic Treaty Organisation

(N.A.T.O.). This alternative, though it might well be preferable militarily, would not be politically agreeable to the French.

Mr. Churchill said that, while he agreed that this should be our policy, he would not be unduly disturbed if the present plans for a European Defence Community were not carried into effect. It had still to be shown that an international army could be an efficient instrument in spite of differences of language and weapons between the participating contingents. And he doubted whether the soldier in the line would fight with the same ardour for an international institution as he would for his home and his country.

Austria.

Mr. Eden said that there was no real prospect of a Treaty for Austria, as the Russians clearly intended to stay there so long as the Western Powers remained in Germany. There had, however, been an improvement in Austria's relations with Yugoslavia.

Yugoslavia and Italy: Trieste.

The Western Powers' relations with Yugoslavia continued to grow closer but the differences between Yugoslavia and Italy over Trieste persisted. At the time of his visit to Belgrade Marshal Tito had been willing to accept a permanent division of the Free Territory on the basis of Zone A (including the city of Trieste itself) going to Italy and Zone B to Yugoslavia. The United States Government had been unwilling to press Italy to accept a settlement on these lines, and they were now in favour of urging Yugoslavia to give up Capodistria to Italy. It seemed to him unwise, particularly in view of the impending Italian elections, to encourage Italy to look for further concessions by Yugoslavia which we were in no position to enforce. He was therefore trying to keep matters in suspense until the new United States Government had assumed office.

Turkey.

The recent visit to London of the Turkish Prime Minister and Foreign Minister had been very successful and relations with that country were now more cordial than they had been for many years. The full co-operation by Turkey, on which we could now rely, would be of great assistance to us in connection with the many problems arising in the Middle East.

Egypt.

Mr. Eden said that the main difficulties with Egypt were the future of the Sudan and the revision of the Anglo-Egyptian Treaty. Since the abdication of King Farouk the Sudan problem had become somewhat easier, since General Neguib had abandoned the demand for the unity of the Sudan and Egypt under the Egyptian Crown. Satisfactory progress was being made towards the holding of elections in the Sudan, but there remained the particular difficulty of the Southern Sudan. This was much less advanced than the North and might possibly develop separatist tendencies; and we therefore thought it important that the Governor-General should retain special powers over it for some time to come. It was likely that the Egyptians could be brought to agreement with us on this point. An Electoral Commission would then be appointed, consisting of representatives of the United Kingdom, Egypt, the Sudan, the United States and, he hoped, India. Subsequently an Advisory Commission would be set up, consisting of representatives of the United Kingdom, Egypt, the Sudan and, he hoped, Pakistan; and ultimately the way would be open to self-determination for the Sudan. The form of constitution which the Sudan would adopt could not, of course, be foreseen, but he hoped at any rate that she would be bound by Treaties to the United Kingdom and to Egypt.

On defence questions progress was less satisfactory. General Neguib claimed that he could not discuss defence with us until we had left the Canal Zone, but he might shortly adopt a more conciliatory attitude. It would be difficult for us to contemplate abandoning the Base and all the valuable installations which we had created in Egypt before we had any assurance that satisfactory alternative arrangements would be accepted.

Mr. Churchill said that the previous Government in the United Kingdom had proposed a seven-Power plan for the protection of the Canal Zone. This had not been acceptable to Egypt. But we would

certainly not be forced out of the Canal Zone until some satisfactory alternative method of protecting the international waterway could be found. He still hoped that other countries would be persuaded to contribute token forces to an international garrison. At the moment, we were keeping 70,000 soldiers in the Canal Zone and that was a burden which would not carry indefinitely. He was therefore most anxious to find some method of sharing the burden with others or, if that were impossible, of finding some means of controlling the area from a remoter base. Cyprus was an attractive alternative, and the establishment of a base there would be welcomed by Turkey, which would play a great part in delaying any attempted Soviet invasion of the Middle East.

Mr. Eden said that the accession of Turkey to the North Atlantic Treaty Organisation had changed the whole problem of Middle East defence. He also hoped that we should conclude a Treaty with Libya which would give us certain strategic facilities. It might well be possible to devise a successful form of defence for the Middle East, based on Turkey, Cyprus and Libya. Nevertheless, he had not given up hope that General Neguib might be more forthcoming on defence problems. The General's main difficulty was that the economic position of Egypt was weak: the standard of living had fallen since his *coup d'état*, and his own political position was weakened in consequence.

Mr. Eden expressed his gratitude to Australia, New Zealand and South Africa for the practical assistance which they were giving in the formulation of plans for the defence of the Middle East.

Other Arab
States.

Our relations with other Arab States were very satisfactory and Syria had recently asked us to conclude a Treaty with her. Relations with Jordan and Iraq were good. Iraq was receiving £60 millions a year in return for oil concessions and was using this money on sound schemes of development. The military *coup d'état* in Iraq was probably a façade behind which Iraqi politicians remained in control and was not a radical military revolution, as it was in Egypt.

The only real difficulty which had arisen with Arab States was the encroachment of Saudi Arabia on the small Trucial Sheikdoms, where we enjoyed considerable oil concessions. We should have to resist this and it might be necessary to increase the size of the levies employed by these Sheikdoms. It was easy to justify resistance to King Ibn Saud's claims, since in point of fact the standard of living in the Sheikdoms was a good deal higher than in Saudi Arabia.

Persia.

In Persia a split seemed to be developing in the National Front. Kashani, the most extremist of the Nationalist leaders, was moving towards co-operation with the Tudeh Party in opposition to Musaddiq and the more moderate members of the National Front. This conflict might soon come to a head, but he could not foresee whether it was likely to assist towards a settlement of the oil problem. The United States Government were still anxious for a settlement. He believed that General Eisenhower had found rather too severe the terms under which we had insisted that the problem should be submitted for arbitration by the Hague Court. Although we were not in fact expecting to get a very large sum in compensation, we had thought it necessary to our case that the terms of compensation should be fixed on a fair basis by an international tribunal. General Eisenhower also seemed to be considering the possibility of increasing the offer of American financial assistance from \$10 millions to \$30 millions.

South-East
Asia.

The situation in Malaya had improved, but matters had grown worse in Indo-China. If the French were unable to maintain their position in Indo-China, there was a grave danger that Communism would spread through Burma and Siam and reach the frontiers of India and Malaya. The United States were giving substantial financial and material help to the French in Indo-China. The main danger was the possibility of direct intervention by China, but that, on the whole, he thought unlikely.

Far East.

In Japan there was a danger of future difficulties, even though the present Government was anti-Communist. The population was increasing at the rate of one million persons per year, and the attraction of developing close trading relations with China was very great.

General Eisenhower had told him that the sole object of his visit to Korea was to make a military review. Some American opinion was in favour of using Japanese forces in the Korean war, but this would be strenuously resisted by the Government of South Korea. Hardly less welcome would be the introduction of Chiang Kai-shek's forces into Korea, and in practice there were only two divisions which could be made available. He did not think that General Eisenhower supported either of these two suggestions. There seemed to be only two possible courses to follow in Korea—either to continue to hold the present position, equipping and organising South Korean forces as fast as possible, or to undertake a major military operation with the object of destroying the Chinese Army in Korea. The latter course would mean the provision of additional American divisions which General Eisenhower would find politically difficult.

In general our object in the Far East must be to divide China and the Soviet Union, and it was particularly for this reason that he welcomed the recent Indian resolution on Korea in the General Assembly of the United Nations. The support which the resolution had received was a remarkable tribute to this Indian initiative. In his efforts to secure its adoption he had received most valuable help from Mr. Pearson, the Canadian Foreign Minister, and from the representatives of other Commonwealth countries. It would not be possible to accept a cease-fire in Korea until agreement had been reached on the prisoners of war question. If we did so before then, it was very doubtful if we should ever recover our own prisoners of war and the enemy would also have opportunities to build up his air power unobserved.

Relations with
the United
States.

In conclusion Mr. Eden said that it remained a cardinal point in the foreign policy of the United Kingdom Government to retain and develop the closest possible co-operation with the United States. He had found General Eisenhower insistent that one of his chief aims was to co-operate with the Commonwealth and with France, and he had in general been greatly encouraged by the appointments in the new United States Administration which had so far been indicated by General Eisenhower.

In the discussion which followed, the representatives of other Commonwealth Governments expressed their appreciation of Mr. Eden's valuable survey of the international situation. Tribute was also paid to Mr. Eden's skill in the conduct of foreign policy. *Mr. Menzies* said that there was widespread appreciation of the courage and competence with which Mr. Eden faced his heavy responsibilities; and he himself believed that the improvement in international relations which was discernible over the last twelve months owed much to the knowledge, perception and wisdom which Mr. Eden had shown in the discharge of his duties as Foreign Secretary. *Mr. Holland* said that at the current meeting of the Assembly of the United Nations he had had personal experience of the great influence which Mr. Eden exercised in international affairs. There was no doubt that the wide support which had eventually been secured for the Indian resolution on Korea was due in no small measure to his personal influence and diplomacy.

In further discussion the following particular points were raised:—

(a) *Mr. St. Laurent* said that the initiative which India had taken in the United Nations discussion on Korea had given great encouragement to all Commonwealth Governments. The large number of States which had eventually supported that resolution was an encouraging demonstration of the strength and solidarity of democratic feeling throughout the world.

(b) *Mr. Havenga* said that the general objectives of United Kingdom foreign policy had the full approval and support of the South African Government, who were resolved to do everything in their power to prevent a third world war. Though South Africa was being somewhat roughly treated in the United Nations at the present time, it should not be forgotten that South Africans were fighting in Korea to uphold the stand which the United Nations had taken against aggression.

(c) *Mr. Holland* recalled that New Zealand had also made her contribution towards the United Nations Forces in Korea. Though she was a small country she would always do her utmost to help those who were seeking to preserve world peace. When he had last been in London it had been suggested that New Zealand should contribute to the British garrison in the Middle East, and he was glad to be able to say that a New Zealand contingent had now arrived in Cyprus.

(d) *Sir Chintaman Deshmukh* said that, although there had recently been some improvement in international relations generally, the situation in Indo-China and Korea continued to give cause for grave anxiety. He agreed with Mr. Eden that it was unlikely that the Chinese would intervene directly in Indo-China: he thought they would be reluctant to add to the commitment which they had already undertaken in the north. He could see no easy or quick solution of the difficulties in Indo-China, and he feared that the United States would have to be asked to continue for some time the support which they were giving to the French in that theatre. One could not help wondering for how long the Americans would be willing to carry this heavy burden. In Korea also a heavy responsibility rested on the United States, and there seemed no alternative but to persevere on the lines indicated in the resolution which the Indian Government had brought forward in the United Nations Assembly. Any policy which entailed an extension of the area of the conflict in Korea would involve very great risks; and he agreed with Mr. Eden that a cease-fire pending negotiations would give the Chinese an opportunity to build up their strength on land and in the air. India had fewer illusions than was sometimes supposed about the policies and intentions of her northern neighbours.

Mr. Churchill agreed that it would be a grave mistake to take any course which would widen the area of conflict in Korea. It was the considered policy of the United Kingdom Government that these operations should be confined within the frontiers of Korea itself.

(e) *Mr. Nazimuddin* said that, while he fully supported the resolution on Korea which India had moved in the United Nations Assembly, resolutions alone would not suffice to bring the hostilities in Korea to an end. He was alarmed at the degree of success which the Soviet Government had attained in their cold-war policy of weakening in advance the nations which, if the time came, would seek to withstand an open aggression by Russia. The strength of the French was being sapped in Indo-China. In Malaya and elsewhere the resources of the United Kingdom were being subjected to severe strain. In Korea the United States were suffering casualties and loss which even they were finding it hard to bear. These tactics were subjecting the democracies to great strain. While he could not say what counter-moves should be made, he thought that no opportunity should be lost of consolidating the forces of the democracies and putting them in a position to offer a more effective resistance if aggression should come. In particular, any outstanding differences between them should be resolved without delay so that, if open aggression occurred, they could meet it united and strong.

Mr. Eden said that it was true that the operations in Korea were imposing a great strain on the United States; but, as against this, it should be remembered that President Truman's decision to meet the aggression in Korea had resulted in a very great strengthening

of the United States Forces and a vast defence production programme which had substantially increased the military power of the western democracies.

In conclusion, *Mr. Churchill* said that he had welcomed this opportunity for an exchange of views on questions of foreign policy. He suggested that this might be supplemented by a similar meeting in his Map Room, where the Minister of Defence could give a corresponding review of defence policy. The representatives of other Commonwealth Governments gladly accepted this suggestion.

Finally *Mr. Churchill* suggested that a suitable communiqué might be issued to the Press to let it be known that the leaders of the Commonwealth Delegations had met together with the Cabinet for a general exchange of views on the international situation. *Mr. Menzies* suggested, and it was agreed, that it might be stated in this communiqué that the representatives of the other Commonwealth countries had placed on record their appreciation of the conduct of the foreign policy of the United Kingdom Government and their recognition of its contribution towards the preservation of world peace.

*Cabinet Office, S.W. 1,
4th December, 1952.*