MEMORANDUM OF CONVERSATION AFTER DINNER WITH
CHANCELLOR AEUXAUER (BONN)
(with only the interpreter additionally present)

September 16, 1954

I said that the question of financial relations with
France would probably be coming to a head very shortly as
far as the United States was concerned, and at the time of
the International Bank meeting, Faure and others would be in
Washington, and that we were debating what line to take. I
asked the Chancellor what his own ideas were. He recommended
that we should not give the French economy too serious a
shock by a total cut-off of aid. He felt that in this event
Mendes-France might feel that he had no recourse but to go
entirely into the Communist camp. The Chancellor said we
should turn the spigot so as to reduce the flow, but that
there still should be a flow which Mendes-France would realize
would be increased or decreased according to his own behavior.

I asked the Chancellor whether he thought I was doing
right by not going to Paris. He said he was convinced that
this was the right step. He said it was a rather bold
and courageous step and he felt that in the long run it would probably do good rather than harm, although probably Mendes-France would feel that there was something personal directed against him.

I asked the Chancellor what his impression was of Eden's visit and whether he got any impression that Eden was trying to build up a "third force" as between the Soviet Union and the United States. The Chancellor said he gained no such impression, but on the contrary got from Eden the impression that Eden was very much worried about the Soviet threat and the importance of building a solid resistance against it. He said that Eden had implied that Churchill's plans to meet with the Russians were now definitely off and he did not think that the "coexistence" theme would be developed by the British capital.

The Chancellor several times referred to the 1956 elections in France as an event to which he attached much hope in the belief that at that time there would be returned a much smaller number of Communists and de Gaulists, and that there would then really be a chance to consummate European integration as long as we could keep the idea alive in the interval so that it would be an issue in the French 1956 elections.

The Chancellor referred in the warmest terms to my coming. He said that I had been to him an "angel from heaven". It had helped a good deal in handling and minimizing the John case, and in general had been greatly welcomed by the German people. He contrasted the turnout and warmth in the reception he had observed as I drove from the airport to Bonn and said that this
was very different from Eden's arrival. He said that everything
was spontaneous and that nothing had been prearranged.

The Chancellor referred to the great importance he attached
to what he referred to as "interim measures" looking toward
German rearmament. He said that he had been very much concerned
over the report brought back to him by Hallstein and Blankenhorn
as a result of their talk with Mr. Merchant and Mr. Bowie. They
had reported to the Chancellor that we would not do anything
along these lines unless the French concurred and that we ac-
cepted the French power of veto over any interim measures.
I said I thought there must be some misunderstanding. At this
point, I asked that Mr. Merchant be brought into the talks.
Mr. Merchant then appeared.

Mr. Merchant stated that in the conversation he and
Mr. Bowie had had before dinner with Hallstein, the point which
he had tried to make was that in the past the United States
had suffered its disappointments in making certain commit-
ments and taking certain actions in advance of French ratification,
and that he did not believe, assuming an agreement on German
entry into NATO was reached with France, that the United States
should necessarily be the first to ratify. This point was not
related to the matter of interim measures.

It was confirmed to the Chancellor that on the assumption
the French agreed to the general program which had been dis-
cussed for restoration of German sovereignty and rearmament,
there would be no problem concerning embarking at once on so-
called interim measures in so far as the United States was con-
cerned. On the other hand, if the French refused to agree to
this program, then the United States was prepared, together with
the British, to restore sovereignty to Germany to the extent it
lay within their power, and to start immediately jointly with
the British the interim measures looking toward rearmament.

Hallstein immediately asked whether or not the United States
would be prepared to embark on interim measures if the French
agreed in principle to the program, but objected specifically to
taking any interim action prior to approval of the program by
the French Assembly. In reply, he was told that, under the sit-
uation which he described, the United States would be prepared
nevertheless to inaugurate the interim measures jointly with the
British.

The Chancellor and Hallstein seemed relieved and extremely
pleased with this explanation of our intentions.

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