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The Secretary stated that while his plans were not yet definite, he was now contemplating going to the next NATO Ministerial Meeting.<sup>6</sup> He had not originally intended to go, but he thought failure on his part to attend the first NATO Ministerial Meeting to be held at Bonn might be subject to misunderstandings. If he did decide to go to Bonn, it was likely that he might subsequently visit Paris to attend one day of the regional conference of the Western European Ambassadors.<sup>7</sup>

Ambassador Houghton inquired as to the advisability of his seeing Jean Monnet from time to time in Paris. The Secretary said that while Monnet was an old friend of his and he had considerable admiration for him, he thought that it would be a mistake if the impression were gained that United States policy with regard to France was influenced in any way by Jean Monnet. Because of his ardent espousal of European causes, Monnet had gained many enemies in France. Moreover, in view of Monnet's enthusiasm for any project with which he was associated and his very persuasive talents, his views should be taken with a certain amount of reserve. There was, therefore, no reason not to see Monnet, the Secretary concluded, but it might be better if he were not to become an habitué of the Embassy.

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<sup>6</sup> The Secretary attended the NATO Council meetings in Bonn, May 2–3, 1957.

<sup>7</sup> For documentation on the Conference of Ambassadors, Paris, May 6–8, 1957, see vol. iv, pp. 571 ff.

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#### 44. **Memorandum of a Conversation, Prime Minister Mollet's Office, Hotel Matignon, Paris, May 6, 1957, Noon<sup>1</sup>**

USDel/MC 7

##### PARTICIPANTS

###### *United States*

Secretary Dulles  
Ambassador Houghton  
Assistant Secretary C. Burke Elbrick  
Mr. Charles W. Yost  
Mr. William R. Tyler

###### *France*

G. Mollet  
C. Pineau  
L. Joxe  
J. Laloy  
P. Sebilleau  
J. De Beaumarchais

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<sup>1</sup> Source: Department of State, Central Files, 611.51/5–657. Secret. Drafted by Tyler. The Secretary was in Paris after attending the NATO Council meetings in Bonn, May 2–3.

After the usual amenities, the Secretary opened the conversation by saying that the Mutual Security appropriation was being considered by Congress and that the US Government was encountering some difficulties. He said that there was a strong feeling in Congress in favor of making economies and that the President was personally making considerable efforts in support of the appropriations request. The Prime Minister asked whether Europe would be affected much by any cuts that would be made by Congress. The Secretary said that Europe would be affected to a certain extent, in the field of new weapons for NATO. He went on to describe the new organization of the Foreign Aid Program which was to be divided more sharply between the strictly defense and the economic development aspects. The Prime Minister returned to the subject of the effect on Europe of any cuts, and asked specifically whether these might bring about a change in the strength of US forces in Europe. The Secretary said that the latter would not necessarily be affected since they were financed by the regular Defense Budget. At this point the Secretary told the Prime Minister that he had already stated at the NATO meeting that the US Government adhered to the position it had taken in December 1956 and there was no intention at this time to make any significant reduction in US military strength in Europe. He said there would be some streamlining of US divisions everywhere in the world (some reduction of support elements), not exclusively in Europe.

There followed a brief discussion of the achievements of the recent NATO meeting in Bonn and it was agreed on both sides that it had been a good meeting.

*[5 paragraphs (37 lines of source text) not declassified]*

The Secretary asked the Prime Minister how things were going in Algeria. The Prime Minister said that from a military standpoint things were improving but that the real issue, which is the political aspect, was not progressing as well. He said that the rebel leaders had not taken up the French Government offer for a cease-fire and were waiting for various reasons: for another session of the UN, or for a change of Government in France, or for some similar event. The Prime Minister said he thought that this negative approach was due largely to the following factors:

- a) The National Liberation Front was divided within itself;
- b) The rebels do not feel that it is in their interests to accept a cease-fire, although it undoubtedly is in the interest of the civilian population;
- c) The majority of the Algerian fighters are very young men, who preferred continuing to fight to looking for industrial jobs in metropolitan France. He added that for them the prospects of a democratic and viable society in Algeria held little practical attraction.

The Prime Minister went on to say the only thing the French Government could do was to persevere in its present course of action. He said that in the last few months over 1500 new municipalities had been created, and that while there had been some obstacles, on the whole, things were moving forward more smoothly in this respect. He said that progress was not being made in territorial and provincial organization. He said that in general it was very difficult to find Moslems who had real political authority and were in a position of carrying out in fact any commitments they might be willing to accept.

The Secretary recalled that in a speech earlier this year, the Prime Minister had said that the French Government would hold elections in Algeria.<sup>2</sup> Mr. Pineau commented that elections would be held only after a cease-fire had taken place. The Prime Minister said that it would be possible as of now to hold municipal and even territorial elections, but that he had not taken a decision to hold them, because it would be claimed that any elections held now were not free but had been held under the threat of the French Army. He said that it was the intention of the French Government that elections should eventually be held in the presence of observers from various democratic countries.

The Secretary commented that there was another difficult problem: that of Cyprus, which had some similarities with that of Algeria. Both the Prime Minister and the Foreign Minister seemed reluctant to agree that the resemblances were anything more than superficial.

Turning to the Suez Canal problem<sup>3</sup> the Secretary outlined the current situation and stressed that it was not the US Government which had initiated the formula of accepting Nasser's declaration as a provisional *de facto* solution but the UK Government, which was conscious of the economic factors involved. Mr. Pineau agreed with the Secretary that it was a bad idea for governments to specifically authorize shipping to go through the Canal; it was for this reason, he said, that the French had voted against the SCUA resolution. He said that the French Government was also not in favor of a Security Council meeting to discuss the Nasser declaration, since this could only result in the government's being forced into acceptance of the declaration officially, even though reluctantly. The Secretary pointed out that the US Government only allowed US ships to go through the Canal if they paid under protest and without prejudice to future rights.

The Prime Minister then said he felt that the present conversation called for some frank talk on the subject of Nasser and the Canal. [3 lines of source text not declassified] being realists, the British had ex-

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<sup>2</sup> Reference is to Mollet's speech of January 9, 1957, in which he outlined a plan for Algeria which called for a cease-fire to be followed within 90 days by a general election; see vol. xviii, p. 259, footnote 2.

<sup>3</sup> For extensive documentation on the Suez Canal crisis, see volume xvi.

pected to allow their shipping to pass through the Suez Canal for economic reasons. He said that no French Government, at least not the present, would ever accept to do so:<sup>4</sup>

a. To accept would mean confirming Nasser's hold over Europe's oil requirements which were vital for the necessary conventional military forces.

*[Subparagraph b (2 lines of source text) not declassified]*

The Prime Minister said that France was going through terrible difficulties with regard to her balance of payments, but she would never yield to Nasser, and the French Government was prepared to go to the French people and tell it the reasons why. *[1 line of source text not declassified]*

The Secretary said that he agreed that Nasser's type of Pan-Arabism was dangerous. He also agreed that no agreements which might be made with Nasser would be dependable, whatever the words which Nasser might use. He thought that for this reason not much importance should be attached to what Nasser said he would or would not do. The Secretary said that while we had differed with France in the past on the methods to be used, he did not wish to bring up bygones. He said we could, however, feel encouraged by recent developments in Jordan which suggested that a basis might be found to *[for]* constructive developments in the general area of the Middle East. He said that undoubtedly Nasser's prestige had suffered compared with what it had been six months ago. The long-term answer, he thought, required that the present favorable trend should continue. However, whatever the prospects in the Middle East area might be, it was vitally important that alternatives to the Canal and to the existing pipelines should be developed. He thought that in retrospect the West should have paid more attention to the evacuation of the Canal Zone by the UK three years ago. Now, he said, we should look to the creation of the northern pipeline, since the Israel pipeline was vulnerable because we could not depend on Iran permitting its oil to be sent through that pipeline. The Prime Minister commented that he recognized the superiority of the northern line, but it would not be excessive to have both pipelines. The Secretary alluded to the oil possibilities of the Sahara. He also pointed out that in spite of the closing of the Suez Canal and the great strain on oil shipments, Europe had not collapsed as might have been feared at the time.

The Prime Minister said he was glad that the United States and France seemed to be in agreement with regard to the ultimate goal. His fear, however, was that the US approach might not bring about the desired result. He stressed the role of the Soviet Union as the real

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<sup>4</sup> An unidentified handwritten notation in the margin of the source text reads as follows: "he was wrong".

power behind the events in the Middle East. He said that the Soviet Union was working through the peoples of the Middle East [*1½ lines of source text not declassified*]. He referred to Nasser's aims and methods set forth in his book, which the Prime Minister said he had read "at least 10 times." [*1 line of source text not declassified*] he hoped that the results of the noble efforts which the US was making would not be to prepare the way for the triumph of Nasser in 10 years' time.

The meeting broke up at about 1:00 p.m.

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**45. Memorandum of a Conversation, Department of State,  
Washington, May 17, 1957<sup>1</sup>**

SUBJECT

French Financial Situation

PARTICIPANTS

Robert Marjolin  
Mr. Douglas Dillon (W)  
Mr. Whitehouse (W)

Mr. Robert Marjolin called on Under Secretary Dillon on May 17. He explained that while the overt reason for his trip was to discuss the Common Market and Euratom, his actual purpose was to approach the United States Government at the highest level, at Mr. Ramadier's request, to explain what steps France was taking to overcome its financial difficulties, to ascertain what the United States' attitude was toward these French measures and, frankly, to find out what, if any, help the United States could give France. He stressed the secrecy of his visit and explained that although he felt certain Mr. Randolph Burgess understood the purposes of his mission, he had not been as explicit with him.

Mr. Dillon stated that it would be helpful to obtain an explanation of the measures which the French Government was taking to put its house in order, and that we would be interested in obtaining Mr. Marjolin's own ideas on possible solutions to the French financial crisis. He recalled that he had discussed this problem with Ramadier before he left France, and had explained to Ramadier that he had no

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<sup>1</sup> Source: Department of State, Central Files, 851.10/5-1757. Secret. Drafted by Charles S. Whitehouse.