C.P.(55) 99

27th July, 1955

CABINET

FOUR-POWER TALKS

Note by the Secretary of the Cabinet

At the direction of the Prime Minister I circulate the attached records of conversations which took place at Geneva, outside the Conference room, for the personal information of members of the Cabinet. These records should be returned to me when they have been read.

(Signed) NORMAN BROOK

Cabinet Office, S.W.1.

I had a talk with the President for three-quarters of an hour this afternoon. We began with some discussion of Alpha, when I gave him a copy of the attached memorandum (C.P.(55) 75). The President read it carefully and said that he would of course consider it. He had not quite understood that our two countries were not in complete agreement on the line to be taken. I said that we had been in entire agreement and still were as to the terms of a possible settlement but hitherto we had also wanted to negotiate it secretly with the two sides. Admittedly we had not made much progress. Now the proposal was for a public statement by the United States. This raised important considerations. I felt in some doubt about how the Arabs would take the statement and of course the main burden in that part of the world if anything went wrong would fall upon us, since we had forces and interest there. On the other hand I also understood how much the problem of the Jews loomed in American domestic politics. The President said that the latter was true. There was no Arab Lobby, nor I interjected, a British Lobby either. The President laughed and said we had not to trouble about that. The only reaction there against very friendly relations between Britain and the United States came from the small but vocal Irish group. Reverting to the Jewish situation the President said that he wondered whether it was really necessary to take a decision to make such a statement now. He would like to think the whole matter over, and we could talk about it again before I left.

2. As to the off-shore purchases he would tell me frankly his difficulty. If we could give a little help, however small, in these matters ourselves his task would be easier. Whenever he asked for appropriations from Congress they were apt to complain that nobody else seemed to be taking a share. He did not want to put undue burdens on us at a time when we were just getting our head above water but if he could find some way of showing that we ourselves were also bearing part of the burden economically he would be in a much stronger position to help. I understood him to add that Congress had been more reasonable recently about giving him latitude in the use of the appropriations they had voted. Finally the President asked me if I knew how large an order for tanks this would be. I said I did not know, but I imagined something in the order of 100 would be quite important in the scale. The President replied that in that case he felt sure they could do something. He would get into touch with Sassoon who was still in Paris or with some other authority to try to get me an answer before I left. I said I should be grateful for that because I was quite sure that if we were going to act in this matter the sooner we could reach agreement and that the sooner the Iraqis knew that the tanks were coming the better it would be.

A.E.

17th July, 1955
In the course of the conversation alone with the President this afternoon we reviewed the discussion that had taken place with Monsieur Faure and the three Foreign Secretaries in the morning. The President said that he thought he had persuaded Monsieur Faure not to refer to the question of the demilitarised area except in general terms. I said that the form in which Monsieur Faure had phrased it would have created alarm and despondency among the N.A.T.O. Powers. I added that I agreed and that we had to be careful not to propound precise boundaries at this stage or we should be held to anything we offered. I thought the really important issue at this Conference was Germany. I hoped that he and I would press together strongly to try to move the Russians on this. The President cordially agreed.

A.E.

17th July, 1955
When I was alone with the President this afternoon we had discussions at some length on the Far Eastern situation. I told him that I thought that there was no immediate danger of war in Europe. The President agreed. On the other hand I was deeply concerned at the position in the Far East, especially in respect of the off-shore islands of Quemoy and Matsus. Whatever view the President's advisers might have about Nehru it was the fact that the Indians had worked hard to persuade the Chinese to moderate their attitude. The President indicated that he thought this might well be so in respect of Nehru, but made it plain that he had not much use for Krishna Menon's methods. He thought that the latter concealed intellectual arrogance under the cloak of humility. I said that as I had explained to Mr. Dulles in times gone by one had to look at the problem of the off-shore islands as Peking might see it. If I was Chou en-Lai I should not wish to see the Americans out of Quemoy and Matsus. I should say to myself that as long as the Americans were there they were to some extent at my mercy. I could put them in a dilemma at any time. If I take or threaten to take Quemoy and Matsus I know the Americans will have to come to the help of Chiang kai-Shek, in which event they would not be supported by world opinion, or they will have to leave him to his fate which would be a blow to their authority. Therefore, speaking from our point of view, it seemed to me that the United States would be much better placed in every way both locally and before world opinion if Chiang kai-Shek's forces were withdrawn from Quemoy and Matsus.

2. The President said that he did not dispute this at all. No subject had given him more concern and he only wished he could see a clear way through the difficulties. They were however very real. He had to face the fact that he must count on Chiang kai-Shek to defend Formosa. Chiang kai-Shek encouraged by the Americans at the time of the Korean war had built up strong forces in Quemoy and Matsus. He had tried to persuade him to at least reduce these forces to relatively weak outposts which could inflict loss on the enemy if attacked and could then have been withdrawn without disaster to Chiang kai-Shek's prestige. However, Chiang had not been willing to do this. The President had sent a mission over to Formosa to try to persuade him but he did not think that the mission had done its task very well. At any rate it had not succeeded. He had even considered the possibility of inviting Chiang to Washington and trying to see what he could do himself. He felt the difficulty of this also. I said I understood his hesitation about inviting Chiang to Washington as such an event would certainly have wide publicity, with perhaps some unhelpful repercussions. I thought that Chiang probably did not want to accept the President's advice because, among other things, he would not be sorry to see the United States embroiled with Communist China. The President said that there was still the problem of the defence of Formosa. The United States owed Chiang kai-Shek nothing but he was necessary to the defence of Formosa. When I mentioned that I understood the Formosans themselves were not sympathetic to the Communists, the President said that this was true but if once Chiang kai-Shek disappeared there might not be much as an alternative to Peking.
We continued to discuss the topic for a considerable time and the President repeatedly assured me of his concern about the position and his anxiety to be quit of the islands if he could contrive it. At one point he said that if he could put them under the sea he would gladly do so. I said that my own impression was that Chiang kai-Shek's withdrawal from Quemoy and Matsus would have no adverse effect on either his authority or that of the United States in the Far East. The same would not be true of course of a withdrawal under pressure from Formosa. The President said this might be right and that he was glad of our talk together on this difficult subject. I said that I had raised it because it seemed the one issue on which our two countries could so easily be divided and he would know how sincerely anxious I was to avoid anything so dangerous. The President agreed and said that his relations with Great Britain were quite exceptional. No other country was in the same position except his neighbour Canada. The President asked me to give him an opportunity of thinking over what I had said and to talk to Mr. Dulles about it who he assured me was also much more concerned on this matter than the public generally thought. After that he would certainly wish for another opportunity for us to talk together on the matter while he was still in Geneva.

A.E.

17th July, 1955
In the course of our talk at dinner tonight I remarked to Marshal Bulganin that though the situation in Europe was difficult it was not dangerous. He cordially agreed and added that the possibility of war in Europe was so far away it was hardly worth talking about. He agreed however that the Far Eastern situation was much more anxious. He spoke of Formosa and the dangers there. I said that Quemoy and Matsus worried me much more. Krushchev interjected here that the Chinese had been very patient. He did not think that the Russians would have been so patient. I replied that he underestimated his own statesmanship. The position of Quemoy and Matsus was very difficult for the Americans and for everybody concerned. The Americans might wish Chiang Kai-shek to reduce his forces on the islands. It did not follow from that that they could compel him to do so. We were not always able to get our friends to do what we wished. The Russians appeared to accept this but they were clearly still anxious about the Far Eastern situation. The Foreign Secretary suggested that the Americans would be very happy if Quemoy and Matsus were sunk under the sea. This suggestion appeared to receive universal approbation except, possibly, we all admitted from an absent Chou En-Lai. The Russians commented the master of the house is absent.

A.E.

GERMANY

Marshal Bulganin and Krushchev, with Molotov, Zhukov and Malik, came to dinner with the Foreign Secretary and myself tonight. During dinner I sat between Bulganin and Krushchev and had a frank and intimate talk with the former, who appeared to wish to give a clear account of his genuine preoccupations. After some preliminary talk about the war years, Bulganin plunged into the problem of Germany. He explained on familiar lines how real were Soviet fears of a German recovery. Almost every family in Soviet Russia, including his own, had suffered some personal loss. I replied that we in Britain had also no reason to feel tenderly to the Germans after the experience of two wars. But one had to look to the future and whatever the fear of Germany had been, I could not believe that in this nuclear age Germany could really be a formidable danger to Russia. Bulganin however would not altogether accept this. He admitted that Germany might not be able to make hydrogen bombs, but after all they could be given to them. We had some talk about these new weapons and their possible consequences for the world. Bulganin however maintained that the problem was for the present, and would be for some time to come, one which only concerned the United States, Russia and ourselves. He did not foresee a future when the smaller Powers would be able to make the bomb. I argued that whatever the Soviet fears of Germany, we were all agreed that some time Germany must be united and my suggestions had been based on a desire to meet what I well understood to be Russian fears. Bulganin said he thought that some of our suggestions were important and more than once in our conversation emphasised the part that we would have to play in trying to find a solution. We discussed the possibility of reaching some agreement about forces and armaments in Germany and neighbouring countries and some form of supervision to control it. He thought this worth examining, but said that he had not thought about it. I advised him to give it consideration. We also discussed a Security Pact and I told him I thought it a pretty hopeless proposition to try to create a Pact for all Europe. How for instance could Tito and Franco be accommodated together? He laughed and said that perhaps this was not necessary; maybe the Soviets cast their nets too wide. Perhaps it would be possible to form some Pact between us which covered at least a part of Europe.

2. In later discussion, when Krushchev was present, the suggestion was the N.A.T.O. Powers maintaining their organisation and the Warsaw Powers maintaining theirs, and that all these should join the European Pact with the addition of some other countries. They gladly accepted that this should include the United States and Canada.

3. After we had discussed these matters for some time, Bulganin said that he wanted to say something to me which he had said to nobody else. It was really not possible for his Government to return to Moscow from this Conference having agreed to the immediate unification of Germany. They were a united Government and reasonably solidly based in the country but this was something that Russia would not accept and if they were to agree to it, neither the Army nor the people would understand it and this was no time to weaken the Government. The people would say this was something Stalin would never have agreed to. On this therefore he simply could not meet us.
4. In further discussion with him, and later with Krushchev, it emerged that while they could not agree to the unification of Germany now, they might be prepared to consider terms of reference for the Foreign Secretaries, which would contemplate such unification together with other compensating conditions. At Bulganin's request I repeated after dinner to Krushchev the kind of directive I hoped we might give the Foreign Secretaries. This would consist of:

(1) an instruction to study the unification of Germany, having regard to the security of all concerned;

(2) study of a security pact for Europe, or a part of it;

(3) study of the limitation of forces and armaments in Germany and in the countries neighbouring Germany, and

(4) study of the possibility of creating a demilitarised area.

Both Bulganin and Krushchev appeared to agree that such terms of reference were acceptable ones for the Foreign Secretaries, but they said it would be necessary to draft and study them. Molotov being present by this time, I suggested that as an expert draughtsman he should try his hand at the task.

5. In a long experience of talks with Russians, I think that this was the most important and certainly the frankest conversation that I have known. I have not thought it useful to repeat the many compliments to Britain and references to a personal part in relations in years gone by. All this could properly be ascribed to a desire to divide us from the Americans. But I do not think that this would be a complete explanation. It is rather my impression that they regard us as the only possible bridge between themselves and the United States and that they are anxious that this bridge should be built. The French were never mentioned, the United States were always referred to with respect, and as being our friends - from whom we should not be divided. Each time I mentioned Canada, her position was immediately accepted. Nehru's visit was frequently mentioned with satisfaction.

A.E.

1. THE WORK OF THE CONFERENCE

The Foreign Secretary and I had breakfast with the President this morning, when Mr. Dulles and Mr. Dillon Anderson were also present. I began by giving the President at his request an account of our discussion with the Russians at dinner last night. He seemed encouraged by the progress we had made and repeated this as I was saying good-bye to him an hour and a half later.

2. Our talk dealt almost entirely with the work of the Conference and the President showed himself much more keen to get positive results. After canvassing various possibilities we agreed that some immediate agreement to apply supervision to the forces of East and West in a part of Europe would be the best tangible result we could hope for. The president suggested that there might for instance be such joint inspection to a depth of 100 miles or so on either side of our existing line in Germany. I suggested that it would be good to get General Gruenther's view of all this and the President thought this an excellent idea and is sending for him and I understand for Admiral Radford as well.

3. We also agreed that at luncheon today he would press Zhukov on the importance of some concrete result emerging from the Conference and that I would take the same line with Bulganin, with whom I am to lunch.

4. In general the President showed himself impressed by the change in climate which he really believes has come over Soviet opinion. We both agreed however that an agreement to immediate action in respect of the unity of Germany was not to be got here. It might well be beyond the power of the Soviet rulers to come so far so soon after the agreement on Austria and visit to Yugoslavia and making a gesture of friendliness to Western Germany.

5. At the conclusion of our discussion we spoke for a few minutes about Alpha and impressed on our American friends the importance of giving Nuri some tangible indication of our friendship and our desire to help him in the form of the tanks which he had so long been waiting for. A separate telegram is being sent about this.

6. We are to renew our 8.30 breakfast tomorrow in order to discuss Far Eastern affairs, which we had no time to reach today.

A.E.

At the President's suggestion Mr. Foster Dulles accompanied by Mr. Phleger came to breakfast this morning with the Foreign Secretary and myself in order to discuss the Far Eastern situation. The outcome was not encouraging. Mr. Dulles went once again over the old ground saying that the Chinese Communists were impatient; why did they alone of the nations recently embroiled expect to have everything come right for them at once? Korea was still divided, so was Germany. Why should the Chinese Communists expect to have everything rounded off for them at once? He referred to the Offshore Islands. I said amongst other things they were in a position to round those off for themselves. They had the power to do it. Mr. Dulles said he supposed that was true. At the same time if only the Chinese would act reasonably for a year or two they would find the whole climate of world opinion changed and their admission to the United Nations for instance would certainly take place. I explained that being a revolutionary power and waiting for a year or two might not greatly appeal to them. The Foreign Secretary then asked what would in fact happen if the Chinese did act in the manner I had suggested they could. Mr. Dulles said that he could not tell but if we wanted his guess it was this. If Quemoy and Matsus were attacked and the whole thing was over in a short time, say in a day or two, there would probably be no reaction in the United States. It was certainly not the U.S. Government's intention to act at once. If on the other hand the fighting was protracted and for instance a gallant resistance was put up by Chiang Kai-shek's men as at Dien Bien Phu, the demand for intervention in the United States would be very strong and his own view was that as a result the United States would act. I would remember how at the time of Dien Bien Phu the pressure then of American public opinion for action had been strong and Indo-China was more remote. I said the value of the intervention was also considerably in doubt, which he accepted. I said that the situation he put before us was a very dangerous one. It seemed terrible that a war might depend on how long Chiang Kai-shek's men held out on these islands, for we understood the difficulty of American military intervention there. Mr. Dulles said that the position was undoubtedly highly dangerous and we might be said to be living over a volcano. On the other hand the United States Government had done everything possible to persuade Chiang Kai-shek to get out of the Offshore Islands and he would not. They had sent Admiral Radford and Mr. Robertson on a special mission. They had used every possible argument and they had failed. After the meeting had broken and as I was escorting Mr. Dulles to his car he said that he begged me to believe that the Americans had done everything they possibly could to persuade Chiang but that he was immovable. I said that I had been very much struck by something which the President had said to me at our last talk, namely that the dangers could be very much decreased and the military position of Chiang strengthened if instead of holding these Offshore Islands with 50,000 men or whatever the number now was, he held them merely as an outpost. He could mine them and make them unpleasant to take in any other way he liked, but if he held them as an outpost and the Chinese Communists did attack, Chiang's prestige would not be involved, and still less that of the United States. This seemed to me to make political and military sense because the weakness of the present position was that Chou En-lai by attacking could face the United States with an appalling dilemma, either to intervene for their friends with consequences no-one could foresee, or to leave their friends to their fate before the
world. Mr. Dulles said that the President had spoken to him about his outpost idea and he knew that he was very keen on it but so far he had not been able to sell it either to the Chiefs of Staff or to Chiang Kai-shek. I said that nonetheless it seemed to me to make sense.

2. I asked Mr. Dulles if he thought we could do anything in the circumstances with the situation so dangerous. I thought I would take the opportunity tonight when dining with the Russians to speak to them about that danger. Mr. Dulles said yes, he hoped that I would and that should aid things with Chou En-lai. Probably we could not do very much ourselves, but our Asiatic friends should do all they could to persuade Chou En-lai to wait. I said that was just exactly what they had been doing and I thought that was why the position had been quiet but I doubted very much if it would be held in that way indefinitely. Mr. Dulles said we must just try to carry the baby along. In time the matter would solve itself. Already in Formosa the army was changing character. It was being more and more composed of young Formosans who did not want to return to the mainland and if that developed the Offshore Islands would matter less and in another two or three years something might happen to make that position soluble. In the meanwhile, by the talks they had proposed at Geneva the Americans hoped some arrangements could be arrived at which would be helpful not only about the prisoners but perhaps also about restraint on attacks on shipping and other arrangements of that kind which would reduce the danger of incidents.

A.E.

22nd July, 1955.
After the dinner given by the Soviet Delegation on 22nd July I had some conversation with MM, Bulganin and Khrushchev about the Far East. Marshal Zhukov was also present, but took no part in this conversation. MM, Bulganin and Khrushchev said that they had been greatly impressed by what they had seen during their visit to China. The new leaders there were men to be reckoned with. Both Mao tse-Tung and Chou En-lai were strong characters, but men of balanced judgment who were unlikely to take hasty or ill-considered action. The regime was firmly established; much material progress was being made; and in ten years or so China would be a strong modern State.

2. Meanwhile, their revolution was young. It was natural therefore that they should resent Chiang's occupation of Quemoy and the Matsus so near their coast-line, and United States protection of Chiang in Formosa. It was natural, too, that they should wish to take China's seat in the United Nations. On that point they certainly had right on their side.

3. I said that President Eisenhower was doing his best to keep his public opinion under control on the subject of Quemoy and the Matsus. The Russians should, however, recognise his difficulties. Our own interests in China had been mainly commercial: we had traded there for a long time, and over the years had earned a good commercial return for what we had invested. But the Americans, during the war and since, had poured money into China; and the average American now felt that the Chinese had bitten the hand that fed them. As a result the Americans were specially sensitive about the present situation. The President was doing his best, in spite of this, to calm things down and to counsel patience. If he were given more time, all might yet be well. Were the Chinese prepared to be equally patient?

4. M. Khrushchev said that traditionally the Chinese were a patient people. He believed that they would not take any rash action at the present time. It was to be hoped, however, that some fruitful result would come from the meetings which were to be held in Geneva between the Ambassadors of the United States and China.

5. I said that these discussions should help. Though they would begin with such questions as release of prisoners, they might well broaden out to cover some of the more substantial issues.

A.E.