

frustrate the whole purpose of the international settlement. It was the view of the three Western Powers that Trieste should remain a free territory, to ensure that the predominantly Italian population did not pass under Yugoslav rule and that Trieste should remain a free port which would continue its traditional role of serving all the countries of south-eastern Europe. Since the Yugoslavs were more determined and physically powerful than the Italians it seemed necessary, they felt, to have a Governor with strong powers to protect the latter. If democracy were left to run its course in Trieste, there could only be one result.

In the Russian draft the powers of the representatives of the Security Council were reduced to a minimum. The Popular Assembly was made the centre of authority in the Free Territory and the Governor would have had no executive functions, his powers being limited to returning to the Popular Assembly any law which he considered contrary to the Statute, and to reporting to the Security Council for final decision if the Popular Assembly still refused to withdraw the law in question.

The issue resolved itself into the question of whether or not the elected Legislative Assembly of the Territory should be sovereign, or whether it should act under the direction of the nominated Governor. This, in turn, stemmed from the fundamental contest over Trieste. The Soviet Union had been of the opinion throughout that the Italian territory should be handed over to Yugoslavia, but the other members of the Big Four had insisted on the compromise of internationalization, which Russia eventually had agreed to accept.

The Slav countries all argued for a Customs Union between the Free Territory and Yugoslavia, and the right of Yugoslavia to handle the territory's monetary and foreign relations problems.

After a general discussion upon the Free Territory, the Commission set up on 10 September a Sub-Commission of eight, consisting of the representatives of the four sponsoring Powers (France, United Kingdom, U.S.S.R., and U.S.A.) and Australia, Netherlands, Poland, and Yugoslavia, to examine and report on the Statute of the Free Territory. The Sub-Commission held fifteen meetings, using as a basis for discussion Article 16 of the draft peace treaty for Italy and the draft statutes put forward by the delegations of France, United Kingdom, U.S.S.R., United States, and Yugoslavia. The Sub-Commission submitted its report⁽¹⁾ on 3 September and appended to its report an Annex comparing the texts of the four draft statutes. Except on certain points, the Sub-Commission was unable to present a single draft Statute,

⁽¹⁾ CP (IT/P), (S/T), Doc. 8.