



(c) crown copyright

Foreign Affairs.

a) Trieste.

H.D. Will this work – stable over years?

E.B. Depends on goodwill. And chance tht. Italy and Yugosl. may come to terms – after Treaty signed.

b) Italian Navy.

H. No final decision taken re use of battleship. Must first examine it when handed over. Won't be used for target w'out reference.

c) Finland and Balkan Treaties.

T.W. Hope of trade and timber?

E.B. Trade depends our supply of coal, goods and money.

R.S.C. With stability – rep<sup>ns</sup>. and Treaty signed – more chance of seeing what trade comm<sup>ns</sup>. can be pursued.

E.B. Chance to get behind the curtain.  
Recent mtg. showed S.E. satellites know they can't survive independence solely on Soviet economy.  
Timber : Yugosl. timber not going to Russia. Chance of trade with them if we jump in quickly.  
Revival of Med. trade shd. be worth 750.000 manpower to us. My estimate at M/L. on assumpt<sup>n</sup> of full emplt. and revival of Genoa trade cycle.  
Wd. afford emplt. for 750.000 here. U.S. don't want this trade. Wd. favour surveys of trade possibilities in this area.

H.D. Yugosl. timber easier for us (currency) than Swedish.

R.S.C. Bn. trying for 12 months.

E.B. Signature of Treaty will give us new opportunity.

J.S. Sendg. a man to Yugoslavia next week for food purchase.

E.Sh. They will want electrical plant – diff. for us to provide.  
Pre-war our trade in Balkans was only 6% and we wanted to increase it.

But we can't afford to spare electrical equipment.

R.S.C. Direction : not increase in total for export.

- E.B. Need to raise standards in European countries.  
Phased programme – even if we can't do much at once. Promises for future can be given.
- P.M. Consider all this in conn<sup>n</sup> with economic survey.
- d) Germany.
- J.B.H. Need for caution over rep<sup>ns</sup> fr. current prod<sup>n</sup>. Wd. delay G's industrial recovery. Wd. be mistake even in return for concessions from R.
- R.S.C. O.E.P. Cttee shd. review our reparations policy in light of fusion agreement and other changes in cires.
- E.B. Will all come up in Moscow.
- R.S.C. Therefore we shd. consider it in advance.
- x/ Agreed : O.E.P. Cttee to consider.
- E.W. Any independent check on w'drawals of plan etc. from Soviet Zone.
- E.B. No inform<sup>n</sup> – no-one knows.  
R. prob. haven't any record – even if willing to give the information.  
10 billions figure came from Yalta.  
We have taken v. little out of Germany.
- J.B.H. I'm preparing apprec<sup>n</sup> of reparations, includg. man power cost.
- J. Suppose we've had labour. Hope we can top patents, skill etc. for benefit of our industry.
- R.S.C. That we have got. And am passing it on to B. industry.
- E.B. Hope you'll tell H.D. what value you've got out of that.
- J.B.H. 200.000 men for 2 years to dismantle plants already allocated.  
This is measure of cost of reparations policy.  
Will concert prep<sup>n</sup> of this memo with B/Trade.
- E.B. F.O. shd. take the lead in prep<sup>n</sup> of this material.  
Ministerial Cttee to consider.  
But not piecemeal.
- Agreed : as at x/ : all together : officials first.
- A. E.B. has agreed to meet High Commrs. tomorrow to discuss machinery for keeping Dom. Govts. in touch with progress of preparatory work.

- E.B. Chance of getting all views heard by Deputies. Further consult<sup>n</sup> will be required. after Moscow mtg.  
Diff. to embark on genl. disc<sup>ns</sup> before clarity on Potsdam. rep<sup>ns</sup> etc.  
Little risk of definitive decisions at Moscow.
- E.Sh. Wd. Moscow mtg. exclude bi-lateral deals between U.K. and Soviet Union.  
Thinking of oil.
- E.B. Doesn't arise in Moscow. mtg. Will discuss separately with E.Sh.
- e) Austria.
- C.E. Are we to create economically viable Austria? The 1919 Austria never was.  
No prospect of it at present. Country too small to support Vienna.
- N.B. Last time due to ring of high tariff countries.  
No central Eur. country can live in future w'out freer internat<sup>l</sup> trade.
- E.B. Trying to avoid tariffs. Said on Thurs. we must concede cabotage on Danube. Our policy therefore to free trade in this area.  
Genl. idea of Danubian Economic Fed<sup>n</sup>.  
Hoped, for both Italy and Austria, shape was for co-op<sup>n</sup> vice compet<sup>n</sup>.  
Removal of Trieste and S. Tyrol from Italy shd. help to free econ. situation as cpd. with 1919.  
Rlway. Conf<sup>cc</sup> fr. S. Poland to Adriatic in comm<sup>n</sup> with Trieste. With Danubian Conf<sup>cc</sup> workg. twds. Black Sea, we shd. get freer econ. movement.  
R. seems to be coming round to this view.  
Can't promise success : but will press this policy.
- N.B. Confirmed that Soviet Union have shown signs of coming away from earlier support of economic nationalisation – eg by accepting Eur. Econ. Comm<sup>n</sup>.  
I.T.D. was successful and encouraging.
- R.S.C. But progress in March depends on attitude of (new) U.S.A. Unless they offer real tariff reductions, the rest of the agreement will flop.
- E.B. Can't add territory to Austria. Will do what else I can to make Austria economically viable.
- f) Spain.
- A.B. Does M/F. accept these statements?
- J.S. Facts are correct. But not to be understood tht. we cdn't do w'out these foods. They are not essentials. Temp<sup>y</sup> loss wd. be inconvenient.

- R.S.C. Long term: much industrial equipment etc to be provided in Spain and we might lose a v. valuable market. Much development to be undertaken – and a tendency to look to U.K. for it.
- T.W. Bull point = fertiliser. Potash essential eg in Wilts. Agriculture wd. suffer v. much.
- H.D. This is overwhelming case v. economic sanctions.  
The case on econ. on financial grds. is v. strong.  
Spain fr. currency angle is v. promising as escape from the dollar.
- P.M. Iron ore is vital.
- E.Sh. Most effective econ. sanctions wd. be oil. They have only 6 wks. stock. But cdn't do this w'out U.S. co-op<sup>n</sup> and no sign of that.  
1.2 m. tons p.a. goes to Spain from us. Possibilities of increasing this valuable export.  
We send 8/10.000 t. p.m. of coal – but v. inferior quality. Spain produces 11 m. tons p.a. We cd. sell them more if we cd. spare it.
- A.B. Must remember the hot politics and Party feeling.  
Don't use many arguments v. sanctions when one or two wd. suffice.  
Don't accept long-term argument because assume effect wd. be to overthrow regime.  
Consolidate Sp. opinion – think that is invalid. Franco was put there by outside influences. Sp. pride didn't revolt at outside influences which put him there.  
In internat<sup>l</sup> disc<sup>ns</sup>. we shdn't argue v. sanctions : but say only tht. they wd. be effective only if universally applied. Explain consequences to U.K. of protracted partial sanctions. Base whole case on economic grounds. Say we wd. like to bring down regime by universal appl<sup>n</sup> of economic sanctions : but explain why we can't tolerate partial sanctions.
- E.B. So far, external action has only strengthened Franco.  
If we agreed on basis of universality, all wd. assent but wdn't act effectively.  
Oil – always arouses heat and diffy. Unlikely wd. get a decision in favour of oil sanctions.  
U.N. have never considered practical ques. of imposing sanctions.  
All wd. cheer me : but brunt wd. fall on us and on R.N.  
Care to avoid being made an outpost for use by others : not limited to this.  
Long term arguments – we don't know what other regime wd. be substituted.  
No solid alternative in sight.
- A.B. We are agreed a) if we cd. terminate regime by universal sanctions we would; b) we can't be left to hold the sanctions baby alone but we c)

don't want to appear in internat<sup>l</sup> conference to be supporting Franco or afraid to alienate Salazar.

- A.V.A. Hope U.N. sanctions will be considered in practical aspects.  
L/N. never contemplated sanctions save against aggressor.  
This proposal is to use sanctions v. internal regime – estab<sup>d</sup> no doubt with aid of external influences but 10 years ago.  
Shd. be clear what is to be scope of use of sanctions by U.N.
- E.Sh. Who favours sanctions v. Spain? Russia and U.S. are against it.  
We shdn't take initiative in this.
- H.M. This memo proves that economically this wd. be a luxury we cdn't afford.  
It is surely conclusive.  
The economic argument alone shd. satisfy B. opinion.  
As AVA says, can't be argued that Spain is danger to world peace.  
Dangerous use of sanctions – and not clear what alternative Govt. wd. arise. Wd we like it better if Spain had a Govt. like Poland.  
If we say we'll come in to universal sanctions a) consequences for us the same b) other countries can't be relied on to come in c) we wd. have to enforce d) needn't be a quick job e) no guarantee of a satisf. alternative Govt.
- E.B. I refused last summer a U.S. request to apply similar pressure to Argentine.  
They weren't keen to do it for Spain.  
They cdn't guarantee to replace Argentine meat to U.K.  
Effect of U.S. unilateral policy had bn. to put Peron in.  
Russia est<sup>d</sup> dipl. relations with graceful message after cursing us publicly for our continued assoc<sup>n</sup> with Argentine.
- H. Patrolling 1800 mile coastline : wd. involve 26 vessels plus R.A.F. reconnais<sup>ce</sup>.
- H.S. In U.N. strong feeling France, S.E. Europe. Latin America. Likely to come up again : complete severance of dipl. rel<sup>ns</sup> or sanctions.  
Ques. on 2<sup>nd</sup> = is Spain a threat to peace. If it were, we shd. have to agree under Charter to apply sanctions. But it isn't. That is the best point to rely on. If it were, we cdn't evade our oblig<sup>ns</sup>.
- N.B. Doubt if it will come up soon.
- E.B. Will bring memo to Cabinet if it comes up again.
- g) France : Economic Planning.
- R.S.C. P.M. & I saw Moche. He suggests Blum and Monnet shd. visit soon to discuss integr<sup>n</sup> of our econ. plans. Hope E.B. will play for delay

(i) because we haven't discussed our plan (ii) shd. begin at low level not Ministerial. Start it thro' Anglo-French Cttee.

- P.M. He wanted to come for coal. Said we hadn't any to spare.
- E.B. Didn't oppose Blum coming because in diff. pos<sup>n</sup> politically and wd. embarrass him to be refused. Prefer to tell him, if he comes, he can't get anything. He also wants assurance tht. we aren't going to integrate G. with U.K. at expense of France. We can't afford to lose France, qua foreign policy. Security v. G. revival is essential. Risk too tht. 4 Powers may try to restore G. as a balance between them. France = our traditional friend and important to our survival. Even sympathy is worth something. Blum needs encouragement and with it, soon, he may have 12 months' run.  
V. important for future of Social Democracy in Europe. Talks might show there is something we might be able to do. France is at the cross-roads. Let us at least listen : and see if there is anything we can do. Cd. also find out what their attitude wd. be at Moscow. No interruption of work of Anglo. Fr. Econ. Cttee. If Customs Unions spring up in S.E. Europe, no reason why we shdn't work them in W. Europe. Wd. prefer that to military Alliances. Don't know tht. this mightn't be the beginning of something v. big.
- H.M. Yes : but mistake to start talking economics on this level w'out adequate prep<sup>n</sup> by officials. Monnet is v. clever. We might get into v. deep water. What can France give us that we want – balance of paymts. might be made worse. We must discriminate a bit. Support R.S.C. Better to do this via Anglo. Fr. Econ. Cttee. Genl. sympathy talk with Blum is as far as we dare go.
- A.B. Mustn't give any imp<sup>n</sup> of resisting Blum's visit – esp. after Schumacher's visit. His pos<sup>n</sup> in France might well be consolidated if we made a fuss of him.
- H.D. Encourage his coming here. Social, personal and political. But detail is v. tricky. The Anglo. Fr. Cttee shd. deal with that. }Not inconsistent.
- J. Approach to France also on cultural level. They were impressed with us at Nuremburg.
- R.S.C. No obj<sup>n</sup> if made clear tht. he isn't coming with Monnet to discuss Plan.
- E.Sh. France cd. produce exports for us if she had coal. We must first decide own economic policy.
- H.M. Can do it this month – and good luck to you!

Agreed : send further letter of invit<sup>n</sup> to Blum.

C.J. Fruitful conf<sup>ces</sup>. with France over colonial affairs – initiated by Hall.

H.D. Tho' Mer. France can't send us exports, their Colonies are.

N.B. Blum admin<sup>n</sup> has a v. high prestige at present. Important to consolidate that.

A.B. Vital that it shd. succeed.

h) Use of Veto at U. Nations.

E.B. Considering at U.N. tht. abstention shd. not = veto.  
May agree to tht. State intending to veto shd. announce it at outset.  
R. coming round.

A.V.A. Surrender of veto. if R. used veto and w'drew from collab<sup>n</sup> she cd. return w'in her own territory self sufficient. We cdn't do that.  
We are in diff. pos<sup>n</sup> from R. in any modif<sup>n</sup> of absolute sovereignty.

E.B. That will come on particular items.  
E.g. some machinery for atomic energy – will reduce sovereign power.  
Disarmament agreement – verific<sup>n</sup> & insp<sup>n</sup> will involve surrender of sovereignty.  
Will come thro' acceptance of internat<sup>l</sup> oblig<sup>ns</sup>. Will grow, by evolution, as did R. constitution. May come in economic field as in defence field.  
Australia and other Doms. were mistaken in going bald-headed at Veto.

R.S.C. Abstention w'out veto is the beginning of sense in this matter.

E.B. If that becomes usage, we may in the end be able to get Charter amended accordingly.

N.B. Agreed : and some useful progress made at this Assembly.  
And Security Council is working better.

i) Germany : Socialisation of Ruhr Industries.

E.B. Stands where it did. Told Byrnes : he noted it.

J.B.H. New leakage. List of prospective candidates for custodians. But sugg<sup>d</sup>. tht. as U.S. oppos<sup>n</sup> unless initiation comes fr. G. might be better to move Länder Govts to make some recomm<sup>ns</sup>. before custodians appt. This is being rep<sup>d</sup> as a hold-up on our policy.

A.B. Throughout we had agreed not to be deflected at all by U.S. attitude.



- J.B.H. No ques. of formal consult<sup>n</sup> with Länder Govts. Merely informal soundings to see wthr. those Govts. wd. pass a resolution.
- J. "Observer" gets to know too much.
- P.M. J.B.H. must find out how this leaked.
- E.B. Believe Kuinche (Czech) gets everything from Control Comm<sup>n</sup>.
- A.B. Swiss – Editor of Tribune.
- J.B.H. Have asked C. in .C to check re leakages in Germany.
- H.D. The sooner this policy can be nailed down publicly the better.

Agreed : E.B. to look into action taken and report to Cabinet.

j) Publication of Cabinet Agenda.

- H.M. B.B.C. saying what business considered by Cab. P.L. asked me wthr. it cd. be stopped because thought to be Govt. organ.  
Can't stop them if not Press. Can't tell them not to take it from Press Assoc<sup>n</sup>.
- P.M. They shdn't be given any inform<sup>n</sup>.
- A.B. We shd. discuss sometime wthr. B.B.C. is approp<sup>t</sup> organ for news.

k) Albania.

- E.B. Have notified other 4 Powers and now propose to refer to Security Council.
- J. Shd. get Greeks to help us in this.  
Not enough keenness to collect the facts.  
In Corfu might find eye-witnesses. Haven't looked to see.  
Not enough energy in preparing our case.
- H. Everything possible has bn. done. Will be sending copy to J.

l) Egypt Treaty.

- E.B. Diff. issue has arisen over Sudan. Must stand firm on their havg. right to determine their future. Oblig<sup>ns</sup> under Charter – can't give way on that, even if it leads to a break over Treaty.

Foreign Affairs.a) Trieste.

H.B. Will this work - stable over years?

E.B. Depends on good will. And chance wr. Italy & Yugosl. may come to truce - after Treaty signed.

b) Italian Navy.

H. No final decision taken re use of battleship. Must first examine it when handed out. Would be used for target w/out reference.

c) Finland. & Balkan Treaties.

E.W. Hope of trade & timber?

E.B. Trade depends on supply of coal, goods & money.

R.S. With stability - w<sup>th</sup> - Treaty signed - more chance of seeing what trade comm<sup>ty</sup> can be pursued.

E.B. Chance is yet behind the curtain.

Recent mtg. showed S.E. satellites know they can't survive in dependence solely on Soviet economy.

Timber: Yugosl. timber not going to Russia. Chance of trade with them if we jump in quickly.

Revival of Med. Trade mtd. in worth 750,000 man power to us. My estimate at m<sup>th</sup>. on assumption of full emp<sup>t</sup>. and revival of Genoa trade cycle.

Wd. afford emp<sup>t</sup>. for 750,000 hrs. U.S. don't want this trade. Wd. favour surveys of trade possibilities in this area.

H.B. Yugosl. timber easier for us (currency) than Swedish.

R.S. But buying for 12 months.

E.B. Signature of Treaty will give us new opportunity.

J.S. Sndg. a man to Yugoslavia next week for food purchase.

E.B. They will want electrical plant - diff. for us to provide.

Pre-war our trade in Balkans was only 1% & we wanted to increase it. But we can't afford to spare electrical equipment.

R.S. Direction is not increase in total for export.

E.B. Need to raise standards in European countries.

Phased p<sup>ro</sup>gram - even if we can't do much at once, promises for future can be given.

P.M. Consider all this in conn<sup>ty</sup> with economic survey.

d) Germany.

J.B.H. Need for caution over up<sup>th</sup> to current poss<sup>ty</sup>. Wd. delay G's industrial recovery. Wd. be mistake even in return for concessions from R.

R.S. O.E.P. Ctee shd. review our repatriation policy in light of foreign agreement & other changes in circs.

E.B. Will all come up in Moscow.

R.S. Therefore we shd. consider it in advance.

x | Agreed: O.E.P. Ctee to consider.

E.W. Any independent check on w<sup>th</sup>drawals of plant etc. from Soviet Zone.

E.B. No inform<sup>ty</sup> - no one knows.

R. prot. haven't any record - even if willing to give the inform<sup>ty</sup>.

\$10 billion figure came from Yalta.

We have taken v. little out of Germany.

J.B.H. I'm preparing aspects of reparations, i.e. idly, manpower cost.

J. Suppose we've had labour. Hope we can tap patents, skill etc., for benefit of our industry.

R.S. That we have got. And are passing it on to B. industry.

E.B. Hope you'll tell H.D. what value you've got out of that.

J.B.H. 200,000 men for 2 years is dismantle plants already allocated.

This is measure of cost of reparations policy.

Will concert imp't of this memo. with B/Trade.

E.B. F.O. ind. take the lead in imp't of this material.

Ministerial Ctee is consider.

But not piecemeal.

Agreed: as at 7/ : all together: officials first.

A. E.B. has agreed to meet High Comm. to-morrow to discuss machinery for keeping Dom. Govts. in touch with progress of preparatory work.

E.B. Chance of getting all views heard by Deputies. Further consult. with League? after Moscow mtg.

Diff. to embark on quiet disc't before clarity on Potsdam, next etc. Little risk of definitive decisions at Moscow.

E.B. Wd. Moscow mtg. include bi-lateral deals between U.K. and Soviet Union. Thinking of oil.

E.B. Doesn't arise in Moscow. mtg. Will discuss separately with E. etc.

#### a) Austria.

C.E. Are we to create economically viable Austria? The 1919 Austria never was. No prospect of it at present. Country too small to support Vienna.

N.B. Last time due to ring of high tariff countries.

No central Eur. country can live in future w/out free international trade.

E.B. Trying to avoid tariffs. Said on Thurs. we must concede cabotage on Danube. Our policy is for free trade in this area.

Genl. idea of Danubian Economic Fedt.

Hoped, for both Italy & Austria, shape was for co-opt. vice compet?

Removal of Trieste & S. Tyrol from Italy wd. help to free econ. situation at opt. with 1919.

Railway comp't. fr. S. Poland to Adriatic, in conn't with Trieste. With Danubian Comp't. works. Kinds Black Sea, in wd. get faster econ. movement.

R. seems to be coming round to this view.

Can't promise success: but will press this policy.

N.B. Confirmed that Soviet Union has shown signs of coming away from earlier support of economic nationalism - e.g. by accepting Eur. Econ. Comm't. I.T.O. was successful & encouraging.

R.S. But progress in March depends on attitude of (new) U.S.A. Unless they offer real tariff reduction, the rest of the agreement will flop.

E.B. Can't add territory to Austria. Will do what else I can to make Austria economically viable.

#### f) Spain.

A.B. Does M/F. accept these statements?

J.S. Facts are correct. But not to be understood that we don't do w/out these foods. They are not essentials. Tempt loss wd. be <sup>in</sup> convenient.

- RSC. Long-term: much industrial equipment etc. to be provided in Spain; we might lose a v. valuable market. Much development to be undertaken - & a tendency to look to UK for it.
- T.W. Bull point = fertiliser. Potash essential esp. in Wills. Agriculture wd. suffer v. much.
- W.D. This is overwhelming case v. economic sanctions. The case on econ. & financial grounds is v. strong. Spain, fr. currency angle, is v. promising as escape from the dollar.
- P.M. Iron ore is vital.
- E.H. Most effective econ. sanction wd. be oil. They have only banks, stock. But what do they w/out U.S. co. ops; & no sign of that. 1.2 m tons p.a. goes to Spain from us. Possibilities of increasing this valuable export. We send 8/10,000 t. p.m. of coal - but v. inferior quality. Spain produces 11 m tons p.a. We cd. sell them more if we cd. spare it.
- A.B. Must remember the hot politics & Paris feeling. Don't use many arguments v. sanctions when one or two wd. suffice. Don't accept long-term argument: assume effect wd. be to overthrow regime. Consolidate Sp. opinion - think that is invalid. France was put then by outside influences. Sp. pride didn't revolt at outside influences which put him there. In internat. disc<sup>n</sup> we should argue v. sanctions: but say only that they wd. be effective only if universally applied. Explain consequences to UK of protracted & partial sanctions. Base whole case on economic grounds. Say we wd. like to bring down regime by universal appl<sup>n</sup> of economic sanctions: but explain why we can't tolerate partial sanctions.
- E.B. So far, external action has only strengthened France. If we agreed on basis of universality, all wd. assent but wd't act effectively. Oil - always arouses heat & diffy. Unlikely we'd get a decision in favour of oil sanctions. UN. has never considered practical question of imposing sanctions. All wd. cheer me: but must not fall on us & on R.N. Can't avoid being made an outpost for use by others: not limited to this. Long-term arguments - we don't know what other regime wd. be substituted. No solid alternative in sight.
- A.B. We are agreed as if we cd. terminate regime by universal sanctions we would; as we can't be left to hold the sanctions baton alone; but - we c'd don't want to appear in internat. conference to be supporting France, or afraid to alienate Salazar.
- AVA. Hope UN. sanctions will be considered - in practical aspects. L/N. were contemplated sanctions save against aggressor. This proposal is to use sanctions v. internal regime - establish no doubt with aid of external influences, but 10 years ago. Shd. be clear what is to be scope of use of sanctions by UN.
- E.H. Who favours sanctions v. Spain? Russia & US. are against it. We should take initiative in this.



H.M. This memo. proves that economically this is a luxury we can't afford.

It is surely conclusive.

The economic argument alone shd. satisfy B. opinion.

As A.V.A. says, can't be argued that Spain is danger to world peace. Dangerous use of sanctions - and not clear what alternative Govt. wd. arise. wd. we like it better if Spain had a Govt. like Poland.

If we say we'd come in w. universal sanctions w. consequences for us the same w. other countries can't be relied on to come in w. us. How to enforce d) needn't be a quick job. w. no guarantee of a satisf. alternative Govt.

E.B. I refused last summer a U.S. request to apply similar pressure to Argentine. They weren't then keen to do it for Spain.

They can't guarantee to replace Argentine meat to U.K.

Effect of U.S. unilateral policy has been to put Peron in.

Russia est. dipl. relations, with graceful message, also cursing us publicly for our continued assoc. with Argentine.

H. Patrolling 1800 mile coast line: wd. involve 26 vessels, plus RAF, reconnaissance?

H.S. In U.N. strong feeling: France, S.E. Europe & Latin America.

Likely to come up again: complete severance of dipl. rels. or sanctions.

Quin on 2<sup>nd</sup> = is Spain a threat to peace. If it were, we shd. have to agree under Charter to apply sanctions. But it isn't. That is the best point to rely on. If it were, we can't evade our obligation.

N.B. Doubt if it will come up soon.

E.B. Will bring memo. to Cabinet if it comes up again.

#### g) France: Economic Planning.

B.H. P.M. I saw Moché. He suggests Blum & Monnet shd. visit soon to discuss integ. of our econ. plans. Hope E.B. will play for delay (i) 'we haven't discussed our plan (ii) shd. begin at low level, not Ministerial. Start it two' Anglo-French Ctee.

P.M. He wanted to come for coal. Said we hadn't any to spare.

E.B. Didn't oppose Blum coming: in diff. pos. politically & wd. embarrass him to be refused. Prefer to tell him, if he comes, he can't get anything. He also wants assurance that we aren't going to integrate G. with U.K. at expense of France. We can't afford to lose France, quo foreign policy. Security v. G. revival is essential. Russia too str. & Powers may try to restore G. as a balance between them.

France: our traditional friend & important to our survival.

Even sympathy is worth something.

Blum needs encouragement: & with it, soon, he may have 12 months' run.

V. important for future of Social Democracy in Europe.

Talks might show there is something we might be able to do.

France is at the cross-roads. Let us at least listen: & see if there's anything we can do.

Cd. also find out what their attitude wd. be at Moscow.

No interruption of work of Anglo-Fr. Econ. Ctee.

If Customs Union springing up in S.E. Europe, no reason why we shd. work him in W. Europe. Wd. prefer that to military alliances.

Don't know yet. This might be the beginning of something v. big.

- H.M. Yes: one mistake is start talking economics on this level w/out adequate prep<sup>n</sup>. by officials. Mornet is v. clever. We might get into v. deep water. What can France give us that we want - balance of payments might be made worse. We must discriminate a bit. Support Rst. Better to do this via Anglo. Fr. Econ. Cttee. Great sympathy talk with Blum is as far as we can go.
- A.B. Mustn't give any imp<sup>t</sup> of visiting Blum's visit - esp. after Schumacher's visit. His port in France might well be consolidated if we made a fuss of him.
- H.D. Encourage his coming here. Social, personal & political. But detail is v. tricky. The Anglo. Fr. Cttee shd. deal with that. } Not inconsistent.
- J. Approach to France also on cultural level. They were impressed with us at Nuremberg.
- Rst. No obj<sup>n</sup> if made clear that he isn't coming with Mornet to discuss Plan.
- E.H. France ex. producta exportis for us if she had coal. We must first decide our economic policy.
- H.A. Can do it this month - & good luck to you! Agreed: send further letter of invit<sup>n</sup> to Blum.
- C.T. Fruitful conf<sup>n</sup> with France over Colonial affairs - initiated by Hall.
- H.G. Tho' M<sup>r</sup>. France can't send us exports, their Colonies are.
- N.B. Blum admin<sup>r</sup> has a v. high prestige at present. Important to consolidate that.
- A.B. Vital that it should succeed.
- h) Misc of Veto at U.N.
- E.B. Considering at U.N. that abstention shd. not = veto. May agree too that still intending to veto shd. announce it at outset. R. coming round.
- AVA. Surrender of veto. If R. used veto & withdrew from col<sup>l</sup>at<sup>n</sup>, she'd. which w'd be her own territory self-sufficient. We can't do that. We are in diff. pos<sup>n</sup> from R. in any modif<sup>n</sup> of absolute sovereignty.
- E.D. That will come on particular items. E.g. some machinery for atomic energy - will reduce sovereign power. Disarmament agreement - verif<sup>n</sup> & insp<sup>n</sup> will involve surrender of sovereignty. Will come thro' acceptance of internat<sup>l</sup> oblig<sup>n</sup>. Will grow, by evolution, as did B. constitution. May come in economic field as in defence field. Australia & other Doms. were mistaken in going head-headed at veto.
- R.K. Abstention w/out veto is the beginning of secess in this matter.
- E.B. If that becomes usage, we may in the end be able to get Charter amended accordingly.
- N.B. Agreed: and some useful progress made at this Assembly. And Security Council is working better.
- i) Germany: Socialisation of Ruhr Industries.
- E.B. Stands where it did. Told Pygmes & he noted it.
- J.B.H. New leakage. List of prospective candidates for custodians. But sugg<sup>n</sup> that, as H<sup>l</sup>. oppos<sup>n</sup> unless initiative comes fr. G., might be better to move Länder Govts to make some neomm<sup>n</sup> before custodians app<sup>t</sup>. This is being kept as a hold-up on our policy.

- A.B. Thought we had agreed not to be deflected at all by U.S. attitude.
- F.B.H. No question of formal consult. with Lauder Gork. Merely informal soundings to see what those Gork. and pass a resolution.
- J. "Observer" gets to know too much.
- P.M. J.B.H. must find out how this leaked.
- E.B. Believe Kucich (Czech) gets everything from Control Comm.
- A.B. Swire - Editor of Tribune.
- J.B.H. Have asked C.I.C. to check v. leakages in Germany.
- H.D. The sooner this policy can be nailed down publicly the better.

Agreed: E.B. to look into action taken & report to Cabinet.

j) Publication of Cabinet Agenda.

- H.M. B.B.L. saying what business considered by Cab. P.L. asked me who it came from. I thought it was Govt. organ. Can't stop them if not Press. <sup>tell them not to</sup> Can't take it from Press Assoc.
- P.M. They should be given any information.
- A.B. We should discuss sometime who B.B.L. is appropriate organ for news.

k) Albania.

- E.B. Have notified other 4 Powers & now propose to refer to Security Council.
- T. Should get Greeks to help us in this.
- Not enough keenness to collect the facts.
- In Corps might find eye-witnesses. Haven't looked to see.
- Not enough energy in preparing our case.
- H. Everything possible has been done. Will be sending copy to T.

l) Egypt. Treaty.

- E.B. Diff. issue has arisen over Sudan. Must stand firm on their legal right to determine their future. Obliged under Charter - can't give way on that, even if it leads to a break over Treaty.