Cabinet conclusions regarding the Foreign Secretary, E. Bevin’s report of the proceedings of the Council of Ministers in New York, 2 January 1947

SECRET

C.M.(47) 1st CONCLUSIONS

(2nd January, 1947)

1. THE FOREIGN SECRETARYreported on the proceedings of the Council of Foreign Ministers in New York[[1]](#footnote-1) on completion of their work on the Peace Treaties with Italy, Bulgaria, Hungary, Romania and Finland.

The Foreign Secretary first recalled some of the difficulties which had prolonged the discussion of these Treaties. The decision, taken at the Potsdam Conference, that the peace settlements with the ex-enemy satellite States in South-East Europe should be discussed first, had meant that the Council was faced from the outset with the determination of the Soviet Union to establish an exclusive influence over those States. Our bargaining position had been greatly weakened by the fact that most of the territorial claims of the Soviet Union had been conceded, before the discussion of the peace settlements began, by undertakings given at Three-Power Conferences during the war[[2]](#footnote-2). In the light of subsequent events it was unfortunate that we had ourselves renounced in advance any claim to territorial advantage as a result of the war; for, if we could have asserted our right to retain Cyrenaica[[3]](#footnote-3), we could have spared ourselves our present difficulties in retaining a foothold elsewhere in the Mediterranean. Throughout the discussion of the Treaties much embarrassment had been caused by the early ruling that decisions were to be taken only by those members of the Council who had been parties to the Armistice with the particular State concerned; and this and other questions of procedure had proved a fertile cause of delays, both in the Council of Foreign Ministers and at the Peace Conference in Paris. In view of all these difficulties it was satisfactory that the discussions had at last been completed; and it was gratifying that the memorandum submitted by the United Kingdom Delegation on the Italian Treaty had in the end been adopted as a basis for all these Treaties.[[4]](#footnote-4)

In the discussions on the Italian Treaty it had been our objective to re-establish a democratic Italy in Western Europe with frontiers adjusted in accordance with strategic, ethnic and commercial considerations, while ensuring that Italy was made to pay for her action during the war and was prevented from repeating it. The adjustment of the Franco-Italian frontier had been accompanied by an agreement for joint control over the water and hydroelectric resources in this part of the Alps which should remove a cause of friction and facilitate economic development on both sides of this frontier. The Treaty incorporated the agreement reached between the Austrian and Italian Governments about the South Tyrol; and in this area also there was some hope of joint action in respect of water resources which would materially assist the economic development of the whole region.[[5]](#footnote-5) The cessation of the Dodecanese[[6]](#footnote-6) to Greece had in the end been approved. The Treaty provided for the protection of the property of Italians in ceded territories.

Agreement had been reached on the disposal of the Italian Fleet. The Foreign Secretary said that he would himself have preferred an arrangement by which those warships which were not bound by an undertaking given at the Tehran Conference that some Italian warships should go to the Soviet Union; and in the end we had been compelled to accept a plan for sharing the Italian Fleet between the main belligerents.[[7]](#footnote-7) He now understood that the Admiralty were proposing to use for target practice the battleship which was to be allotted to us under this plan. He hoped that they would not proceed with this proposal. *The Prime Minister* undertook to enquire into this.

It had proved impossible to reach agreement about the disposal of the Italian colonies. The Treaty provided that Italy should renounce her claim to these territories; and that, if after a year the Four Powers had failed to reach agreement about their disposal, a final decision should be taken by the General Assembly of the United Nations. Meanwhile the territories would remain under our administration.

The discussions had clearly shown that Trieste and Venezia Giulia[[8]](#footnote-8) could not be given either to Italy or to Yugoslavia without creating an irredentist movement[[9]](#footnote-9). The Council had therefore adopted the line proposed by the French Delegation for the Italo-Yugoslav frontier; and had proceeded to discuss means of establishing an international regime for the port and city of Trieste. The agreement eventually reached was admittedly a compromise, which would work satisfactorily only if there were goodwill on the part of the Governments of Italy and Yugoslavia. There was, however, some hope of a better understanding between them on this issue. It was natural that critics should draw unfavourable comparisons with Danzig[[10]](#footnote-10); but it was to be remembered that, while Danzig had served only Poland, Trieste was a commercial outlet for many countries other than Italy and was particularly well placed to fulfill the function of an international port.[[11]](#footnote-11) There were great possibilities of economic development throughout the countries of the Danube Basin, for which Trieste would provide an outlet to the Mediterranean. There would also be advantage in developing a southward flow of trade, through Trieste, from Austria and Southern Germany. Ever since the unification of Germany under Bismarck[[12]](#footnote-12) there had been an excessive tendency to draw her commercial strength northwards towards the Baltic; and it would be useful to redress this balance by developing a southward outlet through Trieste to the Mediterranean.

In the discussion of the draft Treaties with Bulgaria, Hungary, Romania and Finland our main objects had been to safeguard British interests, to open up trade in South-East Europe and to see that these ex-enemy satellite States received no better treatment than Italy. The Governments of Bulgaria, Hungary and Romania had realised that their countries could not survive if they became solely dependent on the economy of the Soviet Union; and if we took full advantage of the Treaties and handled the situation carefully, we now had a good prospect of re-establishing our trading connections with these countries.

The Treaties included a provision on the freedom of navigation of the Danube, and agreement had been reached for a Four-Power declaration for a Danubian Conference[[13]](#footnote-13). This should assist in promoting economic development throughout this area. The Foreign Secretary said, however, that it would in his view be necessary to conceded a right of sabotage to riparian States.

We had tried to keep the reparation provisions within reasonable bounds and had succeeded in getting them spread over a term of years. The Soviet Government had already been collecting reparations from these countries under the armistice terms which they had imposed; but there were some indications that they were beginning to realise that the exaction of heavy reparations was incompatible with the reestablishment of a healthy economy.

The Treaties included provisions for the protection of Jewish rights and interests in Romania and Hungary which should have the effect of reducing the flow of illegal Jewish immigrants from those countries to Palestine.[[14]](#footnote-14)

The Treaties imposed limits on the armed forces to be maintained by these States. These limits were satisfactory in relation to the armed strength of Greece. They might, however, be frustrated by the creation of an organised militia and there were signs that such a paramilitary force was being created in Bulgaria.

We had been unable to secure all the provisions which we had sought with a view to restoring the pre-war position of the British oil companies in Romania.

The Treaties provided that all Allied occupation troops should be withdrawn from Italy and the Balkan States within 90 days after the signature of the Treaties. It was hoped, therefore, that the Soviet Government would no longer maintain troops in these countries of South-East Europe on the ground that they were guarding the lines of communication of their forces in Austria. For our part we had arranged that our communications to our troops in Austria should in future be maintained through the United States Zone of Germany and not through Italy. If Soviet troops were thus withdrawn from Bulgaria, it would become politically impossible for us to keep British troops in Greece. Our forces in Venezia Giulia would also be substantially reduced. We had agreed with the United States authorities that for the international garrison of Trieste we should each provide a force of 5,000; and this would be the limit of our military commitment in this area. If the conclusion of these Treaties resulted in a general withdrawal of occupation forces from Italy and South-East Europe, it would make a substantial contribution towards the easing of our man-power situation.

2. THE FOREIGN SECRETARY said that the Council of Foreign Ministers had agreed to meet in Moscow on 10th march to discuss Germany. They had further agreed to appoint special Deputies who would at once begin, in London, preparatory work for this meeting. The Deputies were, in particular, to ascertain and report to the Council by 25th February the view of Allied States who had common frontiers with Germany or fought in the common struggle against Germany. There would be great advantage in thus ascertaining at an early stage the views of Governments not represented on the Council of Foreign Ministers. It should mean that all the claims and views of interested States would be known before work began on the preparation of a draft Treaty; and, when the time came to hold a full Peace Conference, a draft could be laid before it which took account of those views and claims. This should avoid some of the difficulties which had arisen at the Peace Conference in Paris.

It had also been agreed that the Control Council for Germany[[15]](#footnote-15) should submit a report, for consideration at the Moscow meeting, on its work on demilitarisation, de-nazification, democratisation, economic principles and reparations. The Foreign Secretary had asked that, under the last two heads, the Control Council should report on the total value of goods taken out of Germany, either in reparations or in commercial exports, since the beginning of the occupation. There were indications that the Russian Zone of Germany was rapidly becoming a deficiency area. Yet the Soviet Government were pressing their demand for reparations to the value of $10 billion from current production in Germany. They could not obtain so large an amount unless much of it came from the Western Zones. It was possible that the United States Government might be tempted to go some way towards meeting this Russian demand, as the price for an effective agreement for treating the whole of Germany as an economic unit. This was a development which would have to be carefully watched; for it was vitally important that we should not be involved in any further expenditure (particularly in dollars) in addition to that to which we were already committed by the agreement for the economic fusion of the British and United States Zones. In the discussion at Moscow the Soviet Government might be prepared to make some concessions on the economic side in order to obtain reparations from current production and to retain their foothold in the combined Anglo-American Zone. We should, however, be well advised to refuse any concessions which failed to meet our full requirements about the treatment of Germany as an economic unit, including a full accounting by the Russians for all that they had already taken out of Germany in reparations or commercial exports. The agreement for the economic fusion of the British and United States Zones would give us an opportunity to restore the economic life of our Zone and a fair chance of recovering our expenditure on it; and it would improve our bargaining position *vis-à-vis* the Soviet Government.[[16]](#footnote-16)

The Control Council had also been asked to report to the Moscow meeting on the establishment of central administrations in Germany, and the political future of Germany would be discussed at this meeting. On this there was at present a wide divergence of view. The French were concerned to prevent the creation of a strong centralised Germany. The Soviet Government, on the other hand, seemed likely to favour a strong central Government which they would hope to convert to communism. We ourselves favoured a federal system under which large powers would rest, with the provincial Governments. The attitude of the United States Government was uncertain.

It should be among our aims at the Moscow meeting to secure a reduction in the forces of occupation in Germany. If means could be found of securing really effective cooperation between the four occupying Powers, it should be possible to evolve a system of administration which would enable the national armies now maintained in Germany to be reduced and drawn further back from the Zonal boundaries. There were dangers in maintaining the present arrangement by which four national armies confronted one another at close quarters in Germany; and it was important that no opportunity should be lost of relieving the anxieties to which this situation gave rise, particularly in countries adjacent to Germany.

The Foreign Secretary said that on the whole the progress made in the preliminary discussions of Germany at the New York meeting had been satisfactory, and the prospects for the Moscow meeting were encouraging.

[TNA, CAB/128/9]

Keywords: post-war Germany, Italy, Yugoslavia, the Balkans, Poland, inter-allied relations

1. A regular meeting of the Council of Foreign Ministers took place in New York in November–December 1946. [↑](#footnote-ref-1)
2. At the Teheran Conference, 1943, the Yalta Conference, 1945 and the Potsdam Conference, 1945. [↑](#footnote-ref-2)
3. A historical region in North Africa, the largest city in which is Benghazi. From 1912 until 1943 it was within the colony of Italian Libya. In 1943 it was occupied by British troops, in 1950 it was granted an internal autonomy, and in 1951 it became a part of Libya. [↑](#footnote-ref-3)
4. The Paris Peace Treaties with the former allies of Nazi Germany – Italy, Hungary, Romania, Finland and Bulgaria – were signed on 10 February 1947. [↑](#footnote-ref-4)
5. South Tyrol is a region in the north-east of present-day Italy with a large German-speaking population. A final agreement on South Tyrolean autonomy was only reached in 1969. [↑](#footnote-ref-5)
6. An archipelago in the South-Eastern part of the Aegean Sea; the islands belonged to Italy from 1912 to 1947, but during the break up of the colonial system after World War II they were returned to Greece. [↑](#footnote-ref-6)
7. The question of the transfer of part of the Italian fleet was first raised by Molotov during the fourth meeting of the conference of the Heads of Government of the USSR, USA and Great Britain on 1 December 1943. See Tehran–Yalta–Potsdam: A Collection of Documents, Moscow, 1970, pp. 89–91. [↑](#footnote-ref-7)
8. The Easternmost part of the Italian Kingdom from 1918 to 1945. It is home to large Slovenian minority. In April and May 1945 , parts of it, including Trieste were occupied by the Yugoslav Partisan forces, triggering a crisis that almost led to armed confrontation between Yugoslav and Anglo-American forces. Between 1945 and 1954 the status of the region was contested by Yugoslavia and Italy and was a topic of intense international negotiations and occasional crises that threatened to escalate into armed confrontation. The resolution of the ‘Trieste question’ was agreed on 5 October 1954, in London. The disputed territory (the so called, Free Territory of Trieste) was divide dbetween Yugoslavia and Italy with the port of Trieste allocated to Italy. The final settlement that put this issue to rest was negotiated between Yugoslavia and Italy and formalised in the Osimo Agreements in 1975. [↑](#footnote-ref-8)
9. Irredentism was initially a nationalistic Italian movement formed at the end of the 19th / beginning of the 20th century. It was aimed at returning to Italy the neighbouring Austro-Hungarian territories which had a predominantly Italian population – Trieste, Trentino, etc. [↑](#footnote-ref-9)
10. A city-state established in January 1920. In March 1945 it was taken by the Soviet Army. According to the resolutions of the Potsdam Conference it was given to Poland and became Gdansk. [↑](#footnote-ref-10)
11. A comparison is being drawn here with the establishment of the Free City of Danzig as a result of the First World War, which remained under the control of the League of Nations, but which because the subject of territorial claims on the part of Nazi Germany before the outbreak of the Second World War. [↑](#footnote-ref-11)
12. In 1871 a federal state called the German Empire was created from a few tens of independent states populated by Germans. [↑](#footnote-ref-12)
13. Took place in Belgrade on 30 June 1948. The participants of the Conference included not only the Danube States but also members of the Council of Foreign Ministers (USA, UK, France, USSR). The Convention on the Regime of Navigation on the Danube was signed. [↑](#footnote-ref-13)
14. The British Government considered the migration of Jews to Palestine to be illegal, which at that time was a British protectorate. This movement of people was given the name of Aliyah Bet and ended formally with the declaration of the independence of Israel on 15 May 1948. See STEWART, N., The Royal Navy and the Palestine Patrol, London and Portland, 2002. [↑](#footnote-ref-14)
15. A joint body established by the USSR, the USA, the UK and France in 1945 as the supreme authority in Germany for the occupation period. [↑](#footnote-ref-15)
16. Agreement on this fusion was reached on 2 December 1946 during a meeting between Ernest Bevin and James Byrnes in New York. The merger formally took place on 1 January 1947 and led to the creation of the so-called Bizone, which in turn brought about the economic and administrative integration of the American and British zones of occupation in post-war Germany. [↑](#footnote-ref-16)