Cabinet conclusions on Soviet policy in Europe, 26 July 1948

Foreign Affairs

Soviet Policy in Europe

*The Foreign Secretary* made a statement to the Cabinet reviewing the international situation.

 Over the past three years the Soviet government had pursued a determined policy designed to bring the countries of Central and Eastern Europe under Communist control. The efforts made by His Majesty’s Government to establish a stable democratic government in Greece had been hampered by Communist interference, and the Soviet Government had created a deadlock in the negotiations for an Austrian Peace Treaty by their demands for the surrender to them of so-called German assets in Austria, by their efforts to prevent Austria from establishing an adequate police force or Army and by their support for Yugoslav claims on Carinthia. The latest Soviet proposal in these negotiations had been that agreement should first be reached on the question of German assets, the question of the frontiers of Austria being left for settlement later. This proposal was, however, unacceptable; and there was, in any event, reason to believe that many Austrians would regret the withdrawal of British troops which would follow the conclusion of a Treaty. We had agreed to the formation of an international zone at Trieste, but the negotiations for the appointment of a Governor had been rendered abortive by Soviet obstruction and we had eventually proposed that Trieste should return to Italy. The Soviet Government seemed to regard this proposal with favour, but had been prevented from accepting it by the objections of Yugoslavia. In Romania, Bulgaria, Hungary, Czechoslovakia and Poland the Soviet Government had failed to carry out their international obligations and had encouraged these States to disregard British rights.

Germany

 The Soviet aim had always been to establish Communism throughout Germany. To counter this we had made proposals for a federal German Government under which there would be a number of Land Governments with considerable powers, and this scheme was now being discussed with German representatives. It seemed clear that the full scheme approved by the Three-Power Conference would not be acceptable, but there was good hope that a provisional Government, developed from the present Economic Council, would be established. We had resisted demands from Soviet Government that they should share in the management of the Ruhr with France and the Benelux countries, we exercised a general supervision over the allocation of the products of these industries. We had also continued to oppose the Soviet demand for reparations from current production: this was not justified by any promises made during the war and to concede it would be economically disastrous.

 As regards Berlin, it had been felt that to yield to Soviet pressure there, would lead to further withdrawals by the Western Allies in the end to war. On the other hand, if we maintained a firm attitude, we might reckon on ten years of peace during which the defences of Western Europe might be consolidated. There was no difference between His Majesty’s Government and the United States Government. The United States were in general agreement with the terms of the proposed United Kingdom reply to the Soviet note of 14th July, which was designed to enable the Western Powers to recapture the initiative in establishing conditions of peace in Europe. Discussions with the United States representatives were, however, still in progress on the procedure to be adopted for delivering the reply. There was no reason to suppose that the new French Government which was now being formed would not also approve the proposed reply, and it was hoped that it could be delivered within the next day or two.

Brussels Treaty[[1]](#footnote-1)

Meeting of Consultative Council

 The Foreign Secretary undertook to circulate to the Cabinet a report on the proceedings at the recent meeting of the Consultative Council at The Hague.[[2]](#footnote-2) The meeting had been primarily on occasion for reporting progress and no important decisions had been taken. There was still a general failure to appreciate the magnitude of Europe’s balance of payments problem, and much further work would have to be done on this by the Finance Ministers of the countries concerned and by the Organisation for European Economic Cooperation. There had been evidence of a keen desire to develop cultural exchanges among the Western European Powers and it had been suggested that action should be taken to promote the circulation in Europe of a British newspaper which would give an accurate of account of conditions in the United Kingdom. The Military Committee were continuing their study of the war potential of the Western Union Powers and it was hoped that the idea would gain the strength of building up a powerful Western Union which would not be completely dependent on the United States and would present a strong front to Soviet expansion. M. Bidault had, on the instructions of his Government, proposed the establishment of a Federal Parliament for Europe on the lines advocated at the unofficial Hague Conference on European Federation; but there had been little enthusiasm for this suggestion, which had been referred to the Member Governments for their consideration. His own view, with which M. Spaak[[3]](#footnote-3) had agreed, was that Western Union must be consolidated by action on the part of the Member Governments and that any attempt to set up a Federal Parliament would merely open the way to Communist propaganda.

 In discussion the following points were made –

 (a) The effectiveness of the arrangements made for conveying supplies to Berlin by air had surprised the Soviet Government, and the Foreign Secretary was disposed to think that these arrangements could be successfully continued throughout the winter. On the other hand, the Chiefs of Staff were doubtful whether it would be possible to sustain for such a long period an operation which called on practically the whole of the transport resources of the Royal Air Force.

 (b) The Foreign Secretary had foreseen the difficulties which would arise from the reform of the currency in the western sectors of Berlin but had considered it necessary, as a matter of principle, to insist on the use of western currency in these sectors. He proposed to discuss the latest developments with the Military Governor, who was coming to London on the following day.

 (c) The Foreign Secretary’s statement suggested that even though a settlement of the Berlin situation could be reached, all that the Western European countries could look forward to was a period of some ten years of preparation for eventual conflict with Russia, during which their economies would be crippled by defence preparations and thus more prone to Communist influence. Could not this bleak prospect be avoided by taking a very firm line in the present crisis, in the knowledge that the Soviet Government were at present in no position to carry on a war in Western Europe?

 (d) The Defence Committee would consider on the following day the state of the country’s defence preparations and whether any precautionary steps ought to be taken. If we were to undertake a substantial programme of rearmament without special United States aid, we should merely hamper the economic recovery on which our capacity for waging war must in the last resort depend. Moreover, it was known what results were achieved by the communication which was about to be addressed to the Soviet Government.

 (e) One of the proposals which would be considered by the Defence Committee on the following day was that the release of men from the Armed Forces should be temporarily stopped. The Foreign Secretary was disposed to think that this might be done to a limited extent. It was also suggested that a limited suspension of releases might be announced as designed merely to relieve the additional strain imposed on the Armed Forces by the measures taken to supply Berlin by air.

 (f) A Parliamentary debate in the present week was embarrassing and it would be especially awkward if the debate took place before a reply had been given to the latest Soviet note. The Opposition might be willing to agree that the debate should at least be postponed until 29th July. The debate should be opened by the Opposition; the Foreign Secretary should speak second, and the Prime Minister should wind up.

 (g) The Prime Minister had undertaken to discuss with the Leader of the Opposition whether a statement on defence could usefully be made in this debate. Both he and the Minister of Defence were satisfied that no such statement should be made and it would be necessary to communicate this decision to the Opposition.

 (h) There had been very little discussion of the problem of co-ordination of colonial policies by the Brussels Treaty Powers, and the Foreign Secretary would consider with the Secretary of State for the Colonies what further action could be taken in this matter.

 The Cabinet-

1. Took note of the statement by the Foreign Secretary.
2. Invited the Lord President to explore the possibility of postponing until 29th July the proposed debate on the international situation.
3. Agreed that the Opposition Leaders should be informed that the Government could not make a full statement on defence matters in the debate.

[TNA, CAB 128/13/14]

Keywords: great power relations, post-war Germany, post-war Western Europe

1. See also the cabinet discussion on 22 April 1948, where the issue of strengthening defence cooperation between the signatories and the need to build a single organisation were discussed: CM (48) 29, CAB 128/12. [↑](#footnote-ref-1)
2. The Consultative Council of the Brussels Pact met at The Hague on July 19, 1948. See Hogan, M. J., *The Marshall Plan: America, Britain and the reconstruction of Western Europe, 1947 - 1952* (Cambridge: Cambridge University Press: 1987),pp. 180-182. [↑](#footnote-ref-2)
3. Spaak, Paul-Henri Charles (1899 - 1972) - Belgian politician and statesman. Prime Minister of Belgium (1938 - 1939, 1946, 1947 - 1949), President of the United Nations General Assembly (1946 - 1947), President of the Common Assembly of the European Coal and Steel Community (1952 -1954). [↑](#footnote-ref-3)