

BACKGROUND ONLY

Reconstruction of hour-long talk tonight by Macmillan at Downing Street with about 15 London-based American specials:

Conversation opened on domestic politics. Macmillan feeling extremely self-satisfied over election. Doesn't think Labor Party will be gutted by present ~~xxxx~~ soul-searching. Thought Gaitskell did extremely courageous job of trying to modernize party, though Macmillan claims he, if trying same, would have chosen more direct approach of political surgery---but never would have let Bevan be in windup position. Thinks Labor Party will accomplish transition to tempering socialism without ~~xxxx~~ great internal damage; noted with smile that Conservative Party, without written constitution, ~~xx~~ frequently in history has done about face on its policies.

While Britain now doing very well with prosperity, would be mistake to realize she walks a fine wire; Britain doesn't basically have a strong economy and cannot have. She is dependent on trade and conditions of trade and while she must export to live, her customers don't have to buy from her for them to live. Increased US bank rate and German trade pressure now putting a ~~p~~ bit of squeeze on her, and British reserves will now dip, but outlook still good.

Too early to tell what can come out of ~~xxxxxxx~~ Common Market-Outer Seven collision. Hope discrimination will be limited. Britain opposes this kind of bloc action; acted out of self-protection. Now future might bring Latin American trade bloc, etc. All this not too bad if overall trend is trade liberalization, despite movement by bloc action. But if real collision develops, repercussions will be great. Germany is Britain's real trade rival. If people of Britain see Germany cutting Britain's economic throat they will say, why should we keep 55 thousand ~~xxxx~~ troops in Europe? Let's pull them out and let Europe defend itself.

As for U.S., America now paying price of success of her postwar policies in Western European reconstruction. But with U.S. resources and power, she really should ~~x~~ not be ~~x~~ uneasy. U.S. has been able to get by in world trade with very high wages, because her technology was so much more advanced than others. Now that edge is slipping. What are U.S. choices? Protectionism or free trade. If it chooses protectionism it will be underwriting high costs and running counter to world trends. Its real choice should be free trade, stirring competition, for that's where the world trade struggle should be fought for the best interests of all.

Domestically, Macmillan indicated ~~xxxx~~ nothing dramatic in store for British policy. Said real problem is that in 20 years one-third of Britain's population will be in school, probably to age of 18; one-third of its population, the aged, ~~xxx~~ will be resting for the last 20 years of its life, and remaining three-fifths must support the whole nation.

International - Macmillan sees likely Summit date in ~~xxx~~ April, "the week after holy week." Thinks it would be great mistake to waste time ~~fightingxfight~~ fighting over agenda, ~~whixx~~ ~~xxx~~ which topics should be in what order, etc. Prefers simply listing "topics" which could be discussed at Summit with Russians, such as disarmament, Germany and Berlin, aid to underdeveloped countries if anyone wants that on, and so forth.

Macmillan indicated no specific thinking about what will be done at Western Summit at Paris in December. ~~xx~~ Implied he had no expectation it should be troublesome at all. Says everyone agreed there will be an East-West summit, and pretty well agreed it should be first in series of summits spread ~~xx~~ over years.

Asked if he did not anticipate trouble with ~~DeGaulle~~ deGaulle call for summit as confrontation on global issues, intended to resolve major policies, Macmillan had to be reminded what that was. If the Summit is going to get into such wide issues as Asian and African policy, said ~~Macmillan~~ Macmillan, then probably other powers outside the Western Big ~~xxx~~ Three would demand a voice in it. The only authority Western Big Three have for trying to ease tensions at a Summit he said is the Potsdam Declaration. Therefore can't see how a Summit meeting could be held and make progress on more than one or two points.

As for de Gaulle's views on Nato, if de Gaulle's opposition to Nato integration was based on argument it couldn't fight a battle as an integrated organization, well he might have something there. Nato couldn't do much fighting effectively. In the last war integration worked because it was really only Anglo-American integration at the top and they think enough like to be able to get on together; other units were simply attached to them.

The ~~xxxxx~~ trouble with Nato is that when you set up an organization like that it tries to reach out for things to do, in ~~xx~~ a continually expanding way. The ~~xxxxxx~~ permanent ambassadors to Nato have to find things to keep themselves busy, and get excited about all kinds of things. He hasn't found that the prime ministers of the ~~xxxx~~ respective countries worry too much about such things. ~~Spaa~~ As for Spaak, well, he is a very energetic fellow. (spoken wryly).

Nato has three purposes. First is to hold the fifteen countries together. Second, to keep the New ~~xxxx~~ World, U.S. and Canada, committed to Europe. Only thirdly there is the Nato role of defense.

A war would be a nuclear war; Natos forces would only be fighting a few days. Certain things have to be integrated, ~~xxx~~ such as radar. But small countries particularly ~~xxxx~~ try to carry integration to extremes because it ~~xxxx~~ means more jobs and stature for them. You wind up with several men doing the job of one.

As for European policy in general, there are certain underlying fundamentals. France can never permit German reunification. Britain's real political interests have much in harmony with France's (the implication was not overly subtle).

De Gaulle has no interest in a United States of Europe; he is no Monnet or Schuman and knows little about economics. De Gaulle wants a strong, powerful France, ~~dominating~~ dominating Western Europe. He also wants Germany fully tied to the West, and here French and German interests concur most

Britain can take a strong France and a politically flabby Germany. ~~xxxxxxx~~ But a strong Germany and a politically flabby France is not in Britain's interest. No one wants to encourage anything which will encourage the militaristic tendencies latent in the Germans. The Germans still ~~xxxx~~ show the heel-clicking discipline of the past. You could see that in Adenauer's recent visit. ~~xxxxxxx~~ Everybody heel-clicks around him, even when they know what he is saying is utter rot. They are happy when someone else tells him so, ~~w~~ but wouldn't dare themselves. Adenauer has all the strings, there is no second man in sight.

As long as Adenauer lives, he can handle the German situation. But he is a very old man-although still an extremely active one. A Tartar really; a strange old face. We got along pretty well. But what happens after him?

On Ike's tour, it is a good thing; it will show people he is still quite active and able, and that America is outward-looking; that is important.

As for the East-West future, if we get a detente it is going to make it more difficult to hold together our alliances, you can see that already. We've got ~~xxx~~ this multitude of organizations in Europe; ~~xxx~~ the reason is you have certain nations which can only join together in certain things. Maybe we could have just one ~~xxxxxxx~~ organization with sections; Sweden and Switzerland, outside of Nato, could belong to certain sections or committees and so on (old British theme).

~~af~~ As for the Russians, despite their Sputniks, they're really a half-civilized people. They love to be praised, but like children take offense at the slightest criticism. They are half-Europeans, half-Asians; we've got to ~~x~~ convince them they are Europeans. The struggle between communism and capitalism certainly will go on if there is a detente, but it will amount to an agreement to struggle without the threat of military force. ~~xx~~ Of course if we leave ourselves wide open as a target, we might always tempt them to try force. (When asked if he saw any real prospect of joint aid to underdeveloped countries, M said it could be possible if both realized the small people are now blackmailing both of us; telling one side they otherwise will turn Communist, and the other side, they will turn Capitalist without aid).

(No notes were taken during this hour-long rambling q & a, which was more philosophical a than ~~xx~~ q. On his remarkably frank German-French assessment, M said that was off the record. But ground rules were background, with no suggestion of attribution to anyone. All present thought the talk most enlightening, as usual revealing as much about the source as what he said. Marder

cc to Mr. Friendly for circulation, and to Roberts



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