

February 20, 1946

C O N F I D E N T I A L

MEMORANDUM

Re: Various Countries

1. During luncheon today, Jimmy Riddelberger, Chief of the Central European Division in State, said that Mr. Byrnes was now anxious to hold up any Austrian action or approach to Eximbank, and tie it up with the conclusion of the peace treaty. Riddelberger believes that the prior problem of a reduction in the occupation armies and costs is going to involve tough and lengthy negotiations, and that it will be quite a while before the Austrians will be given a go-ahead-signal on an approach to the Bank.

2. I called on Paul Culbertson, Chief of the Western European Division in State, and he made the following observations of interest to the Bank in connection with France and Belgium:

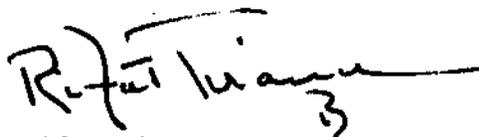
(a) There was a story two days ago in the New York Times that Andre Philip, French Finance Minister, would be coming over for the Savannah meeting with Mendes-France and Monick. Mr. Blum informed Caffery that Gouin had told him that, under present difficult conditions in France, he could not afford to let Philip leave the country even for a short visit.

(b) Culbertson, who is acting as the over-all policy officer in the State Department Committee on French Loan Negotiations, is of the view that (1) the French should not be granted more than \$500 million of new Exim credits, but should be encouraged to expect more at a later date, and (2) no new Exim credits should be utilized in any form whatsoever for the settlement of American claims on France of various sorts.

(c) The recent Belgian elections have lead to an apparent political deadlock, the Catholics got 96 seats in the Chamber, while the old coalition parties (Socialists, Communists and Liberals) won together about 110 seats. In the Senate, however, the Catholics have a majority.

Culbertson does not take a gloomy view of the apparent deadlock. He believes that it may be resolved either by a Catholic-Socialist combination, especially if the Catholics drop the issue of the return of Leopold, or by a resurrection of the old Socialist-Communist-Liberal coalition and a deal with the Catholics in the Senate.

I also called on Dowling, in charge of the Italian desk in State. He is anxious that Italy be given an initial Ecm credit, no matter how modest, before the March Cantonal elections and the May National elections.

A handwritten signature in cursive script, appearing to read "Rifat Tirana", with a large number "3" written below the signature.

Rifat Tirana

cc: Mr. Martin ✓
Mr. Gaston
Mr. Gauss
Mr. Stambaugh
Mr. Maffry
Mr. Sherwood