BILATERAL AND TRIPARTITE TALKS IN WASHINGTON AND ATLANTIC COUNCIL MEETING IN OTTAWA

10th–20th September, 1951

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS, THE CHANCELLOR OF THE EXCHEQUER AND THE MINISTER OF DEFENCE

Introduction

Our colleagues will recall that in a recent paper (C.P. (51) 239) the Prime Minister gave an outline of the various international problems which would be coming up for discussion during the meetings which were to be held in North America in September and of the policy of His Majesty's Government towards them. We now wish to give the Cabinet a brief report of these meetings.

2. The Foreign Secretary left the United Kingdom on 6th September to attend the Japanese Peace Conference at San Francisco. He then flew to Washington for conversations first with Mr. Acheson alone and then with Mr. Acheson and M. Schuman, in both of which he was joined by the Chancellor of the Exchequer, who was at the same time attending a parallel series of talks in connexion with the International Monetary Fund. The Secretary of State and the Chancellor of the Exchequer then flew to Ottawa on 14th September where, together with the Minister of Defence they attended the seventh session of the North Atlantic Council, which concluded on 20th September.

3. A separate report will be prepared on the San Francisco Conference. The present report will, therefore, cover only the bilateral and tripartite talks in Washington and the Atlantic Council meeting at Ottawa.

4. The four main achievements of the Washington and Ottawa Talks were in respect of Germany, Turkey and Greece and the Middle East Command, the financial aspects of defence, and Korea.

5. On Germany we reached tripartite agreement on the next stage of the negotiations with the German Federal Government for the replacement of the present occupation régime by a new contractual relationship (see Section I below).

6. On Turkey and Greece and the Middle East Command, there was agreement in the Atlantic Council to recommend to governments the admission of Greece and Turkey to the North Atlantic Treaty and also agreement between the United States and ourselves on the establishment of a Middle East Command and a joint invitation to Turkey to join it (see Section II).

7. On the financial aspects of defence we put before the Americans the balance of payments difficulties of the United Kingdom and the Sterling Area and explained that these might interfere with the fulfilment of our £4,700 million programme, and in any case made it impossible for us to contemplate accepting any further burdens. The action taken was to establish a twelve-power N.A.T.O. committee of so-called “wise men” to study, over the next two months, the whole question of financing the N.A.T.O. defence effort (see Section III).
8. On Korea the Americans gave us their views on the future conduct of the campaign and we were able to impress on them the need for caution if the Korean war was not to grow into a world war with Russia (see general discussion on the Far East, Section IV below).

9. Other principal issues discussed were: the Italian Peace Treaty and Trieste, Austria, Spain, Persia, policy towards the satellites, availability of defence forces, development of the non-defence aspects of N.A.T.O., and the frequency of and attendance at, future Council meetings (see Sections V-XII below).

I.—Germany

10. At their last meeting in Brussels in December 1950 the three Occupying Powers reached agreement on a three-fold programme: —

(a) At the invitation of the Atlantic Council they instructed the three High Commissioners to hold exploratory discussions with the Federal Government regarding German participation in the defence of Western Europe;

(b) they took note of the intention of the French Government to call a conference in Paris to discuss the “Pleven Plan” for a European Army;

(c) they instructed the three High Commissioners to begin exploratory discussions with the German Federal Government on the replacement of the existing occupation régime by a new contractual relationship.

11. As a result of the Foreign Secretary's talks at Washington with Mr. Acheson and M. Schuman, this programme has now been carried a stage further.

German Contribution to Western Defence

12. We considered the High Commissioners' report of their discussions with the German Federal Government, the so-called “Bonn Report,” and agreed that, pending further developments at the European Army Conference in Paris, discussions with the German Federal Government should be suspended and the “Bonn Report” put into cold storage.

European Army

13. M. Schuman explained the progress which had been made at the Paris Conference. Apart from the French Government, the German and Italian Governments had now agreed in principle to the establishment of a European Army to include a German contingent. The military details of the European Army were now being worked out by military, financial and juridical sub-committees of the Conference, and it was hoped to submit to the next meeting of the Atlantic Council in Rome in November a set of concrete practical proposals for the immediate creation of a European Army. M. Schuman was at pains to emphasise the genuinely international character of the European Army and the sacrifices which it would involve for France. Once there was a European Army, France would cease to have a national army except for the defence of her overseas territories. M. Schuman also represented strongly the French view that no steps should be taken to raise German units or to put a single German into uniform except as part of a European Army. Finally, M. Schuman declared that in all matters of military detail including the size of national units the French Government would be guided by the advice of military experts, including General Eisenhower.

14. Mr. Acheson made it quite clear that the European Army conception had the full backing of the United States Government, who had been convinced by General Eisenhower that it was a militarily practicable proposal.

15. As a result of the previous Cabinet decision on 4th September (C.C. (51) 58th meeting) the Foreign Secretary was able to assure Mr. Acheson and M. Schuman that His Majesty's Government were disposed to favour the plan for a European Army, of which German forces would form part, that we agreed that the working out of its military arrangements must be undertaken by the Paris Conference in consultation with General Eisenhower, and that in order to assist in this work we were sending high-level military observers to Paris. At the same time he reserved our right to call for more intimate tripartite discussions if this
should appear necessary and made it clear that we expected the Atlantic allies to receive preference over Germany in the supply of arms and equipment.

16. Our intervention in favour of the European Army, which was subsequently repeated in the Atlantic Council, undoubtedly gave great pleasure to the French. It was also welcomed by the Americans and there can be no doubt that it was the right course of action. By our acceptance in principle of the European Army we have re-established three power unity on the question of German defence.

**Contractual Relations with Germany**

17. Before Ministers got to Washington, officials of the three governments had prepared for their consideration a draft of detailed instructions to guide the three Allied High Commissioners in their negotiations with the German Federal Government for the replacement of the Occupation regime by a new contractual relationship. This draft followed the general lines foreshadowed in the Prime Minister's memorandum C.P. (51) 240 of 30th August. The Foreign Ministers were able at their meetings to resolve outstanding differences and to give final approval to these instructions. They have now been issued, and the three High Commissioners have begun their negotiations with the Germans. The basis of these instructions is that the objective should be to establish a firm political basis for our relations with the German Federal Republic, which could be maintained until a peace settlement with a unified Germany became possible; and that only such safeguards should be retained as were essential and could be maintained effectively for an extended period of years. The three powers would be ready in the framework of the contractual arrangements to abolish the Occupation Statute and to replace the High Commission by a Council of Ambassadors. They would exercise their supreme authority only in order to discharge their responsibilities regarding Germany as a whole, to deal with questions relating to Berlin, and to station forces in Germany and protect the security of these forces. They would retain the right to declare a state of emergency and take any necessary action in the event of a threat to public or constitutional order constituting a menace to the security of their forces. The Allied forces in Germany would no longer be forces in occupation of the territory of a defeated enemy but forces co-operating in the common defence to which the Federal Republic will be contributing as a partner; and their status should, so far as possible, be assimilated to that of friendly forces stationed in an Allied country. This would involve changes in the field of jurisdiction, for instance the abolition of existing Allied courts in Germany.

18. In all other fields Allied relations with Germany would be placed upon a basis of agreement and consent to be regulated by the various detailed contracts to be negotiated. In the field of restrictions on German industry, it is proposed that the German Federal Government should be asked to agree in the contracts to maintain certain minimum prohibitions, primarily of a military nature, based upon the list drawn up by the North Atlantic Council in Brussels last December, they would also be asked to accord the Allies the necessary minimum rights of verification and inspection. A meeting of representatives of the three Governments at official level is to take place shortly in London to define and clarify these restrictions on production.

19. A tripartite meeting of officials is also to be held in London to consider further the difficult problems involved in the financial field as a result of German participation in Western defence. The Foreign Secretary will shortly be circulating a paper on this subject.

20. The idea emerged at the Foreign Ministers' meeting that at the time of any such further meeting with the German Chancellor it might be desirable to issue a joint declaration which would define the political principles upon which the arrangements as a whole were based. Such a declaration might also reaffirm the security guarantee of the Federal Republic and Berlin originally given in the New York communique of 15th September, 1950. In addition it might contain some assurance of the intention of the Allies to maintain troops in Germany in sufficient strength to deter Soviet aggression. No final decision was reached in these matters which will call for further consideration.

21. The Americans optimistically hope that the negotiations with the German Federal Government will be concluded within the next two months so that a
treaty can be signed before the Rome meeting of the Atlantic Council at the end of November. It seems very doubtful whether we shall be able to keep to such a tight timetable: we have nevertheless now at last set in motion a process which should enable the Allied Powers to carry forward a further important stage of their policy of incorporating Western Germany as an equal member in the Western European Community.

Declaration on Germany

22. At the conclusion of the tripartite meetings in Washington, the three Foreign Ministers issued a public declaration setting out in general terms the broad objectives of their German policy. This declaration says that the aim of the three governments is "the inclusion of a democratic Germany, on a basis of equality, in a continental European community, which itself will form part of a constantly developing Atlantic community." The declaration then goes on to pay tribute to the Schuman and Pleven Plans and today that the United Kingdom "desires to establish the closest possible association with the European continental community at all stages in its development." It concludes with a reaffirmation of the peaceful and defensive purposes of the North Atlantic Treaty. From the public point of view, this declaration has had three important results. In the first place, it has put in its proper perspective the Allied decision to modify the Occupation regime and to rearm Germany as one step in the developing process of achieving European unity. Secondly, it is the first formal recognition by the United States and France of the special position of the United Kingdom in relation to European unity, and of our inability to integrate fully with Europe. Finally, by removing any ambiguity on this score and laying down clearly that while we cannot join the "European Community" we nevertheless wish to be closely associated with it, the declaration has succeeded in dissipating the distrust and suspicion of our policy in Europe which has for so long been embittering Anglo-French relations.

Benelux

23. Mr. Acheson, M. Schuman and the Foreign Secretary were careful to keep Benelux fully informed of our negotiations with regard to Germany, not only through officials but also through personal meetings with their Foreign Ministers in Ottawa. They gave their full approval to our decisions.

II.—Turkey and Greece and the Middle East Command

24. Our colleagues will recall that the Cabinet only agreed to the admission of Turkey and Greece to the North Atlantic Treaty on the assumption that we obtained in return Allied, and in particular American, agreement on the setting up of a Middle East Command, including Turkey, under a British Supreme Commander. Our object at the Washington and Ottawa meetings was therefore to try and get the tightest possible agreement on the Middle East Command arrangements before we gave our vote at the Atlantic Council for the admission of Turkey and Greece to N.A.T.O. In the event, this proved to be perhaps the most difficult job of the conference.

25. As far as the admission of Greece and Turkey to the North Atlantic Treaty was concerned, there was no real opposition except for pro forma protests from Norway and Denmark and, to a lesser extent, Holland. At its last meeting on 20th September the Council passed a resolution recommending each Government to "take whatever steps may be necessary to enable it to agree that the Kingdom of Greece and the Republic of Turkey be invited to accede to the North Atlantic Treaty and thereupon notify its agreement to the Government of the United States." The effect of this resolution is to leave the final decision on the admission of Turkey and Greece to national Governments and Parliaments, and Turkey and Greece can, therefore, only become members of the Treaty when all Parliaments and Governments have formally notified their approval.

26. On the Middle East Command, on the other hand, we ran into serious difficulties with the Americans, the French, and some of the smaller Atlantic Powers led by Holland.

27. The Americans have never been quite solid on the subject of the Middle East Command, nor shared our view that Turkey belongs primarily to the Middle East and is essential to its defence. They have tended rather to emphasise Turkey's
value to Europe. Their chief anxiety is to secure Turkish military strength for the West and they do not seem to mind very much, and certainly not as much as we do, whether that strength is contributed through a Middle East Command or through General Eisenhower’s European Command. Our job was, therefore, to convince them not only that a Middle East Command is essential to the solution of our joint difficulties in the Middle East (especially in Egypt), but also that, without Turkey, it is military nonsense. In this we were on the whole successful.

28. As a result of the Washington and Ottawa talks they agreed, not only to join with us in presenting the Middle East Command proposals to the Turks, but also to send General Bradley to Ankara to join with Field-Marshal Slim in pressing them on the Turkish Government. They also agreed to join with us in an invitation to Egypt to take part in the Command organisation as a founder member. In order to get this much, however, we were obliged to agree that, as far as the defence of Turkey is concerned, the Supreme Allied Commander, Middle East, should be responsible to the North Atlantic Treaty Organisation while remaining outside N.A.T.O. for purposes of the defence of the rest of the Middle East. We think that we can be satisfied that this arrangement can be made to work in practice. It must be remembered, however that the Americans are less attached to the idea of a Middle East Command than we are, and may not be willing to keep up pressure on the Turks throughout the negotiations which still have to take place before the Command is established.

29. Rather to our surprise, the French, who had most to gain by being associated with a Middle East Command (since they have hitherto been excluded from defence planning in the Middle East) and the least to contribute to it, also made difficulties from the start. They saw the importance which we, and to a lesser extent, the Americans, attach to the establishment of this Command, and evidently thought the opportunity good to blackmail us into giving way to them on points of purely French national interest. M. Schuman said that he could only accept the proposed Command arrangements (including the British Supreme Commander) on two conditions:

(a) That a French officer was given a high appointment at the Supreme Commander’s Headquarters; and

(b) That in order to balance the British naval command in the Eastern Mediterranean a French Admiral was given the naval command in the Western Mediterranean.

30. The first French condition caused little difficulty. After consulting the Chiefs of Staff, the Minister of Defence and the Foreign Secretary were able to agree that a French officer of the rank of Major-General or Vice-Admiral should be appointed to the Supreme Commander’s Headquarters. Mr. Acheson also agreed. The second French condition was more difficult to meet. The Americans were unwilling to accept a French naval command in the Western Mediterranean as they considered that this would interfere with the control of naval operations on General Eisenhower’s Southern Flank, which had been entrusted to Admiral Carney.

31. The proposal also presented difficulties from our own point of view inasmuch as the British Commander-in-Chief, Mediterranean, will need to be responsible for east-west communications in the Western Mediterranean if he is properly to fulfil his task of supporting the Supreme Commander, Middle East, in the Eastern Mediterranean. In spite of two special tripartite ministerial meetings, it was impossible to reconcile these views either at Washington or Ottawa. No agreement was therefore reached and we were obliged to leave Ottawa without having obtained the agreement of the French Government to our Middle East Command proposals. It was left that Field Marshal Slim and General Bradley would visit Paris on their way to Ankara and try to reach agreement on the Western Mediterranean in consultation with their French colleagues and with General Eisenhower so that a French General could join them in their mission to Turkey. The Paris talks would also have as their object the finding of an acceptable military solution of the problem of the responsibility for Turkish defence referred to in paragraph 27 above. (See footnote * below.)

* Tripartite agreement was subsequently reached in Paris on a formula, whereby, Turkey, although a member of N.A.T.O., “would be primarily associated with arrangements for the defence of the Middle East,” but the latest reports from Ankara indicate that Turkey is still holding out for participation in General Eisenhower’s command as the first step in her admission to N.A.T.O.
32. The objections of the smaller Atlantic Powers to the proposed Middle East Command were of a different kind. They arose from the fear that by her inclusion in a special command all of her own Turkey would enjoy a privileged position and escape the common scrutiny of her defence effort to which all other N.A.T.O. Powers are subject. It was only with great reluctance that some of the smaller countries, especially Norway, Denmark and Holland, agreed to accept Turkey into N.A.T.O. at all. Led by M. Stikker, they argued strongly that they could only do so if they were convinced that Turkey would be subject to exactly the same obligations as they are themselves. In order to appease this body of small Power opinion, it was necessary for us to agree first that all matters affecting the defence of Turkey would be subject to the control of the North Atlantic Treaty Organisation (this was the same point which the Americans had made, for different reasons); and, secondly, that the smaller Powers should be kept fully informed through the Council Deputies of the progress of three-Power discussions with the Turks.

III.—Financial Aspects of Defence

33. What we had expected to achieve at Ottawa was a realistic "confrontation" of the military and financial implications of the defence effort which would cause N.A.T.O. as a whole to review its plans and to work out a balance between the requirements of security and of economic stability in the twelve countries. Our particular objective as far as the United Kingdom was concerned was to make clear to the United States administration the seriousness of the impact of our present defence programme on our economy, and to resist any suggestion that we could do more unless there were to be radical changes of policy in the direction of a war economy both internally in each member country and in their financial relationship with each other.

34. Both these objectives were to a relative extent achieved.

(a) Exposition of the United Kingdom Situation

35. The Chancellor of the Exchequer was able both in Washington and at Ottawa to give a full account of the economic and financial position of both the United Kingdom and the Sterling Area and thus to illustrate the clash between military security and economic stability which is common in some degree to every N.A.T.O. country. He made it clear that our overall balance of payments deficit, combined with the threat of a severe dollar crisis, were making our situation increasingly difficult. While production for defence was so far up to schedule, we might be forced, if the external financial position deteriorated further, to increase our exports of goods produced by the metal-using industries, which could only be at the expense of rearrangement orders. There was a danger, therefore, that we might not be able to complete our projected three-year £4,700 million defence programme on time; and it was clearly quite out of the question, in present conditions, for us to contemplate anything in the nature of an increase over our present plans. The Chancellor of the Exchequer explained to the Americans at Washington that we could not accept our forces allocation under the Medium-Term Defence Plan as a realistic target in present circumstances: the existing £4,700 million programme would not even fully equip the forces which we had undertaken to contribute to N.A.T.O. and forces in other parts of the world. Still less could be think in terms of the even higher targets on which General Eisenhower was now understood to be working.

36. Our statement was, of course, borne out by the analysis of the United Kingdom situation in the F.E.B. Report, which concludes that "the effective limit to the United Kingdom defence programme is set by the dangers to its external financial position which an even larger programme of defence production would entail." We have, it appears, convincingly carried our point both to the Americans and to N.A.T.O. as a whole that we can undertake no further efforts without either more external aid or taking the drastic step of turning over to a virtual war economy.

(b) French Position

37. M. Mayer, the French Finance Minister, made it equally clear both in Washington and Ottawa that France had reached the limit of her capacity for rearrangement in present conditions. French industry was working at full pitch wherever practicable, but dependence on raw materials, and especially fuel imports,
from dollar sources, particularly in the steel industry, was an important limiting factor. France had still not completed her reconstruction programme; her defence programme affected home consumption, with the resulting danger of inflation, as well as exports; and her resources in money and men were being drained by the war in Indo-China. The French dollar situation was serious, and M. Mayer said he was convinced the French Government would have to determine a maximum limit beyond which they could not carry their total defence effort without creating a disastrous inflationary deficit and endangering the currency, with fatal economic and social results, which would defeat the very objectives we sought to attain. He pleaded finally for further integration of the defence programmes of the United States and Europe by making the best possible use of our joint industrial capacity, in particular by further placing of orders in European factories and by off-shore purchases by the United States.

(c) The “Wise Men” and Prospects for the Immediate Future

38. Discussion around the F.E.B. Report on the position of individual N.A.T.O. countries, and its recommendations for national and international action to increase productivity and maintain economic stability, despite the claims of the defence effort, had the effect which we had been seeking: to bring face to face the discrepancies between economic and financial possibilities and military needs, and to make it clear to the United States that what was required was to examine and confront these two aspects of the problem and see what conclusions should be drawn. Time at Ottawa was too short, of course, to enable an exercise of this magnitude to be carried out in detail. The concrete outcome of the discussions in the Council was the adoption of a proposal, originally put forward in a rather different form by the French, to set up a temporary committee of the Council “to analyse the issues involved in reconciling, on the one hand, the requirements of external security . . . . and, on the other, the realistic politico-military capabilities of member countries.” This committee (sometimes referred to jocularly as the “Wise Men”) will consist of representatives of all twelve countries, of ministerial or near-ministerial rank, who will be responsible for all negotiations with the Governments concerned. There will also be a small Steering Group or Executive Bureau, composed of the American Chairman of the full Committee and the British and French Vice-Chairmen, to steer and expedite the work. All the military and civil agencies of N.A.T.O. are directed to co-operate with the committee in producing the military, production, financial and economic data required to build up a composite picture of the defence effort. The first step is for the Standing Group to estimate the military requirements for the defence of the North Atlantic Treaty area, and to make recommendations, again from the military point of view, for meeting those requirements. When this and information about economic capabilities are available, the Committee will be able to begin the actual task of confrontation.” A progress report will be made to the next North Atlantic Council meeting at Rome in November and a full analysis of the committee’s findings is scheduled for 1st December. (The Committee began its meetings in Paris on 9th October. The United Kingdom has been represented at these meetings by the Chancellor of the Exchequer or, in his absence, by Sir E. Plowden.)

39. Hitherto, N.A.T.O. has worked in what have been water-tight departments dealing with the elementary stages of the finance, defence and production problems. This is the first time that any attempt has been made to pull together the threads of these various activities into one pattern. The proposed study will, it is hoped, at last throw up the real difficulties. We have therefore whole-heartedly supported this initiative, on the assumption that in bringing out more fully the implications of carrying out the defence programme, it will lead to firm and joint conclusions by Governments as to whether: (a) it is consistent with security to reduce the military plan; and/or (b) the economic efforts must be increased by drastic means, and, if so, how this can be done in full co-operation between the countries concerned. For the time being it is understood, of course, that countries carry on uninterruptedly with their planned defence programmes as best they can.

(d) Infrastructure

40. For several months before the Council Meeting the Deputies had been engaged in fruitless discussions on the division of the cost of an urgent programme of airfields and communications, known collectively as infrastructure, for the common use of the forces defending Western Europe. Their failure to reach a
solution lay in the refusal of the United States Government, on the one hand, to depart from a "user" formula (under which they would pay no more than could be justified to Congress on the basis of direct support for the United States forces) and on the other and continental view that "capacity to pay" must be the deciding factor.

41. Shortly before the Council, the United Kingdom had put forward an arbitrary cost-sharing formula aimed at striking a compromise between these two points of view, but this had not proved acceptable to the Americans. At Ottawa, under the stimulus of a message from General Eisenhower that urgent work was being delayed by the absence of agreement on cost-sharing, a series of meetings between the United States, French and British Ministers resulted in an agreement which was not dissimilar to our proposal and which also proved acceptable to the smaller countries. Under this agreement towards a total estimated cost of £84.5 million, the United States pay £38 million, we pay £14 million the French pay £17 million plus the cost of land, &c., estimated at £4 million, and the other N.A.T.O. countries concerned share the remaining £11.5 million.

IV.—Far East: Korea, China, Indo-China

42. Talks took place between the Foreign Secretary and Mr. Acheson on the Far East on 11th September and on a tripartite basis with M. Schuman on 14th September.

Anglo-American Talks

43. Mr. Acheson gave an outline of the United States Government's proposals for action (a) if the Korea armistice talks were successful and (b) if they broke down completely.

44. The United States Government had not given detailed thought to the steps to be taken if the armistice talks were successful since they were doubtful whether political discussions arising out of an armistice could take place in the near future. If political discussions eventually took place they should be confined to the future of Korea only, between the United Nations on the one side and the North Koreans and their supporters on the other. The United Nations should not abandon the principle of a unified and democratic Korea. The United Nations had never given their blessing to the political division of Korea and should not now do so. The Secretary of State said that he was in general agreement with these views but that three points should be borne in mind:—

(a) We should not lose sight of the desirability at a later stage of a wider conference to discuss Far Eastern problems as a whole.

(b) Political discussions on Korea should not be allowed to give the impression that the United Nations was a purely anti-Communist organisation. Our view was that the United Nations was a world organisation of which countries of all political creeds were members.

(c) In considering a political settlement in Korea it was essential to take steps to ensure that Korea could survive as a democratic State; it would be a pity if any settlement allowed the new Korean Government to be threatened by a Communist fifth column from within. Any settlement must also cover the question of Chinese representation in the United Nations.

45. Mr. Acheson considered that the world situation would become much more dangerous if the armistice talks broke down completely. In the latter event and on the advice of their Joint Chiefs of Staff, the United States Government proposed that:—

(i) War production in the United States would be increased.

(ii) The scale of operations in Korea should be increased on the assumption that General Ridgway would receive reinforcements.

(iii) Since a stalemate would have an adverse effect on United Nations troops' morale, General Ridgway should be authorised to take the initiative in a series of battles of manoeuvre and be given discretion to penetrate as far as the "waist" of Korea.
(iv) Training and rearmament of the Japanese Police Reserve should be expedited and the size of the force increased so that three or four Japanese Divisions could be formed to carry out internal security duties.

(v) The training and equipment of Korean defence forces should be intensified.

(vi) All restrictions on the bombing of targets within Korea should be removed and General Ridgway authorised to bomb the dams across the Yalu River and power stations on the south bank of the river provided that the Manchurian frontier was not crossed.

(vii) If major air attacks were made on United Nations forces from bases outside Korea, General Ridgway should be authorised to carry out standing instructions to eliminate the air bases from which the attacks were mounted.

(viii) The Unified Command should report to the United Nations on the armistice talks, making it clear that the breakdown was the sole responsibility of the North Koreans and their associates.

(ix) The United Nations should be asked to reaffirm its determination to oppose aggression in Korea and to provide additional help.

(x) Members of the United Nations should be asked to support an embargo on all shipments to China and to agree voluntarily to prevent their ships entering Chinese ports. The United States Government recognised that a naval blockade of China was impracticable.

46. The Foreign Secretary then made the following comments:

(a) His Majesty's Government were anxious not to become involved in a full-scale war in China.

(b) Korea was one example of Russian trouble-making and there was no telling where and when she might make trouble next in Asia or elsewhere. Economic and social conditions in the Middle East provided a good opportunity for Russia to make trouble. The Korean war should not be considered in isolation but as part of a global struggle between the West and Russia.

(c) China was not yet, in our view, proved to be a slavish satellite of the Soviet Union. We should avoid driving Russia and China closer together and maintain such contacts as we had with the Chinese Government.

(d) We would prefer to defend the Kansas Line in Korea rather than a line which might not be tactically as favourable.

(e) The Foreign Secretary promised to think over the proposal regarding discretion to General Ridgway to manoeuvre north of the Kansas Line up to the "waist." (Subsequently after consideration in London the State Department was informed that we would prefer that there should be no major advance to the "waist" without specific Governmental approval, but that should the enemy become disorganised and demoralised, General Ridgway's hands should not be tied and that in such circumstances an advance by manoeuvre as far as the "waist" but not beyond, might well be undertaken.)

(f) He agreed that a stalemate in Korea would be bad for the morale of the United Nations troops.

(g) He assumed that the Japanese Police Reserve Divisions would not be used in Korea but only for internal security duties in Japan. Mr. Acheson confirmed that this was the intention. (The State Department was subsequently informed that we agreed that the minimum rearming of Japanese internal security forces could be undertaken provided equipment was not at the expense of other N.A.T.O. countries and if it was militarily necessary to withdraw part of the United States garrison in Japan to Korea. We also wished the raising of any such forces to be carried out in such a manner as to prevent any provocation to Russia while the Peace Treaty is not in effect.)

(h) He agreed that efforts should be made to build up dependable South Korean forces.

(i) On the bombing of the Yalu dams and power stations we reserved our position. (Subsequently, after consultation with London, we informed the United States Government of His Majesty's Government's concurrence. As regards retaliatory bombing of targets in China—see
paragraph 4 (vii) above—the United States Government have again been informed that we consider prior consultation essential. They have not accepted this viewpoint as they consider that a situation might arise in which, for the safety of the United Nations forces, retaliatory bombing would be necessary but in which time might not permit prior consultation. Discussion with them continues.

(j) We were glad that the United States Government did not consider a naval blockade practicable. As regards members of the United Nations being asked to stop their ships from calling at Chinese ports, the Secretary of State said that this would cause us difficulty and that he would wish to consider the question further. (As the result of further consideration in London the State Department has been informed that we would be against an embargo on all shipments to China and on ships entering Chinese ports since this would be tantamount to an economic blockade, a policy to which we are opposed. We are, however, willing to discuss means of strengthening the existing embargo under the United Nations Resolution of 18th May, 1951, and of making it more effective.)

(k) The Foreign Secretary agreed with the proposals made by Mr. Acheson in paragraph 4 (viii) and (ix) above, but pointed out that His Majesty's Government would find it difficult to spare more troops. (The State Department were subsequently informed that agreement was conditional on any reinforcements not being at the expense of national contributions to N.A.T.O.)

Tripartite Talks

47. On 14th September M. Schuman joined us in our discussions on the Far East. Mr. Acheson and the Secretary of State both put forward, in somewhat more general terms, the points we had already made in the bipartite talks as recorded above. M. Schuman took note of our statements which he said would require study in Paris. He then referred to Indo-China, where France had two main objects. The first was to obtain the maximum internal support for the agreements between France and the Associate States, and the second was to build up the Viet Nam Army. Great progress had been made with the latter, and the Associate States had decided on general mobilisation in October. The chief danger was Chinese intervention in force, especially if there was to be an armistice in Korea which would release Chinese troops for service elsewhere. It was of paramount importance for the United States, Britain and France to maintain contact on the situation in South-East Asia.

48. The Secretary of State assured M. Schuman that the United Kingdom was behind France in her struggle in Indo-China and would give her all reasonable and practicable support. Mr. Acheson commented that the United States Government regarded the maintenance of a strong position in Indo-China as of vital importance.

General

49. Though realistic, Mr. Acheson’s programme for the Far East is fundamentally cautious, and with some important reservations, particularly on the economic side, we have been able substantially, to accept it.

V.—Italian Peace Treaty and Trieste

50. At the tripartite meetings in Washington we reached agreement on the text of the Tripartite Declaration on the revision of the Italian Peace Treaty, and decided that it should be published as soon as we had agreed with the Italians on the text of the proposed Italian Note to the signatories of the Treaty. The substance of the Note was agreed at Ottawa and (as our colleagues are aware) the Declaration was accordingly issued at Washington on 26th September, during Signor de Gasperi’s visit to the United States.

51. As regards the time-table for de facto revision, the Americans insisted that the final stage, i.e., the favourable reply to the Italian Note, should not be delayed by more than six to eight weeks from the moment the Note was presented. They did not feel that our agreement to the revision of the Treaty should be dependent
on a settlement of the Trieste issue. The Foreign Secretary made it clear that we
attached great importance to bringing Yugoslavia and Italy together and that,
though he would agree reluctantly not to make this settlement a condition of
revision, we must continue to put strong pressure upon them from now on to achieve
it. It was important that Italy herself should not know a time limit had been set
for our reply lest she should try to spin out the Trieste negotiations. If she
remained under the apprehension that they were an essential preliminary to revision
of the Treaty she would be much more likely to try to reach a quick settlement.

52. The three Foreign Ministers agreed accordingly that when the Italian Note
was received it would merely receive a sympathetic acknowledgement and that six
to eight weeks might then elapse, during which we should do our utmost (a) to
persuade the Italians and the Yugoslavs to settle the Trieste issue, and (b) to ensure
through diplomatic channels, the co-operation of other signatories, especially India,
Yugoslavia, Ethiopia and Greece. We would hope that by then the Trieste issue
would have been settled: but whether it had or not we would expect to send notes
of reply at the end of this period. The notes would say:

(a) that so far as our bilateral relations were concerned, and without prejudice
to the rights of third parties, we agreed not to enforce certain specified
articles of the Treaty;
(b) that the moral stigma inherent in the Preamble of the Treaty no longer
affected our bilateral relations.

We would hope that other signatories would then do likewise.

53. Rather to our surprise the Americans did not seem to be greatly impressed
by the argument that the Italian question must be handled in a way so as to cause
the least possible offence to Tito. Whether because of internal political con­
siderations connected with the Italian vote or for some other reason, the Americans
clearly thought that Italy was the better horse to back if it came to a choice. Their
calculation is presumably that Tito has now burnt his boats and is firmly landed on
the Western side. However, we have probably started them thinking.

54. During the Ottawa meetings the Italians also secured the tacit support
of N.A.T.O. for the elimination of any discrimination against them under the
Peace Treaty. The Council approved a statement on the North Atlantic Com­
munity stating inter alia that all obstacles which hindered co-operation between
the N.A.T. countries on an equal footing should be removed. Signor De Gasperi
asked the Council—having previously obtained our support and that of the French
and Americans for this move—to agree that these words should be regarded as
applying particularly to Italy. This interpretation was strongly backed by
M. Schuman and was not challenged by any member of the Council. It is thus now
common ground in N.A.T.O. that our intention is to re-establish Italy's position
on an equal footing with other members as soon as this becomes practicable. We
did not, of course, accept the view that N.A.T.O. had a locus standi on revision.

VI. — Austria

55. The Americans at the outset wished the Austrian Deputies to be convened
in October, but Mr. Acheson readily accepted our contention that it would be
better, if possible, to get the Trieste and Italian issues out of the way if possible
before going into a meeting on Austria. It was finally agreed that we should look
at the international situation, particularly the situation in Trieste, some time in
October, and consider the possibility of convening the Deputies in November.

VII. — Spain

56. Both M. Schuman and the Foreign Secretary made it very clear to
Mr. Acheson that they regretted the recent American approaches to Spain and
hoped that the Americans would not go further in their negotiations than was
strictly necessary. Mr. Acheson told us that he was fully conscious of the strength
of public opinion in the United Kingdom and in France on this subject. He
assured us that he was trying to keep the negotiations on a minimum basis for
that reason, and that there was no question of trying to bring Spain into N.A.T.O.
or Western defence plans. But he pointed out that he too had to reckon with
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public opinion. It would have been difficult for him to justify to the United States public a refusal to negotiate for bases on grounds of principle, and it would have been unwise to yield to United Kingdom and French pressure in this matter since bitter resentment would have been caused against our two countries. He assured us that the State Department would keep us fully informed of the progress of the negotiations.

VIII.—Persia

57. On Persia, the Foreign Secretary's object was not to reach decisions; that would not have been possible in a fluid and changing situation: but rather to have a general talk with Mr. Acheson and Mr. Harriman and to explain to them personally the broad lines of our Persian policy. Mr. Morrison emphasised our conviction that it was near enough impossible to deal with Mussadeq and that the best hope lay in an early change of Government. He also made it plain that if active steps were taken to expel British subjects from Abadan it would create a very grave situation. Mr. Acheson and Mr. Harriman were both helpful, but there was inevitably a difference of emphasis between our two points of view. They were quite frank in urging us to be patient and conciliatory, and they expressed strongly the hope that we would not take any precipitate action by pressing the Shah too hard for the removal of Mussadeq or by armed intervention.

IX.—Policy towards the Satellites

58. The Americans had inserted in the agenda an item which seemed to point towards a desire on their part that we should join them in a more offensive policy towards the Satellite Governments. In the event, Mr. Acheson withdrew this item. Here, it seems, we have another proof of the moderate breeze blowing in Washington at the moment.

X.—Availability of Defence Forces

59. At Mr. Shinwell's suggestion the Defence Ministers met together at one stage during the Ottawa Conference and carried out a useful review of such matters as the speed at which reserve forces could be put into the field after D-Day, the provision of equipment and increases in the period of national service.

60. At the conclusion of their review, the Defence Ministers accepted a United Kingdom recommendation that an appreciation should be prepared for the Military Committee for subsequent submission to the next meeting of the Council in Rome of the readiness and effectiveness of the forces allocated to N.A.T.O. which would be immediately available in the event of war.

61. In addition to this appreciation, the Council called for the submission to its next meeting in Rome of an estimate of the relative strength and capabilities of the forces of N.A.T.O. and of the Soviet bloc at present and in the immediate future. This estimate may well serve as a useful background for our discussions at Rome.

XI.—Development of non-Defence Aspects of N.A.T.O.

62. At Ottawa the Americans put forward important proposals, of which they had previously given us warning, for developing the "non-defence" aspects of N.A.T.O. The suggestion tabled by Mr. Acheson was that those countries which had shown special interest in the social, economic and cultural aspects of N.A.T.O. should form a committee to make proposals for developing this side of the alliance—i.e., the implementation of Article 2 of the Treaty—which in our present preoccupation with defence plans was in danger of being side-tracked indefinitely. The origin of this plan was the realisation that many of the smaller Powers, particularly the Dutch and Scandinavians, were growing increasingly restive at their lack of influence over the major decisions of the Council and at what they felt to be unjustified "press-ganging" by the big three (this has been particularly apparent in the discussions over Turkey and Greece). The Americans were anxious therefore to mollify these countries to some extent by giving them a more prominent
part to play in the affairs of N.A.T.O. The proposal received prompt support and developed into a full discussion of the wider aspects of the N.A.T. association, and an expression of our common desire to work for the long-term aim of the prosperity of the Atlantic Community as well as the short-term goal of military security.

63. In the course of this discussion, the Council drew up an important statement of faith stressing the peaceful objectives of N.A.T.O., which was released for publication. This statement announced the formation of a ministerial committee, composed of representatives of Belgium, Canada, Italy, the Netherlands and Norway, to “consider the further strengthening of the North Atlantic Community and especially the implementation of Article 2 of the North Atlantic Treaty.” This committee will make recommendations to the Council for co-ordination and frequent consultation on foreign policy, particularly in regard to the promotion of peace; on cultural, economic and social co-operation within N.A.T.O. or through other agencies; and on collaboration in the fields of culture and of public information. It is understood, of course, that this body will not duplicate the work of any existing international organisations, and the Foreign Secretary uttered a warning against elaborate staffs and unnecessary expenditure.

XII. — Future Council Meetings

64. In view of the elections in this country, it was agreed to defer the next N.A.T.O. Council Meeting (in Rome) to the end of November.

65. The North Atlantic Council also unanimously decided that more ministerial meetings were essential if work was to be carried on effectively and agreed that in future there should be meetings of the Council—though not necessarily in the full conclave of 36 ministers—about three or four times a year.

Conclusions

66. Apart from the solid achievements recorded above, there are also more general conclusions to be drawn from the meetings which it may be useful to set down as pointers to the future.

67. First of all, from the point of view of Anglo-American relations, the meetings were successful in bringing our policies much closer together. This applies particularly to the Middle East. It is clear that the Americans have now reached the conclusion that our two countries can no longer afford to pursue independent policies in the Middle East and that if the whole area is to be saved for the West, they must give us their full support in Egypt and elsewhere. There are still of course a number of other questions on which our policies have still to be brought into line, chief among them the looming problem of the finance of defence, which has not really been tackled yet as something which has to be solved jointly. While some Americans pay lip-service to “burden sharing,” they are still really thinking in terms of “Aid”—and even on that Congress has been extremely difficult.

68. During all our discussions Mr. Acheson impressed us as the outstanding American who is sensitive to the complex reactions of the European countries and above all understands and sympathises with our own particular approach to world problems. There was a heightened statesmanship and increased mellowness in Mr. Acheson’s handling of all these matters. The popular success of the Japanese peace treaty and the enviable personal success which he had at San Francisco were no doubt partly responsible for this. After San Francisco and the President’s public eulogy he clearly felt himself in a strong position. Time and again he helped us out, particularly in the very tricky negotiations with the French over the Middle East Command. Attacks on Mr. Acheson, which have become a feature of American internal politics, will doubtless revive. But so long as Mr. Acheson is at the State Department, and whatever trimming of his policies he may be forced to resort to in the face of public criticism, we can feel confident that American foreign policy will be conducted by a man who understands the British position and sympathises with the British approach to international affairs.

69. Secondly, the meetings have also resulted in a great improvement in Anglo-French relations. Our support in principle of the French plan for a European Army and our signature of the joint tripartite declaration on Germany,
together with the fact that we found ourselves taking much the same line on the
economic problems of defence, seem to have had quite a disproportionate effect on
French opinion and to have dissipated at last the cloud which our ambiguous attitude
towards European integration has recently cast over Anglo-French relations.

70. Thirdly, the Ottawa meeting showed how sensitive the smaller Atlantic
Powers, particularly Holland and Denmark and Norway, have become to leadership
by the three Great Powers unless exerted with more tact than the Americans
habitually display. If we are effectively to maintain the Atlantic Alliance we cannot
afford to ignore this small Power complex and it is therefore important that we
should in future make full use of the Council Deputies as a shock absorber for their
grousing and resentment at three-Power leadership.

71. Fourthly, the value of having a meeting of the Finance and Economic
Ministers of the N.A.T.O. Powers was immediately apparent; it was largely due to
their presence that the Council gave practical recognition for the first time to the
need to take account of financial and economic possibilities and limitations. From
this point of view it may be said that the attendance of Finance and Economic
Ministers was overdue; however, that may be, such meetings should clearly continue
to be held regularly in the future.

72. Finally, we felt that separate meetings of Defence Ministers during the
course of these Conferences are of great value in reviewing the progress that has
been made in the defence field, and that they should be a regular feature of Council
meetings in the future.

H. M.
H. G.
E. S.

22nd October, 1951