EUROPEAN QUESTIONS

IMPLEMENTATION OF THE YALTA DECLARATION ON LIBERATED EUROPE; FREEDOM OF THE PRESS IN EASTERN EUROPE

No. 256

746.00119 (Potsdam)/5-246

Department of State Memorandum

[Extract]

TOP SECRET

MEMORANDUM

I. PROPOSED ITEMS FOR THE AGENDA

4. Implementation of the Yalta Declaration on Liberated Europe in the Treatment of Rumania, Bulgaria, Hungary and Greece (see Annexes 4 and 5)

It is recommended:

(a) in regard to Rumania, Bulgaria and Hungary

(1) That the three Allied Governments agree in principle to the reorganization of the present governments in Rumania and Bulgaria, and should it become necessary, in Hungary, and to the postponement of diplomatic recognition and the conclusion of peace treaties with those countries until such reorganization has taken place.

(2) That provision be made for tripartite consultation (later to include French representatives) to work out any procedures which may be necessary for the reorganization of the governments to include representatives of all significant democratic elements, with a view to the early holding of free and unfettered elections.

(3) That the three Allied Governments consider how best to assist the local governments in the holding of such elections, bearing in mind that while it may be preferable to have the actual conduct of elections in the hands of the local governments themselves rather

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1 For the full text of this memorandum, see the attachment to document No. 177.

2 See vol. II, document No. 1417, section v.

3 Documents Nos. 255 and 443, respectively. Concerning Poland and Yugoslavia, which were the subject of separate declarations at the Yalta Conference, see documents Nos. 483, 551, and 552.
than in those of Allied representatives, there must be adequate assurances that all democratic elements will have the opportunity to present candidates and that the voting will be in fact free.

(b) in regard to Greece

That, pursuant to a joint Anglo-U. S. approach in regard to Allied supervision of Greek elections which is being made to the Greek Government before the Big Three meeting, the U. S. Government propose to Great Britain and the Soviet Union at the meeting that the three Governments, possibly with the participation of France, send observers to Greece to supervise the elections to be held later this year.

[WASHINGTON,] June 30, 1945.

No. 257

740.0019 (Potsdam)/5-2445

Briefing Book Paper¹

TOP SECRET

ADMISSION OF AMERICAN PRESS CORRESPONDENTS INTO EASTERN EUROPE

American press correspondents have found it practically impossible to report news from, or even to enter, the countries of eastern Europe liberated from German control by the Soviet armies. A consistent policy of excluding foreign journalists has been followed by Soviet military authorities in "operational" areas, which until Germany's surrender included eastern Germany, Poland, Austria, and most of Czechoslovakia and Hungary, and by the Allied (Soviet) Control Commissions in the three former satellite states. In the United Nations with governments recognized by us (Czechoslovakia and Yugoslavia) the situation is somewhat better; correspondents have been able to get into Yugoslavia, after delays in getting clearance, but military-political censorship has been so strict as to make it impossible to send out fair and adequate reports on the course of events; a few correspondents have been to Prague, but have had to file their stories from outside the country, and no regular system for having American journalists operate in Czechoslovakia on a permanent basis has been established. In Allied-controlled and liberated areas of Western Europe, on the other hand, Soviet newsmen have been allowed the same freedom enjoyed by American and British correspondents.

The Department has taken the position that American correspondents should be granted every reasonable facility for reporting to the

¹ Annex 8 to the attachment to document No. 177.
American people events in this area. We have so informed the Soviet Government and have presented in Moscow the names of those correspondents who desired to go there. We have complied with the requirements for "clearance" established by the Control Commissions in the ex-satellite states. The Soviet Government has not replied to our approaches in Moscow, and the Control Commissions have either refused or taken no action on all applications made to them since last December. The Soviet Government has arranged a few conducted tours to specific points in eastern Europe (e. g. to the Majdanek concentration camp in Poland and to pro-Soviet celebrations in Cluj and Bucharest in Rumania), and one or two have been able to get into the Balkan countries by their own devices, chiefly in the period before the Russians were able to establish strict control; it is from these men, filing their stories from Istanbul, Cairo and other points outside the Soviet-controlled area, that the American public has had its few glimpses of what is going on in eastern Europe. Its regular diet of news comes from Soviet sources.

A strong stand by the United States Government on this question is justified not only by our belief in the principle of the fullest possible freedom of information but also because our effort to bring about the establishment of more representative governments in eastern Europe is hampered by the American public's lack of knowledge of developments there. If the United States is to be in a position to exert its influence in this direction, it must have the full backing and understanding of the American people, who can be properly and adequately informed only by our press and radio, since it is not advisable to give out officially information of this kind. With the spotlight trained on these areas through the stories of American correspondents, the Soviet Government might be constrained to modify some of its more drastic policies and to become more amenable to our suggestions for the establishment of more representative regimes in the countries concerned.

American press circles have sufficient information to know that important events are taking place in the Soviet-controlled countries and have urged the Department to obtain authorization for their representatives to go there. Our efforts to date having been uniformly unsuccessful, it is recommended that an earnest and firm request be made to Marshal Stalin to lift the "news blackout" in eastern Europe. It could be stated that, in view of the end of hostilities in Europe, there is no good reason for the exclusion of American correspondents from this area or for the continuance of censorship of press dispatches from these countries, and that maintenance of the present "blackout" would not be understood by the American people. In the event of a refusal of this request, we should make it clear to the
Soviet Government that we may be obliged to inform the American press that the Soviet Government insists on excluding American correspondents from Eastern Europe despite our earnest and firm requests, from which the press will undoubtedly conclude that the situation there is such that the Soviet authorities do not wish it brought to the attention of American and world opinion. Should the Soviet Government not refuse our request directly but endeavor to put the onus on the respective governments of the countries of Eastern Europe, we should seek Soviet agreement in principle to our position and later exert pressure on those governments to permit the entry of American journalists and to grant them the necessary facilities.

[WASHINGTON,] June 29, 1945.

No. 258

740.00119 Potsdam/7-1445

The Assistant Secretary of State (Dunn) to the Secretary of State 1

[Extracts 2]

SECRET

POTSDAM, July 14, 1945.

MEMORANDUM FOR THE SECRETARY

Sir Alexander Cadogan, Permanent Under-Secretary at the Foreign Office, called this afternoon and discussed for two hours in a preliminary way a number of matters on the agenda of the Conference. 3

15. Yalta Declaration on Liberated Areas.

Sir Alexander felt that we had more faith in the Declaration than he, but said the U. K. Delegation would “come along behind us” in any effort to secure its implementation. In justifying his government’s preference for the conclusion of peace treaties, Sir Alexander explained that, contrary to our situation with regard to Italy, his government cannot resume diplomatic relations with a country with which it is at war.

JAMES CLEMENT DUNN

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1 Printed from a carbon copy on which there is an uncertified typed signature.
2 For other extracts from this memorandum, see documents Nos. 140, 218, 234, 319, 351, 379, 404, 470, 519, 635, 645, 678, and 708.
3 For a list of persons present at this meeting, see document No. 234, footnote 3.
TOP SECRET

EUROPEAN TERRITORIAL SETTLEMENTS

I. GERMANY

. . . We are opposed to revision of the Danish-German frontier unless such action is considered necessary in connection with a possible internationalization of the Kiel Canal.

[WASHINGTON,] June 29, 1945.

1 Annex 13 to the attachment to document No. 177.
2 For other extracts from this paper, see documents Nos. 398 and 509.

No. 260

TOP SECRET

RUSSIAN PARTICIPATION IN EUROPEAN ECONOMIC ORGANIZATIONS

RECOMMENDATION

It is recommended that we endeavor to obtain agreement from the Soviet Government to participate fully in . . . the European Central Inland Transport Organization (ECITO), . . . including designation of representatives to cooperate in the day-to-day activities of these organizations.

DISCUSSION

. . . Principally due to disagreement on the issue of Polish representation, the Soviets have not participated in recent discussions concerning the ECITO. Their delegation in London, however, has informally indicated that the present agreement 2 has substantially met the objections which they had to earlier drafts. . . .

[WASHINGTON,] July 3, 1945.

1 For the full text of this paper, see document No. 525. The recommendation here printed also appears in substantially the same language in document No. 524.
2 For the text of the agreement as signed on September 27, 1945, see Executive Agreement Series No. 494; 59 Stat. (2) 1740.
No. 261

Truman Papers

*Memorandum by the Assistant to the President’s Naval Aide (Elsey)*

[Undated.]

**FREE USE OF RHINE AND DANUBE RIVERS**

There has been no reference to the free use of the Rhine and Danube Rivers in President Roosevelt’s and President Truman’s messages and papers in the Map Room.

G. M. Elsey

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1 Submitted to Leahy July 1 and subsequently forwarded to Truman.

No. 262

Truman Papers

*Memorandum by the Assistant to the President’s Naval Aide (Elsey)*

**TOP SECRET**

[Undated.]

**CANALS**

SUEZ—PANAMA—KIEL

There has been no reference to the free use of the Suez and Panama Canals in President Roosevelt’s and President Truman’s messages and papers in the Map Room.

Churchill reported to President Roosevelt, following his meeting with Stalin in Moscow in October 1944, that Stalin wanted the internationalization of the Kiel Canal and that he agreed with Stalin.2 Churchill gave no details of his conversations with Stalin on Kiel. The subject was not discussed at Yalta and has not been mentioned since in President Roosevelt’s or President Truman’s messages.

G. M. Elsey

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1 Submitted to Leahy July 1 and subsequently forwarded to Truman.
2 See *Foreign Relations*, The Conferences at Malta and Yalta, 1945, p. 160.
TOP SECRET

SPECIAL REGIME WITH RESPECT TO ENTRANCES TO THE BALTIC

The Baltic Sea possesses three sea entrances, namely, the White Sea route, the Kiel Canal and the Skagerrak–Kattegat route.

B. KIEL CANAL

The Kiel Canal, which was completed in 1895, was constructed with two objectives in mind; (1) to permit the German fleet to move rapidly from the North Sea to the Baltic or vice versa to meet threats arising to the security of the Reich, and (2) to provide a shorter and safer route than via the Skagerrak for commercial traffic between the Baltic and North Seas.

Prior to 1920, the Canal was open to navigation by foreign vessels without treaty arrangements or guarantees. Foreign vessels using the Canal were subject to such navigation customs and police regulations as the German Government saw fit to enforce. By ordinance, foreign warships were admitted toll free, but all merchant vessels were required to pay tolls designed to cover the costs of administration, upkeep, improvements and amortization of the original investment. Regulations and tolls were changeable at will by the German Government, without advance notice. No assurance was given to foreign powers that the Canal would be open in time of war as in time of peace. No promise was requested of others that belligerents refrain from acts of war against or within the Canal. No “neutralization” rules were promulgated. Hence, the Canal was neither internationalized nor neutralized. It was administered by the German Government and protected by the German Government [sic] and protected by the German Army and Navy without restriction as to militarization or fortification.

The Versailles Treaty introduced a fundamental change in the status of the Canal.\(^1\) Although administration was left in German hands, the freedom of German control was limited in various ways.

Germany was required to maintain the Canal and its approaches “free and open to the vessels of commerce and of war of all nations at peace with Germany on terms of entire equality”. She was obligated

to accord equality of treatment to the nationals, property and vessels of all nations. Germany was constrained to place no impediment on the movement of persons and vessels other than those arising out of police, customs, sanitary and immigration regulations. The Treaty stipulated that all regulations must be "reasonable and uniform and must not unnecessarily impede traffic". Charges over and above those intended to cover "in an equitable manner" the cost of maintaining the Canal in a navigable condition or of improving it or "to meet expenses incurred in the interests of navigation", were prohibited. Germany was bound to maintain the Canal in good condition of navigation and to remove all dangers to navigation. At the same time, she was required to refrain from any "works" which might impede navigation.

In addition to these provisions, the Versailles Treaty specified that all fortifications should be abolished in an area extending north from the 54th parallel of latitude to the German-Danish border and east from the 9th degree of East Longitude to the Baltic. Although it had originally been proposed to prohibit all fortifications within 30 miles of the Elbe River and of the Kiel Canal, the lines were drawn in such a manner that the western approach to the Canal and the port of Brunsbüttelkoog were actually left out of the demilitarized zone, thereby leaving Germany free to fortify this approach and the Brunsbüttel locks. Although the Kiel Canal was thus "internationalized", it was not "neutralized". No rules of "neutrality" comparable to those found in the Convention of Constantinople for the Suez Canal and the Hay-Paunceforte Treaty for the Panama Canal were incorporated in the Versailles Treaty for the Kiel Canal. Germany was thus left full right to close the Canal to her enemies and to defend it against attack.

During the Russo-Polish War in 1921, the German Government, which was neutral, forbade the passage of two foreign vessels loaded with contraband of war destined for Poland on the grounds that as the Treaty left German sovereignty intact regarding the operation of the Canal, the German Government was within her rights in applying such neutrality regulations as were deemed necessary to protect the Reich. This decision was protested at the Conference of Ambassadors and was referred to the Permanent Court of International Justice under the name of the Wimbledon case. The court ruled

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4 Signed at Washington, November 18, 1901 (Treaty Series No. 401; 32 Stat. (2) 1903).
that the German Government did not possess authority to refuse passage to vessels of commerce at peace with Germany irrespective of the nature of their cargoes.\footnote{For further details of the case of The Wimbledon, see Green H. Hackworth, Digest of International Law (Washington, Government Printing Office, 1940-1944), vol. i, pp. 52-53; vol. ii, pp. 15, 770, 780-781, 823-824, 827-829; vol. v, pp. 167, 226-228; vol. vii, pp. 436-437.}

On November 14, 1936, the German Government denounced Part XII of the Treaty of Versailles.\footnote{See Foreign Relations, The Paris Peace Conference, 1919, vol. xiii, pp. 651-652; Foreign Relations, 1936, vol. i, pp. 372-374, 379.} As a result, the Kiel Canal in so far as Germany was concerned again became what it had been prior to 1919, namely, a national waterway completely subject to the jurisdiction of the Reich.

Although the Kiel Canal has undoubtedly been of greater value to Germany than to any other state, the number of foreign vessels which have made use of this route prove that the Canal has international usefulness as well and that other nations have a very real interest in freedom of transit through it.

There are three possible solutions to the question of the future status of the Kiel Canal (the restoration of full German sovereignty over the Canal on the same basis as that existing prior to 1920 and subsequent to 1936, is obviously out of the question).

The first solution would involve an internationalization but not neutralization of the Canal thereby reverting to the status existent from 1920 to 1936. Should this be done, it would be advisable to modify the provisions contained in the Versailles Treaty so as to restrict still further the construction of fortifications.

The second possible solution would involve the extension southward of the Danish frontier to include the Kiel Canal. This could be partially justified on historic grounds, would deprive Germany of an important strategic waterway and would give the northern European States a continuing interest in preventing the military resurgence of Germany. If the solution were supplemented by international agreements with Denmark regarding the use and protection of the Kiel Canal, it would constitute an important link in a chain of possible provisions aimed at depriving Germany of the opportunity for future military aggression. This solution, however, might be opposed by Denmark as constituting an invitation to Germany to repeat the aggression of 1864, and as being a threat to the internal social and political stability of the Danish state.

The third and preferred solution relates to the establishment of an international zone extending for say ten miles to the north and south of the Canal. The Canal would be open to navigation by vessels of all maritime states upon the payment of tolls sufficient to cover
administrative costs and upkeep. It would be administered by an international body appointed by and subject to the Security Council of the United Nations. This solution would have the effect of guaranteeing the status of the Kiel Canal as an international waterway.

[WASHINGTON,] July 6, 1945.

No. 264

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

INTERNATIONAL CONTROL OF THE DANUBE

A series of treaties, beginning with the Treaty of Vienna in 1815, established the foundations for the international control of international rivers. The basic principles of which were (1) commercial navigation to be free for all nations, (2) no fiscal charges except reasonable compensation for maintenance and improvements, and (3) regulation of navigation by common consent of the states bordering on or crossed by such rivers. In the case of the Danube these provisions were not immediately applied because of the exclusion of Turkey from the Concert of Europe. However, when in 1856 the Ottoman Empire was admitted, the Treaty of Paris expressly provided that the principles of the Treaty of Vienna on the internationalization of rivers were to be applied to the Danube.

The Treaty of 1856 also provided for an European Commission of the Danube composed of representatives of Great Britain, Austria, France, Prussia, Russia, Sardinia and the Ottoman Empire; it was charged with the control of the maritime section of the Danube (from Brăila to the Black Sea). To cover the cost of this work the European Commission could establish duties to be assessed on a basis of complete equality. Conceived as a transitory body to be followed by a permanent international commission composed solely of the riverain states, it continued to function until Rumania's entry into the World War in 1916, by which time it had extended its activities and attained a special juridical status. There was no international regulation of the fluvial Danube until after 1918.

1 The pertinent provisions of this treaty, and of the other agreements mentioned in this Briefing Book paper and not separately cited, are quoted in Fred L. Hadsel, comp., "Principal Treaties and Conventions Relating to Freedom of Navigation on the Danube", in Department of State, Documents and State Papers, vol. 1, p. 250.
The system of internationalization of certain waterways was reaffirmed by the treaties which concluded the first World War. The Danube was declared an “international” river. With the exception of Germany, which was not allowed to carry passengers or goods by regular service between ports of any Allied or Associated Power, the Danube (like other international rivers) was to be open to all countries on the basis of equality. The European Commission of the Danube was reestablished with representation, of only Great Britain, France, Italy and Rumania as a “provisional measure”. An International Commission of the Danube was also provided for in the Treaty of Versailles⁵ to oversee river development and apply navigation rules over the fluvial portion from Brăila to the highest navigable point. This commission was composed of two representatives of each of the German riparian states (Württemberg and Bavaria), one from each of the other riparian states (Austria, Czechoslovakia, Hungary, [the Kingdom of the Serbs, Croats, and Slovenes,] Bulgaria and Rumania) and one representative of each non-riparian state on the European Commission—that is, Great Britain, France and Italy.

A Convention Instituting the Definitive Statute of the Danube was drawn up at Paris in July 1921. It embodied most of the relevant provisions of the previous treaties, reaffirmed the authority of the European Commission and defined the powers and organization of the International Commission. Provision was made to permit the entry into the European Commission by unanimous consent of other European states having sufficient maritime commercial interests at the mouth of the Danube.

The status of the European Commission met with continued objection on the part of Rumania and in August 1938 a protocol was signed at Sinaia which left the Commission little more than a consultative and advisory body. On March 1, 1939 the European Commission admitted Germany to membership on a basis of complete equality. With the outbreak of the present European war the European Commission, which had proved a powerful and effective international authority preparing and promoting navigation and police regulations for the maritime Danube, ceased to function. The International Commission, which was authorized by the Convention of 1921 to prepare programs of river improvement and regulations to be enforced by the individual states, had less power and a far shorter span of activity than the European Commission and had never assumed the same importance. Germany withdrew in November 1936 and remained out until it was in a position to dominate the entire length of the Danube and to control both Commissions.


[No. 264]
Extensive plans for German utilization and control of the Danube developed after Munich. With the meeting of the European Commission in the autumn of 1939 the German representative became chairman and Great Britain and France were no longer represented. A year later, under German guidance, both Commissions were suppressed and replaced by an amalgamated Danube Commission including the riparian states and Italy.

Russia, a party to the Treaty of Paris of 1856, was a member of the European Commission until 1919 but was excluded from both Commissions after the first World War. Following the Soviet annexation of Bessarabia in the summer of 1940 and after Soviet representations to Germany an agreement was negotiated abolishing the European Commission and the International Commission and setting up an Amalgamated Danube Commission consisting of the USSR, Germany, Italy, Rumania, Bulgaria, Hungary, Slovakia and Yugoslavia. A conference on Danube problems was held in Bucharest in October 1940 but without results since agreement apparently could not be reached on the control of the mouth of the river. Germany remained in effective control of the entire course of the river from July 1941 until 1944.

A British suggestion for a provisional international administration of the Danube made during the Rumanian armistice negotiations, was not included in the armistice terms. Soviet authorities have control under the terms of the armistice agreements with Rumania, Bulgaria and Hungary, of all shipping on the Danube. Official and unofficial Soviet statements in recent years indicate that the Soviet Union, which in 1940–41 and again since September 1944 borders on the lower Danube, considers itself a “Danubian power” entitled to participate in any regime of control which may be established. The Soviet Government may also wish to limit membership in such a regime to the riparian states.

[WASHINGTON,] July 6, 1945.

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3 Executive Agreement Series No. 490; 59 Stat. (2) 1712.
4 Executive Agreement Series No. 437; 58 Stat. (2) 1498.
5 Executive Agreement Series No. 456; 59 Stat. (2) 1321.

No. 265

740.00119 Control (Germany)/7-545: Telegram
The Political Adviser in Germany (Murphy) to the Secretary of State

SECRET
Hoechst, July 5, 1945—10 a.m.

108. Reference my 73, June 29, 6 p.m. Dept will wish to look
at SCAF 471, July 3 to CCS, concerning problems involved in reopen-

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1 Not printed.
2 See vol. II, document No. 754, enclosure B.
ing Danube waterway and disposition of river shipping now in American hands. Message recommends that policy in this connection be directed toward reestablishment of international character of the river and that as initial step there be set up an interim Danubian navigation agency. Message was coordinated with reparations commission representative here and information copy repeated to military mission Moscow for Ambassador Pauley.

At same time SHAEF issued instructions that reply sent to Marshal Tolbukhin’s inquiry regarding Danubian fleet point out that subject of restitution of Allied nations property capture[d] within Germany or Austria was matter now under consideration by the governments, that survey was being made of all craft under Allied control and that SCAEF was recommending earliest possible use of this craft for mutual Allied benefit.

Repeated to Moscow as 10 and to Caserta for Erhardt as 4.

MURPHY

No. 266

840.811/7-1045

Department of State Memorandum

SECRET

[WASHINGTON,] July 10, 1945.

POLICY WITH RESPECT TO THE ADMINISTRATION OF THE DANUBE

The underlying recommendation of a provisional arrangement for the administration of the Danube has been prompted by a telegram from Supreme Headquarters, Allied Expeditionary Forces (SCAF 471, July 3, 1945).2

This telegram is summarized as follows: Before surrender of German forces, Danube shipping under German control was moved into the United States area; Soviet officers claim that some of the vessels did not reach the United States area before surrender and ask to have them delivered. Reply has been made that restitution of such property is under consideration by the Governments.

Soviet commanders contiguous to the United States area have no authority to enter local agreement for the use of Danube shipping, which in large proportion belongs to Czechoslovakia, Yugoslavia and other riparian states.

SHAEF recommends initial measure in restoration of international control of the Danube to be the creation of an interim Danube Navigation Agency on which initially would be represented the United

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1 Printed from an unsigned mimeographed copy.
2 See vol. II, document No. 754, enclosure B.
States, the United Kingdom and the Soviet Union; membership subsequently would be expanded to include all states interested in Danube navigation. This problem has appeared so urgent to SHAEF that it has suggested discussion at the meeting of the three heads of states.

So far as is known in the Department of State, the War Department has taken no action on this telegram. A copy of the attached recommendation is being sent to the Pentagon.

This recommendation was prepared by an ad hoc committee of interested divisions of the Department and has been cleared with Major Kindleberger of the White House Staff.

[Attachment]

SECRET

MEMORANDUM REGARDING POLICY WITH RESPECT TO THE ADMINISTRATION OF THE DANUBE RIVER

RECOMMENDATIONS

1) The ultimate objective of policy with respect to the administration of the Danube River is the reestablishment of the international character of the Danube waterway and the eventual reestablishment of a permanent international Danube authority representative of all nations interested in Danube navigation and tied in with a permanent European transport organization if such is established.

2) As an initial step there should be set up as soon as possible an interim Danube navigation agency.

(a) The functions of this agency should be the restoration and development of navigation facilities in the Danube, the supervision of river activities in the interest of equal treatment for various nationalities and establishment of uniform regulations concerning leasing, rules of navigation, customs and sanitation formalities, and other similar questions. The functions of this body should extend to all questions involving water use on the Danube.

(b) The membership of this body should include the U. S., U. K., U. S. S. R., France and the sovereign riparian states recognized by these governments.

(c) This body should be of a purely interim character, and while carrying on in part functions formerly performed by the International Commission of the Danube and the European Commission of the Danube it should not be considered as prejudicing the organization and functions of a permanent Danube authority which should be set up in the future. Its jurisdiction should cover the entire navigable length of the Danube.

3) The problems of the use of inland transport equipment, the pooling of such equipment, the restoration of such equipment to
former owners and the regulation of traffic of common concern should be the subject of separate agreement between the occupation authorities and the states owning equipment operating on the Danube.

(a) The best procedure for handling this arrangement would be through the Provisional Organization for European Inland Transport, provided the U. S. S. R., Czechoslovakia and Yugoslavia participated in that organization.

(b) If the U. S. S. R., Czechoslovakia and Yugoslavia do not participate in the Transport Organization, a separate agreement should be reached between occupying authorities and those states owning equipment on the Danube which would put into effect the principles embodied in the Inland Transport Agreement. These would relate primarily to Article VII, Sections 7, 9, 10, 12 and 15, and Article VIII, Sections 2, 5 and 6, and the annex covering traffic on inland waterways.

4) This Government has subscribed in the ECITO agreement to the principle that identifiable transport equipment should be restored to the country of previous ownership subject to any general policies determined by the appropriate authorities of the United Nations regarding restitution of property removed by the enemy. Such delivery of equipment, however, should only be made on condition that this equipment is used with greatest efficiency for the handling of traffic of common concern under some form of arrangement as indicated above.

DISCUSSION

This Government believes that it is essential to set up an interim body pending the establishment of a permanent authority in order to deal with the immediate problems of restoration of navigation and control equipment and traffic movements. This interim body should function until a new permanent authority can be established which would supersede the previous Commissions which have only been suspended by the war and not abrogated.

The fact that a considerable portion of the waterway equipment is located within the American zone of occupation in Germany provides a strong bargaining point in securing an adequate organization for the pooling of inland water craft and the administration of its use in handling traffic of common concern. Equipment belonging to enemy countries might be assigned to participating countries for operation in conjunction with the pool, but such assignment should be without prejudice to its ultimate disposition. This would enable the craft to be put into use and the question of ultimate reparations to be deferred.

In order to adequately handle this problem the first step would be the taking of a complete inventory of all water craft under the control of each of the riparian states or the respective control authorities.

The second step would be an analysis of the requirements for traffic within the U. S. occupation area.

The third step would be the working out of the transfer of surplus equipment to the countries outside of the U. S. zone upon the conclusion of a satisfactory agreement with respect to its use.

Close contact should be maintained with the Provisional Organization for European Inland Transport as that body is in a position to deal with the legal and technical problems involved.

No. 267

840.70/7-1145

The British Embassy to the Department of State

Ref: 820/-/45

AIDE-MÉMOIRE

It appears to His Majesty's Government in the United Kingdom that the recognition of the Provisional Polish Government of National Unity by His Majesty's Government, the United States Government ¹ and the French Provisional Government should permit the early resumption of the Soviet Government's participation in the European Inland Transport Conference.²

2. His Majesty's Government propose that they, as the Host Government of the European Inland Transport Conference, should immediately inform the Soviet Government that in their view it is urgent that the Lancaster House Conference should now resume and complete its work as soon as possible. The communication to the Soviet Government would go on to say that His Majesty's Government are disposed at once to invite the Provisional Polish Government to appoint a delegation to the Conference but before doing so they would welcome an assurance that the Soviet Delegation, which is still in London, will receive instructions to resume full participation in the work of the Conference as soon as the Polish Delegation is ready to take part.

3. His Majesty's Embassy is instructed to add that His Majesty's Government had considered also inviting the Danish and Turkish Governments, as members of the Emergency Economic Committee, Europe, and of the European Coal Organisation, to send delegations

¹ See document No. 501.
to the reconvened Conference, but if the United States Government think that to invite either or both might entail still further delays, consideration of whether or not to invite them might be left until the Conference meets and is in a position itself to consider the question.

4. His Majesty's Government assume that the United States Government agree that the Provisional Organisation for European Inland Transport should continue its activities until the European Central Inland Transport Organisation proper comes into being.

5. A similar communication is being made to the French Provisional Government.

WASHINGTON, July 11, 1945.

[No. 267]
AUSTRIA

EXTENSION OF THE AUTHORITY OF THE RENNER GOVERNMENT

No. 268

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

AUSTRIA

RECOGNITION OF AN AUSTRIAN GOVERNMENT SATISFACTORY TO ALL ALLIED GOVERNMENTS

I. COMMENT

The Soviet Government informed us on April 24 that it was agreeing to the establishment of a provisional Austrian Government under Karl Renner. On April 28 this Renner Government was set up in Vienna without further consultation with us. The Soviet Government's dealing with the Renner Government without consulting us represents a unilateral action hardly to be reconciled with the principle of joint action on the part of the major Powers. The Soviet Government has defended itself by asserting that its method of administering an occupied area requires the existence of indigenous political authority. This reply is not entirely satisfactory in that Soviet troops were in occupation of only a part of Austria when the Renner Government was set up and the practical necessities of administration could have been met, as they are being met in Russian-occupied Germany, by local and regional organization.

At the same time the Soviet Government has not accorded the Renner Government a formal recognition and has not proposed or supported an extension of its authority into that part of Austria occupied by United States troops.

Whatever might be the regrettable nature of Soviet action, it appears beyond serious doubt that, in terms of the men themselves and in terms of representation of political forces, the Renner Government is as good a coalition as could be devised at the present time. It equally appears that the distribution of offices among the three Austrian parties is not a serious misrepresentation of current political forces although the allocation of the Interior portfolio to a Communist suggests a

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1 Annex 9 to the attachment to document No. 177.
2 Communication not printed.
3 Franz Honner.
special advantage for the Communist group by virtue of the importance of that office. The portfolio of Public Instruction and Worship in the hands of a Communist may appear dubious from our point of view, but Ernst Fischer, the incumbent, is a post-1934 convert to Communism and a cultured man highly esteemed by persons of contrary political outlooks. The authority of the minister over religious affairs was not such in the pre-Anschluss days to allow him to do damage to church activities.

Generally Austrians at home and abroad, except Fascist and monarchist elements, have approved the Renner Government.

Our disagreement with the Soviet Government, therefore, can only be one concerning the Soviet method of action, not the character of the Renner Government as such. To refuse indefinitely to recognize it would lay us open to the charge of opposing an incontestably representative and democratic movement, a charge which would be all the more convincing because of certain unfortunate choices of Austrian personnel in areas under American occupation. The only practical course open to us is to proceed with recognition as soon as our desires with respect to zones of occupation and control machinery are met, provided reports from our own representatives then functioning in Vienna confirm our present impressions.

The British take a less favorable view of the Renner Cabinet than we do, and may insist that it is too far to the left to recognize without some changes.

The initial announcement of the Renner Government itself characterized the Cabinet a provisional one, envisaged Cabinet changes if necessary as new areas of Austria come under its jurisdiction, and called for its ultimate replacement by a government chosen through democratic elections.

II. RECOMMENDATION

It is recommended that this Government agree to give prompt consideration to the question of recognition of the Renner Government after the zones of occupation, including the sub-division of Vienna, are satisfactorily delineated and our troops have taken up their positions accordingly and after an agreement on inter-Allied control machinery has been concluded and put into effect.\(^4\) We should also stipulate that the Renner Government should prepare to hold elections as soon as possible, under the supervision of the Occupying Powers, for a constituent assembly.

[WASHINGTON,] June 23, 1945.

\(^4\) For the final agreement on zones of occupation, see Treaties and Other International Acts Series No. 1600; 61 Stat. (3) 2879. For the final agreement on control machinery in Austria, see document No. 282.

[No. 268]
No. 269

Memorandum by the Joint Civil Affairs Committee of the Joint Chiefs of Staff

TOP SECRET

Undated.

Position of Indigenous National "Governments" in Germany and Austria

Discussion

1. The support by the Soviets of the Renner "Government" in Austria and their previous experiments with the Committee of German Officers indicates the need for agreement on the role to be played by indigenous so-called national governments in the quadripartite military government control of Germany and Austria.

2. The United States, United Kingdom and Union of Soviet Socialist Republics are in substantial agreement that central administrative agencies will be used for implementation of national policies in both Germany and Austria and that, one day, the Germans and Austrians may establish democratic governments. They have also agreed that matters affecting Germany and Austria as a whole will be dealt with by the Control Councils in the respective countries. There is, however, no explicit agreement that no one of the occupying powers will effect unilateral recognition of indigenous agencies claiming national civil authority. Such agreement should be sought as an aid to efficient operation of the quadripartite military government in these countries.

3. The United States should urge that the military government shall not recognize such interim organizations claiming national authority, either on the national or zonal level, until the four governments have agreed to do so and the Control Council has established the exact extent of the organizations' functions and responsibilities. Such agreement shall be without prejudice to the right of any of the four powers to collaborate with any local interim organization through which it will implement policy in its zones in Germany or Austria.

Recommendation

4. It is recommended that agreement be sought that neither the government of any one of the occupying powers nor the commander-in-chief of any one of such powers shall recognize the claim to national governmental authority of any indigenous group in Germany or Austria without the concurrence of the other occupying powers.

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1 This memorandum was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: "These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff." Leahy subsequently passed it to Truman.
The Informal Policy Committee on Germany to the Secretary of State

TOP SECRET

WASHINGTON, 23 June 1945.

MEMORANDUM FOR THE SECRETARY OF STATE

Subject: Directive to Commander in Chief of U. S. Forces of Occupation\(^1\) regarding the Military Government of Austria.

References: 
\(a\). IPCOG 9.\(^2\)

\(b\). IPCOG 9/1.\(^2\)

\(c\). IPCOG 9/2.\(^3\)

On 23 June 1945 the Informal Policy Committee on Germany approved the enclosed “Directive to Commander in Chief of U. S. Forces of Occupation regarding the Military Government of Austria”. The Joint Chiefs of Staff have advised the Committee that they perceive no objection to this directive from a military point of view.

The enclosure is transmitted for your guidance and such implementation as is deemed appropriate. Copies of this directive are being similarly forwarded to the Secretaries of War, the Navy and the Treasury; the Foreign Economic Administrator; and the Joint Chiefs of Staff.

For the Informal Policy Committee on Germany:

W. L. Clayton
Chairman

[Enclosure]

TOP SECRET

[WASHINGON,] 23 June 1945.

IPCOG 9/2

DIRECTIVE TO COMMANDER IN CHIEF OF U. S. FORCES OF OCCUPATION REGARDING THE MILITARY GOVERNMENT OF AUSTRIA

References: 
\(a\). IPCOG 9

\(b\). IPCOG 9/1

1. The enclosure, a revision of IPCOG 9 to incorporate the amendment proposed by the Joint Chiefs of Staff, as approved by the Infor-

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\(^1\) General Mark W. Clark.

\(^2\) Not printed.

\(^3\) The enclosure to this memorandum constitutes a portion of IPCOG 9/2.
mal Policy Committee on Germany on 23 June 1945, is circulated for information and guidance.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
SECRETARIAT

TOP SECRET

DIRECTIVE TO COMMANDER IN CHIEF OF US FORCES OF OCCUPATION REGARDING THE MILITARY GOVERNMENT OF AUSTRIA

1. The Purpose and Scope of this Directive:
   a. This directive is issued to you as Commanding General of the United States forces of occupation in Austria. As such you will serve as United States member of the Governing Body of the Allied Administration and will also be responsible for the administration of military government in the zone or zones assigned to the United States for purposes of occupation and administration. It outlines the basic policies which will guide you in those two capacities after the termination of the combined command in Austria. Supplemental directives will be issued to you by the Joint Chiefs of Staff as may be required.
   b. As a member of the Governing Body you will urge the adoption by the other occupying powers of the principles and policies set forth in this directive and, pending Governing Body agreement, you will follow them in your zone. It is anticipated that substantially similar directives will be issued to the Commanders in Chief of the United Kingdom, the Union of Soviet Socialist Republics, and French forces of occupation.
   c. In the event that recognition is given by the four governments to a provisional national government of Austria, such government should be delegated authority in appropriate matters to conduct public affairs in accordance with the principles set forth in this directive or agreed upon by the occupying powers. Such delegation, however, shall be subject to the authority of the occupying powers and to their responsibility to see that their policies are in fact carried out.
   d. Any provisional national government of Austria which is not recognized by all of the four Governments of the occupying powers

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*An almost complete text of this directive, as transmitted to Clark on June 27, 1945, by the Joint Chiefs of Staff, is printed in Department of State Bulletin, vol. xiii, p. 661.*
shall not be treated by you as possessing any authority. Only individuals who recognize your supreme authority in your zone will be utilized by you in administration.

PART I

GENERAL AND POLITICAL

4. Basic Objectives of Military Government in Austria:

a. You will be chiefly concerned in the initial stages of military government with the elimination of German domination and Nazi influences. Consistently with this purpose, you will be guided at every step by the necessity to ensure the reconstruction of Austria as a free, independent and democratic state. It will be essential therefore that every measure be undertaken from the early stages of occupation with this objective in mind.

b. The Governing Body should, as soon as it is established, proclaim the complete political and administrative separation of Austria from Germany, and the intention of the occupying powers to pave the way for the reestablishment of Austria as an independent democratic state. You will make it clear to the Austrian people that military occupation of Austria is intended principally (1) to aid Allied military operations and the strict enforcement of the applicable provisions of the German unconditional surrender instrument in Austria; (2) to eliminate Nazism, Pan-Germanism, militarism, and other forces opposed to the democratic reconstitution of Austria; (3) to cooperate with the Control Council for Germany in the application and enforcement of measures designed to prevent the recurrence of German aggression; (4) to establish Allied control over the use and disposition of German property in Austria; (5) to effect the complete political and administrative separation of Austria from Germany and free Austria from Nazi and German economic and financial influences; (6) to facilitate the development of a sound Austrian economy devoted to peaceful pursuits and not vitally dependent upon German supplies, markets and technical and financial assistance; and (7) to foster the restoration of local self-government and the establishment of an Austrian central government freely elected by the Austrian people themselves. Other objectives of the occupation will be to apprehend war criminals, to care for and repatriate displaced persons and prisoners-of-war who are members of the armed forces of the United Nations, and to carry out approved programs of reparation and restitution insofar as these are applicable to Austria.

[No. 270]
Dear Mr. Secretary: I think you will wish to have before you, and perhaps to submit to the President, the enclosed telegram [airgram] of June 20 from Ambassador Murphy (received here July 6) on "Conditions in Vienna as Revealed by Interrogation".

Faithfully yours,

Joseph C. Grew

[Enclosure—Extracts]

The Political Adviser in Germany (Murphy) to the Secretary of State

SECRET

SHAEF, June 20, 1945.

Subject: Conditions in Vienna as revealed by Interrogation.

A—46. During the course of his recent trip into Bavaria, Capt. Homer G. Richey of my staff interrogated . . . a member of the Vienna Philharmonic Orchestra, who had entered the American Zone from Vienna at the beginning of June. The interrogation . . . elicited some interesting statements about conditions in Vienna and particularly about the alleged violent reaction of the population against the Soviet troops. The text of Capt. Richey's report on this interrogation reads as follows:

"The Russians in Vienna are agitating with every propaganda agency at their disposal. It is intended to hold an election, probably not until Fall, however, and the Russians are working towards this election day and night. . . . ["]

Murphy
TOP SECRET

EXTRACT FROM POLITICAL DIRECTIVE SENT TO GENERAL MCREEERY IN HIS DUAL CAPACITY AS BRITISH COMMANDER-IN-CHIEF IN AUSTRIA AND BRITISH REPRESENTATIVE ON THE PROSPECTIVE ALLIED COUNCIL FOR AUSTRIA

The views of His Majesty's Government on the question of the establishment of self-government in Austria were set out in a memorandum circulated to European Advisory Commission on December 14th, 1944 as European Advisory Commission (44) 45. However, developments in Austria since her liberation make it desirable that you should receive fresh guidance in dealing with the situation.

It remains the policy of His Majesty's Government to secure the restoration of a free and independent Austrian State. In furtherance of this aim and with a view to lightening the burden of the Military Government it is considered essential that responsibility for the administration of Austria should be placed at as early a date as possible on the shoulders of the Austrians themselves under Allied control and guidance. In order to attain this objective the early establishment of a provisional Austrian Government which would be genuinely representative of Austria both politically and territorially and which could receive recognition of the four occupying powers, is of first importance.

One of your first tasks will be to secure, in agreement with your Soviet, United States and French colleagues, an early transition from the Renner Government to a fully representative Austrian Government which it will be possible for the four controlling powers to recognize.

With a view to bringing this about you should take the following line in discussion with your colleagues. While admitting that the Renner Government may have fulfilled a useful purpose at a time when only a limited part of Austria had been liberated, you should assume that there can be no question of that Government, recruited on so narrow a territorial basis, continuing to survive once Austria is placed as a whole under Allied control. Allied forces have now moved into their allotted zones and provincial Governments or committees have been formed in all or most of these. It is essential that the provinces should have a substantial say in the formation

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1 This document bears the following manuscript notation: "Handed in strict confidence to Mr. Williamson & Mr. Adams by Mr. Pares."

2 Not printed.

[No. 272]
of any Government which claims to call itself Austrian. You should accordingly propose that delegates of the various provincial administrations should assemble in Vienna at an early date and submit to the Allied Council recommendations for the composition of a provisional Austrian Government. The numbers of delegates from the Provinces might be as follows: three from Vienna; two each from Styria[,] Carinthia, Lower Austria, Upper Austria, the Tyrol and Salzburg; and one each from Vorarlberg and the Burgenland. A body so constituted should be capable of nominating a representative Austrian Government which would be recognised as such by the Four Powers and would hold office until free elections could be held. The above plan represents the general lines on which His Majesty's Government consider that an Austrian Provisional Government might most satisfactorily be formed in the absence of elections.

WASHINGTON, July 10th, 1945.

REPARATIONS

No. 273

740.00119 (Potadam)/6-2146

Briefing Book Paper

TOP SECRET

PAYMENT OF REPARATIONS BY AUSTRIA

Agreement should be reached by the three powers on the question of reparation payments by Austria.

The United States Government is opposed to the exacting of reparations from Austria despite her contribution to the German war effort. It feels that such an attempt would be economically unrealistic and would have dangerous political implications in Central Europe.

Considerations

The policy of this Government is based on these considerations:

(a) A program of reparations for Austria analogous to that projected for Germany would be inconsistent with the sense of the Moscow Declaration ¹ and would require a reversal of the policy on which the Declaration is based. This policy implied an undertaking on the part of the subscribers to the Moscow Declaration to create economic conditions favorable to the preservation of Austrian independence.

(b) It is believed that an attempt to force reparations from Austria would turn the Austrians against us and tend ultimately to strengthen Germany in future years by forcing Austria back into her arms.

(c) This Government is highly skeptical of the ability of Austria to make substantial payments of reparations. In this connection it is

recalled that Austria's World War I reparation obligations were virtually cancelled by the Allies as early as 1923 in appreciation of her difficult international economic position.

(d) The dislocation of Austrian economy ensuing from her separation from Germany and the fact that Austria is a food deficit area indicate that in the early post-war period the country will require substantial relief and possibly also financial assistance. If the United States should participate in such measures of assistance while Austria is forced to carry a reparations burden, this country would, in effect, be financing in major part the payment of Austria's reparations.

(e) This Government feels that the Austrian people cannot be judged now to have failed to aid in their own liberation, considering the power of the Gestapo in Austria and the little aid received from outside until the entry into Austria of the Soviet Army in April 1945.

A program limited to the transfer of existing capital equipment clearly in excess of the healthy peacetime requirements of the Austrian economy, such as machinery in armament plants erected since 1938, might be advanced for consideration by the three powers and need not necessarily conflict with the policy of this Government as stated.

[WASHINGTON,] July 4, 1945.

No. 274

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

[Undated.]

AUSTRIAN ECONOMIC QUESTIONS WHICH THE UNITED STATES GOVERNMENT SHOULD RAISE

It is assumed that it will not be necessary for this government to insist that Austria be treated as an economic unit. None of the occupying powers have any interest in the partitioning of Austria and all of them will probably agree eventually to recognize an Austrian government which will, itself, insist upon the administration of the Austrian economy as a unit. We should, however, attempt to reach an agreement on the following questions:

1. Financing of Austrian Imports.

This question is the same in essence as that which arises in the case of Germany; and the proposed solution for Germany ¹ is equally applicable to Austria.

2. Payment for Austrian Exports.

The establishment of a sound Austrian economy is essential to the maintenance of Austria's independence on which the three powers

¹ See document No. 327 and the attachment to document No. 341.

[No.274]
agreed in the Moscow Declaration. The task of creating such an economy is extremely difficult in view of the paucity of Austrian resources and the limited foreign trade possibilities. It is essential, therefore, that the powers concerned agree that goods and equipment should not in general be taken from Austria except against payment, the proceeds to be applied against Austrian imports. Only two exceptions should be made to this general principle; first, there should be restitution of identifiable looted property found in Austria; and second, Austria might be required, as part of the German reparation settlement, to make available on reparation account at least a portion of the plant and equipment which was erected in Austria after the Anschluss as part of the German program for the preparation and prosecution of the war. We should resist any claim on the part of the Soviet Union that all German property in Austria should be made available as reparation, because much of this property was part and parcel of Austria’s economic resources prior to Anschluss and cannot be considered as redundant to the productive resources which Austria needs for the development of a sound economy. Austrian authorities should, of course, be permitted or even required to seize German assets in Austria generally with such settlement as may be determined later by the governing body in Austria and the Control Council in Germany.

3. Economic and Financial Assistance to Austria.

The Moscow Declaration on the restoration of an independent Austria implied that Austria would be assimilated as promptly as possible to the status of a liberated country. We should, therefore, urge that the powers concerned consider plans for the extension of financial and economic assistance to Austria on a scale at least equal to that which has been extended to other liberated countries. In addition to possible loans to Austria, assimilation to liberated country status means that at the appropriate time the dollar (and sterling and ruble) equivalent of net troop pay expended in Austria should be made available to the Austrian authorities. It also implies that efforts will be made to keep to a minimum any occupation costs for which Austria is determined to be liable. The precise determination of occupation costs chargeable to the occupying countries and those chargeable to Austria will presumably be made later, possibly not until peace arrangements are concluded. It is, however, not unreasonable at this time to ask the United Kingdom and USSR Governments for a commitment on troop pay. There should also be a general understanding that genuine efforts will be made to cope effectively with the threat of uncontrolled inflation.

The economic and financial assistance accorded to Austria should be directed toward giving Austria a standard of living higher than that in
Germany. Otherwise, public sentiment in favor of a new Anschluss with Germany will undoubtedly grow rapidly. A positive program of financial and trade assistance is required so that those industries which are, from an economic point of view, most efficient can be developed and so that opportunities for an active exchange of Austrian goods and services with those of other countries will be promoted.

No. 275

Memorandum by the Joint Civil Affairs Committee of the Joint Chiefs of Staff ¹

TOP SECRET

FINANCIAL AND ECONOMIC POLICIES WITH RESPECT TO TREATMENT OF AUSTRIA

DISCUSSION

1. Decision has not been reached concerning the question whether Austria is to be required to pay reparations, and if so, whether the reparations should consist of money, capital goods, labor or current production. Inasmuch as it is the United States policy to favor the development of a sound, integrated economy for Austria as a whole, not dependent on Germany, the form and amount of Austrian reparation should be geared to the accomplishment of this objective. It seems that the exaction of labor or financial reparations from Austria would not be in accord with this policy. Reparations in the form of capital goods should be limited to items redundant to a stable Austrian economy. Recurrent reparations should, insofar as possible, be confined to items the production of which tends to support a sound Austrian economy.

2. In order to accomplish the objective of divorcing the Austrian economy from that of Germany, Austrian private export trade should be encouraged.

3. Agreement should be sought concerning the extent to which an economic disarmament program for Austria is desirable or necessary as a corollary to the elimination of Germany’s war potential. Agreement should be reached for a close coordination between the Control Council for Germany and the Governing Body for Austria in this field. The Governing Body for Austria, in consultation with the Control Council for Germany, should establish procedures to control

¹ This memorandum was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: “These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff.” Leahy subsequently passed it to Truman.
the establishment or expansion of industries in Austria which are of a type prohibited or eliminated in Germany.

RECOMMENDATION

4. In order to permit the military authorities to administer Austria, decision at governmental levels be sought on the questions of:

a. Reparations policy for Austria.

b. Economic disarmament.

c. Extent to which Austrian economy will be affirmatively supported or subsidized.

No. 276

720.00119 EAC/7-445 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

SECRET

LONDON, July 4, 1945—8 p. m.

US URGENT

6742. Comea 319. Sent Dept, AusPolAd 16, Paris 437, secret for Murphy; Moscow 234 for Paule[y.]

In signing today EAC agreement on Austrian control machinery \(^1\) I made the following statement re US position re Austrian reparation.

"In connection with the signature by the EAC of the agreement on control machinery in Austria for submission to the four govts I have informed my Govt as follows: In discussing the inclusion, in Article 4 of the draft agreement on control machinery in Austria of a provision for a reparation, deliveries and restitution division, the EAC was not empowered to consider and did not consider the substantive aspects of the question of Austrian reparation. In informing the members of the commission that my Govt concurs in the inclusion of this provision I have stated that my Govt recognizes in principle Austria's obligation to provide reparation and that it assumes that the four govts will consider together in the light of the general position and prospects of the Austrian economy the form and amount of reparation to be provided by Austria. The other members of the EAC have stated that they have informed their respective govts of the views which I have set forth in this regard on behalf of my Govt."

Copies of this statement were handed to other three reps and Sec General EAC \(^2\) for recording. UK and French reps \(^3\) stated they would make similar communications to their govts and likewise inform EAC colleague[s] thereof. Soviet rep \(^4\) stated he had repeatedly informed his gov't of viewpoints expressed and discussions held re inclusion reparation division at earlier EAC meetings. Dept will

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\(^1\) Document No. 282.

\(^2\) E. P. Donaldson.

\(^3\) Sir Ronald I. Campbell and René Massigli, respectively.

\(^4\) Fedor Tarasovich Gusev.
have noted protracted Soviet efforts avoid any form of US reservation re Austrian reparation particularly any reference to any relation between reparation policy and Austria’s economic prospects.

WINANT

No. 277

740.00119 EAC/7-745 : Telegram

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State

SECRET

LONDON, July 7, 1945—2 p.m.

6858. Under date July 4 UK representative EAC reports communication made by him to his Govt re Austrian reparation. (Sent Dept; Comea 326; rptd AusPolAd 18, Murphy 22 from Winant, Moscow 238 for Pauley). UK statement parallels US statement rpt my tel 6742 rpt AusPolAd 16, Paris 437, for Murphy, Moscow 234 for Pauley.¹

Beginning of text:

The EAC have today approved the text of an agreement on control machinery for Austria and submitted it for approval to the UK, US, Soviet and French Govts. In discussing the inclusion in article 4 of that agreement of a provision for a reparation deliveries and restitution division, I stated that while His Majesty’s Govt recognized in principle Austria’s obligation to furnish reparation they are not to be understood as thereby prejudging either the form or the amount of such reparation or Austria’s capacity to furnish reparation. The EAC was not empowered to consider and did not consider the substantive aspects of the question of Austrian reparation. I assume that the four govts will now wish to consider that question in the light of the general prospects of Austria’s economy. End of text.

WINANT

¹ Document No. 276.

AGREEMENTS ON ZONES OF OCCUPATION AND CONTROL MACHINERY; OCCUPATION OF THE WESTERN ZONES AND OF VIENNA

No. 278

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

AUSTRIA

Establishment of Zones of Occupation and Control Machinery (Inter-Allied Military Government)

The Inter-Allied Administration of Austria can, and should, be established as soon as (but not before) the European Advisory Com-
mission has completed, and the Governments have signed, the agreements now pending in the European Advisory Commission for (1) zones of occupation, and (2) control machinery, for Austria.

The European Advisory Commission negotiations are proceeding on the basis of the British proposals for zones of occupation and control machinery, copies of which are included in the basic documents accompanying these memoranda.\(^1\) The commission expects to reach agreement on the control machinery, with modifications, without difficulty as soon as the zoning of Vienna has been agreed. For zones of occupation in Austria there is already satisfactory agreement in principle to allot to United States forces: the province of Salzburg, and that part of the province of Upper Austria south of the Danube River; to the Soviet forces: Burgenland, Lower Austria, and that part of Upper Austria north of the Danube; to British forces: Styria and Carinthia; and to French forces: the Tirol and Vorarlberg.

The one main obstacle to completion of these agreements has been the zoning of the capital Vienna. As a result of the recent reconnaissance mission to Vienna, it now appears possible to settle all differences except possibly the question of airfields in the Vienna area. The United States, Great Britain and France are pressing for allotment of a field to each of these countries, while the Soviet Government has hitherto been willing to consider only one airfield for the use of all three. An effort is now (June 23, 1945) being made in the European Advisory Commission to settle this final point.\(^2\)


\(^1\) Not included in the Briefing Book.
\(^2\) For the text of the agreement on control machinery, signed at London, July 4, 1945, see document No. 282. For the agreement on zones of occupation, signed at London, July 9, 1945, see Treaties and Other International Acts Series No. 1600; 61 Stat. (3) 2679.

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**No. 279**

740.00119 Control (Austria)7-245 : Telegram

*The Ambassador in the Soviet Union (Harriman) to the Secretary of State ad interim*

SECRET

US URGENT

Moscow, July 2, 1945—1 p. m.

2367. General Deane has been informed by SHAEF that the Soviet commanders in Austria have refused to allow Amer troops to enter proposed zones of occupation on the grounds that they have no instructions. General Deane (sent to Dept as 2367, rptd to London
as 337) has been attempting to ascertain from the Red Army General Staff the reasons why instructions were not issued. In Generalissimo Stalin's reply of June 16 \(^1\) to the President's message,\(^2\) setting July 1 as the date of occupation for both German and Austrian zones, Stalin refers to the intervening period as giving the EAC time to complete its work.

As General Deane is requesting me to support with Molotov SHAEF request to obtain Soviet agreement to start movement of American occupational troops, I would appreciate urgent advice as to the status of the decisions in the EAC regarding the occupational zones for Austria.

HARRIMAN

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\(^1\) See Truman, *Year of Decisions*, p. 305; Stalin's *Correspondence*, vol. II, p. 247.

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No. 280

740.0019 Control Austria/7-345 : Telegram

*The Ambassador in Italy (Kirk) to the Secretary of State*

SECRET

CASERTA, July 3, 1945—3 p. m.

2850. Our 2842, July 2.\(^1\)

June 30 [A]FHQ directed Brit Eight Army to contact local Russ Commander Sov Forces in Styria to arrange for Sov withdrawal and subsequent Brit movement into Styria and Carinthia areas of Austria.

July 1 Brit officer commanding Fifth Corps met Russians at Sov Fourth Army HQ delivered letter from CG Eight Army addressed to Tolbukhin and discussed withdrawal Russ forces from Styria. Russ Commander said he had not rec'd any orders to withdraw and until such time he would maintain his position. USS[R] Com also asked what Brit intended to do with White Russ Corps now in Brit occupied zone to which Brit officer replied he had no knowledge of its existence. July 2 Brit officer CG Five Corps again met Russ and rec'd written reply addressed to CG Eight Army saying latter's letter would be delivered promptly to Sov CinC Central Army group Marshal Koniev; that until receipt orders from CinC Russ Forces in Styria could not be withdrawn. Note was cordial in tone.

KIRK

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\(^1\) Not printed.

[No. 280]
The Chief of the Division of Central European Affairs (Riddleberger) to the Secretary of State

SECRET

WASHINGTON, July 4, 1945.

MEMORANDUM FOR THE SECRETARY

Subject: Zones of Occupation in Austria

The question of the delineation of Allied zones of occupation in Austria has been under negotiation in EAC during the last eight months. The following arrangement has been given tentative, although not final, approval by the four members of the Commission:

1. United States zone—provinces of Salzburg, and Upper Austria south of the Danube.
2. British zone—provinces of Carinthia, and Styria minus that small portion thereof designated as Burgenland.
3. Russian zone—provinces of Upper Austria north of the Danube, Lower Austria, and Burgenland.

The principal obstacle still blocking final agreement is the allocation of airfields to the Americans, British and French in the Vienna area which, although the city is to be occupied and administered jointly, lies within the Soviet zone. The latest American proposal in EAC (June 23) was that three airfields be allotted to the American, French and British Governments. The Soviet representative offered the counterproposal that only two airfields were necessary for the other three forces, specifying Tulln and Schwechat. This difference has not yet been resolved. A telegram ¹ is being sent to Ambassador Winant today, however, authorizing him, if he considers it necessary to conclude the agreement on zones in Austria, to accept the Soviet counterproposal provided it is agreed to assign the Tulln field to the United States.² The United States would invite the French to share Tulln on a lodging basis, and it might be suggested to the British that they grant similar facilities at Schwechat.

During the course of these negotiations, it was proposed to the Soviet Government that occupation of the tentative zones as described

¹ Not printed.
² The agreement reached on this point, as signed on July 9 (see document No. 283), was as follows:

"5. The Tulln airdrome, together with all installations and facilities pertaining thereto, will be under the administrative and operational control of the armed forces of the United States of America. The Schwechat airdrome, together with all installations and facilities pertaining thereto, will be under the administrative and operational control of the armed forces of the United Kingdom for the joint use of the British and French armed forces. . . ."
above should be undertaken and arrangements worked out for the movements of the respective Allied troops to accomplish this. The Soviets have thus far refused to accede to this proposal on the ground that no final delineation of the zones for Austria has been agreed upon inasmuch as the question of airfields in Vienna remains undecided.

JAMES W RIDDLEBERGER

No. 282

European Advisory Commission Agreement

AGREEMENT ON CONTROL MACHINERY IN AUSTRIA

The Governments of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom of Great Britain and Northern Ireland and the Provisional Government of the French Republic;

in view of the declaration issued at Moscow on the 1st November 1943, in the name of the Governments of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom, whereby the three Governments announced their agreement that Austria should be liberated from German domination, and declared that they wished to see re-established a free and independent Austria; and in view of the subsequent declaration issued at Algiers on 16th November, 1943, by the French Committee of National Liberation, concerning the independence of Austria;

have reached the following agreement with regard to the Allied Control Machinery which will operate in Austria until the establishment of a freely elected Austrian government recognised by the four Powers:—

ARTICLE 1.

The Allied Control Machinery in Austria will consist of an Allied Council, an Executive Committee and staffs appointed by the four Governments concerned, the whole organisation being known as the Allied Commission for Austria.

ARTICLE 2.

(a) The Allied Council will consist of four Military Commissioners, one appointed by each of the Governments concerned. In addition

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1 Signed ad referendum on July 4, 1945, at a meeting of the European Advisory Commission at London. Notification of approval by the signatories was given by their respective representatives on the Commission on the following dates: the United Kingdom, July 12; France, July 12; the Soviet Union, July 21; and the United States, July 24, 1945.
to being members of the Allied Council, the Military Commissioners will each be in supreme command of the forces of occupation in Austria furnished by his Government. Supreme authority in Austria will be exercised jointly, in respect of matters affecting Austria as a whole, by the Military Commissioners on instructions from their respective Governments, in their capacity as members of the Allied Council. Subject to this, each Military Commissioner, in his capacity as Commander-in-Chief of the forces of occupation furnished by his Government, will exercise supreme authority in the zone occupied by those forces. Each Commander-in-Chief in his zone of occupation will have attached to him for liaison duties military, naval and air representatives of the other Commanders-in-Chief of forces of occupation in Austria.

(b) The Allied Council will meet at least once in ten days; and it will meet at any time upon request of any one of its members. Decisions of the Allied Council shall be unanimous. The Chairmanship of the Allied Council will be held in rotation by each of its four members.

(c) Each Military Commissioner will be assisted by a political adviser who will, when necessary, attend meetings of the Allied Council.

ARTICLE 3.

The Executive Committee will consist of one high-ranking representative of each of the four Commissioners. Members of the Executive Committee will, when necessary, attend meetings of the Allied Council.

ARTICLE 4.

(a) The staffs of the Allied Commission in Vienna, appointed by their respective national authorities, will be organised in the following Divisions:

Military; Naval; Air; Economic; Finance; Reparation, Deliveries and Restitution; Internal Affairs; Labour; Legal; Prisoners of War and Displaced Persons; Political; and Transport.

Adjustments in the number and functions of the Divisions may be made in the light of experience.

(b) At the head of each Division there will be four officials, one from each Power. Heads of Divisions will take part in meetings of the Executive Committee at which matters affecting the work of their Divisions are on the agenda.

(c) The staffs of the Divisions may include civilian as well as military personnel. They may also, in special cases, include nationals of other United Nations, appointed in a personal capacity.
The Allied Council will

(a) initiate plans and reach decisions of [on?] the chief military, political, economic and other questions affecting Austria as a whole, on the basis of instructions received by each Commissioner from his Government;
(b) ensure appropriate uniformity of action in the zones of occupation.

The Executive Committee, acting on behalf of the Allied Council, will

(a) ensure the carrying out of the decisions of the Allied Council through the appropriate Divisions of the Allied Commission referred to in Article 4;
(b) co-ordinate the activities of the Divisions of the Allied Commission, and examine and prepare all questions referred to it by the Allied Council.

The Divisions of the Allied Commission will

(a) advise the Allied Council and the Executive Committee;
(b) carry out the decisions of the Allied Council conveyed to them through the Executive Committee.

The primary tasks of the Allied Commission for Austria will be

(a) to ensure the enforcement in Austria of the provisions of the Declaration regarding the defeat of Germany signed at Berlin on 5th June, 1945;  
(b) to achieve the separation of Austria from Germany;
(c) to secure the establishment, as soon as possible, of a central Austrian administrative machine;
(d) to prepare the way for the establishment of a freely elected Austrian government;
(e) meanwhile to provide for the administration of Austria to be carried on satisfactorily.

In the period before the establishment of departments of a central Austrian administration, which period shall be as short as possible, the decisions of the Allied Commission, insofar as they may require action in the respective zones, will be carried out through the occupation authorities. The necessary instructions to those authorities will be given by the respective Military Commissioners, in their capacity as Commanders-in-Chief, on the basis of decisions of the Allied Council.

4 Treaties and Other International Acts Series No. 1520; 60 Stat. (2) 1649.
ARTICLE 10.

As soon as departments of a central Austrian administration are in a position to operate satisfactorily, they will be directed to assume their respective functions as regards Austria as a whole. In the fulfilment of its tasks, the Allied Commission will thenceforward work through such departments. It will then be the duty of the Divisions of the Allied Commission to control the activities of the respective departments and to communicate to them the decisions of the Allied Council and Executive Committee.

ARTICLE 11.

(a) An Inter-Allied Governing Authority (Komendatura) consisting of four Commandants, one from each Power, appointed by their respective Commissioners, will be established to direct jointly the administration of the City of Vienna. Each of the Commandants will serve in rotation, in the position of Chief Commandant, as head of the Inter-Allied Governing Authority.

(b) A Technical Staff, consisting of personnel of each of the four Powers, will be established under the Inter-Allied Governing Authority, and will be organised for the purpose of supervising and controlling the activities of the organs of the City of Vienna responsible for its municipal services.

(c) The Inter-Allied Governing Authority will operate under the general direction of the Allied Council and will receive orders through the Executive Committee.

ARTICLE 12.

The necessary liaison with the Governments of other United Nations chiefly interested will be ensured by the appointment by such Governments of military missions (which may include civilian members) to the Allied Council.

ARTICLE 13.

United Nations’ organisations which may be admitted by the Allied Council to operate in Austria will, in respect of their activities in Austria, be subordinate to the Allied Commission and answerable to it.

ARTICLE 14.

The nature and extent of the Allied direction and guidance which will be required after the establishment of a freely elected Austrian Government recognised by the four Powers will form the subject of a separate agreement between those Powers.
The above text of the Agreement on Control Machinery in Austria between the Governments of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom and the Provisional Government of the French Republic has been prepared and unanimously adopted by the European Advisory Commission at a meeting held on 4th July, 1945.

Representative of the Government of the United States of America on the European Advisory Commission: JOHN G. WINANT

Representative of the Government of the Union of Soviet Socialist Republics on the European Advisory Commission: Φ ГУСЕВ

Representative of the Provisional Government of the French Republic on the European Advisory Commission: RONALD I. CAMPBELL

R. MASSIGLI

LANCASTER HOUSE, LONDON S. W. 1.
4th July, 1945.

5 F Gusev.

No. 283

European Advisory Commission Agreement

[Editor's Note.—An “Agreement Between the Governments of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom and the Provisional Government of the French Republic on Zones of Occupation in Austria and the Administration of the City of Vienna” was signed ad referendum at a meeting of the European Advisory Commission at London on July 9, 1945. Notification of approval by the respective signatories was given by their representatives on the Commission on the following dates: the United Kingdom, July 12; France, July 16; the Soviet Union, July 21; and the United States, July 24, 1945. For the text of the agreement and for the annexed maps, see Treaties and Other International Acts Series No. 1600; 61 Stat. (3) 2679.]

No. 284

740.00119 Control (Austria)/7-1545 : Telegram

The Political Adviser for Austrian Affairs (Erhardt) to the Acting Secretary of State

SECRET

FLORENCE, July 15, 1945—9 a.m.

113. General Clark left for Brazil yesterday and returns July 26. British and French commanders have agreed with him that in his
absence the deputy commanders should confer with Soviet officers in Vienna to settle details for taking over national sectors. Based on experience gained from Berlin entry it is felt that organization of HQ and movement of garrisons should be carefully planned and executed only after complete agreement with Soviet officers. Discussions will be purely military and no political advisers will be present. Assuming that agreements on zones and control machinery will be ratified by July 26 it is hoped that US, British and French CinC, accompanied by their political advisers, will enter Vienna soon thereafter and remain there permanently.

British courier returned July 13 from Koniev’s HQ reporting US, British, French deputy commanders would be received 3 p. m., July 16. However, it was specified all three parties must proceed Vienna via Judenburg. Since it is important to US, French parties to travel via Linz not Judenburg, Pettigrew in Moscow has been requested to arrange for their taking that route July 16.

See General Clark’s cable to AGWar for JCS July 12, ref Sgs 610.\(^1\)

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\(^1\) Not printed.
BULGARIA, FINLAND, HUNGARY, AND RUMANIA

GOVERNMENTS, CONTROL COMMISSIONS, ELECTIONS, CONCLUSION OF PEACE TREATIES, AND DIPLOMATIC RELATIONS*

No. 285

740.00119 (Potsdam)/5-2446

* Briefing Book Paper

TOP SECRET

RECOMMENDED POLICY ON THE QUESTION OF ESTABLISHING DIPLOMATIC RELATIONS AND CONCLUDING PEACE TREATIES WITH THE FORMER AXIS SATELLITE STATES

Information received from our representatives in Rumania and Bulgaria indicates that the Soviet authorities and the local Communist parties are actively engaged in establishing regimes based on the one-party or “one-front” system, thus excluding from political life all democratic elements which do not subordinate themselves to the “popular front” organizations which now hold governmental power. These organizations include several parties and groups, many of which bear the names of established popular parties, but they are dominated by the Communists and exclude important democratic groups which have a consistent record of opposition to the Nazis. A similar situation appears to be developing in Hungary although the government there is still a fairly representative coalition and not a “Communist-controlled” leftist bloc. The Soviet authorities have effectively prevented the American and British representatives in these countries from exercising any appreciable influence on this course of events. The proposals which we made in Moscow on the subject of the change of regime in Rumania 2 and the forthcoming elections in Bulgaria, 3 with a view to application of the Crimea Declaration on Liberated Europe, 4 were curtly rejected by the Soviet Government. In view of these developments our military representatives on the Allied Control Commissions in Rumania, Bulgaria and Hungary, as well as our informal civilian representatives there, have consistently and unanimously urged that we make strong efforts to carry out the Declaration on Liberated Europe and use our full influence to prevent the crystal-

1 Annex 4 to the attachment to document No. 177.
2 See document No. 288, footnote 6, and document No. 301, footnote 1.
3 See document No. 286.
4 See vol. II, document No. 1417, section v.
lization of the present situation into a system of one-party governments to the exclusion of democratic elements and in contradiction to the obligations assumed by the three Allied Governments at Yalta.

The Soviet Government has proposed that diplomatic relations be established immediately with Finland, Rumania and Bulgaria, and at a later date with Hungary. We would welcome the resumption of relations with Finland and have so informed the Soviet Govern-

5 This proposal was made in a message from Stalin to Truman dated May 27. See Stalin’s Correspondence, vol. ii, p. 239.

On June 7 Harriman delivered to Molotov the following reply from Truman to Stalin (file No. 711.60/6-745):

"I have given considerable thought to your message of May 27 in which you propose that our Governments should establish diplomatic relations with Finland, Rumania and Bulgaria at this time and with Hungary at a later time.

"The suggestion you have made shows that you feel, as I do, that we should endeavor to make the period of the armistice regimes as short as possible and also give prompt recognition to all efforts which may be made by those countries formerly our enemies to align themselves with the democratic principles of the allied nations. I agree, therefore, that at the earliest feasible time normal relations with these countries should be established.

"Accordingly, I am prepared to proceed with the exchange of diplomatic representatives with Finland at once because the Finnish people, through their elections and other political adjustments, have demonstrated their genuine devotion to democratic procedures and principles.

"However, I have not found in Hungary, Rumania and Bulgaria the same encouraging signs. Particularly in the latter two countries, I have been disturbed to find governments which do not accord to all democratic elements of the people the rights of free expression and which in their system of administration are, in my opinion, neither representative of or responsive to the will of the people. From Ambassador Harriman’s note of March 14 you already know the reasons why the United States Government considers that the political situation in Rumania should be made the subject of consultation among the three principal allied governments. You are also aware of American concern over the proposed electoral procedures and certain other political manifestations in Bulgaria.

"It is my sincere hope that the time may soon come when I can accredit formal diplomatic representatives to these countries. To this end I am ready at any moment to have my representatives meet with Soviet and British representatives in order to concert more effectively our policies and actions in this area. This would, I think, be a constructive move towards the restoration of normal peace-time relations with them as independent states ready to assume the responsibilities and to share the benefits of participation in the family of nations.

"Prime Minister Churchill is being informed of this message."

To this message Stalin replied as follows on June 9 (file No. 711.60/6-1145):

"I have received your reply message on the question of reestablishment of diplomatic relations with Roumania, Bulgaria, Finland and Hungary.

"It can be seen from your message that you also consider desirable an earliest establishment of normal relations with the said countries. However, I do not see any reasons to give any preference to Finland in this matter, which unlike Roumania and Bulgaria did not participate with its armed forces on the side of the Allies in the war against Hitlerite Germany. The public opinion of the Soviet Union and the entire Soviet Command would not understand if Roumania and Bulgaria, whose armed forces participated actively in the defeat of Hitlerite Germany would be put in a worse position as compared to Finland.

"As regards the question of the political regime, in Roumania and Bulgaria are no less possibilities for democratic elements as, for instance, in Italy with whom the Governments of the United States and the Soviet Union have already reestablished diplomatic relations. On the other hand it is impossible not to note that lately the political development of Roumania and Bulgaria has entered a calm channel and I see no such facts which could be cause for anxiety for the further development of democratic beginnings in those countries. In connection
ment. Such a step would in the case of the Balkan states, however, represent Allied approval of the present unrepresentative governments in those countries and would entrench them in power. The British Government has suggested to us\(^6\) that it would be desirable to proceed immediately with the conclusion of peace treaties with the ex-satellites. It is the British belief that the conclusion of peace will bring about the withdrawal of Soviet troops and give democratic elements a chance to assert themselves. In reply to these proposals the Department has agreed in principle that it is desirable to conclude peace and establish diplomatic relations with the ex-satellites as soon as possible, but has stated that we are not convinced that democratic principles and the interests of the peoples involved would be best served by recognizing or concluding peace with the present governments; furthermore, we are unwilling to abandon our proposals for real participation in the Allied Control Commissions and an improved status for our representatives. We have indicated our expectation that the question will be discussed at the forthcoming tripartite conference.\(^7\)

There appear to be three main courses of action open to us:

1. To accept Stalin’s proposal and establish relations with the present governments.

This policy would involve abandonment of the attempt to put into practice the Declaration on Liberated Europe and tacit approval of the Soviet policy of installing in those countries Communist-dominated unrepresentative regimes which will look only to the east and will cut to a minimum all contacts with the United States. It would discourage democratic elements in those countries and probably pave the way for their elimination from the political scene. While this policy might contribute to the easing of our relations with the U.S.S.R. at the moment, it might well encourage the repetition of the same process in countries farther to the west.

Since Stalin’s proposal did not mention peace treaties, it is presumed that the Soviet Government would expect the armistice regime to continue, as in Italy, after the exchange of diplomatic representatives. Under such an arrangement we would have deprived ourselves of a

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\(^6\) The British suggestion referred to is not printed.

\(^7\) See document No. 291.
means of pressure on the local governments, and at the same time the Soviets would be able to act both through the local governments and through the Control Commissions and to continue in military occupation of these countries.

2. To support the British proposal for the immediate conclusion of peace treaties with the present governments.

The British proposal is based on the theory that the restoration of normal peacetime relationships will put an end to the direct Soviet influence exercised by virtue of the presence of Soviet troops and the powerful position of the Soviet representatives under the armistice agreements, and that the present governments would then find it impossible to survive. It is by no means certain that the present predominant Soviet influence would be greatly weakened by the conclusion of peace treaties and the withdrawal of troops, since the present pro-Soviet regimes would have acquired great authority and prestige merely by having signed the treaties and thus brought their countries back into the community of nations. If there has been no basic Allied agreement on these countries, it is doubtful that the Russians would allow themselves to be maneuvered out of their predominant position just because they had signed peace treaties and withdrawn all or most of their troops. It is possible that they may insist on keeping some troops in Rumania until all reparation obligations are fulfilled.

The British proposal, which necessarily involves diplomatic recognition is open to the principal objections made to the Soviet proposal, namely that it requires acceptance of the present governments as the legitimate representatives of the peoples of those countries and implies approval of the methods by which they came to power and have since exercised governmental authority. It would leave the responsibility for consulting the people on the question of basic governmental institutions in the hands of these unrepresentative governments, since it would be more difficult for the Allied Governments to act under the Declaration on Liberated Europe after concluding definitive peace treaties with them.

3. To insist on the reorganization of the present governments or the holding of free general elections at an early date as a condition precedent to the establishment of diplomatic relations and the conclusion of peace.

In order to attain at least the same position for which we have consistently striven in the case of United Nations now in the Soviet zone of military control (Czechoslovakia, Yugoslavia, and Poland), where there are some elements not completely subservient to Moscow, it could be made clear to Stalin that we cannot accord diplomatic recognition to regimes such as those in Bulgaria and Rumania until
they have been fundamentally changed in line with the Declaration on Liberated Europe. Such a policy would be consistent with our public declarations and with our recent representations to the Soviet and British Governments. We cannot accept the Soviet contention that the present regimes are coalitions of all democratic groups and are “truly representative of the broad masses of the population”, or that they can be relied upon to hold free elections.

Whether the desired reorganization of the Governments is brought about by Allied consultation and agreement on an interim regime, which would then conduct elections, or by the holding of elections, with adequate guarantees that they would be free, under the present governments, probably would be immaterial. Under the first alternative we might be willing to establish diplomatic relations and conclude peace before the elections: under the second we would wish to postpone this step until after new governments were formed on the basis of the elections. In either case, should it be decided that Allied observation or supervision of elections was necessary as a means of assuring the freest possible choice on the part of the people, we should be willing to assign our quota of observers. It might be that the elections would be “rigged” any way, but we would at least have the reports of [our] own observers on which to base subsequent decisions. The supervision of elections by the Allied Governments, including France, is definitely envisaged by the Declaration on Liberated Europe and would be a procedure well calculated to clarify our position with respect to the ex-satellite countries.

It is not a matter of great importance whether diplomatic relations are established before or after the conclusion of peace. The essential point is that neither should take place with puppet governments which have neither a representative character nor a mandate from the people.

RECOMMENDATIONS

It is recommended that the third alternative be adopted, and that the following proposals be made:*

*In Matthews’ copy of the Briefing Book, recommendation 3 below has been stricken from the draft, with a manuscript marginal notation, “Rewrite”. Manuscript revisions of recommendations 1 and 2 make those paragraphs read as follows:

“1. The three Allied Governments should agree on the necessity of the immediate reorganization of the present governments in Rumania and Bulgaria, in conformity with clause (c) of the third paragraph of the Yalta Declaration on Liberated Europe.

“2. That there be immediate consultation to work out any procedures which may be necessary for the reorganization of these governments to include representatives of all significant democratic elements, in conformity with clause (d) of the 3rd par. of the Ya. Decl on lib Eur.] Diplomatic recognition shall be accorded and peace treaties concluded with those countries as soon as such reorganization has taken place.”

[No. 285]
1. That the three Allied Governments agree in principle to the reorganization of the present governments in Rumania and Bulgaria, and should it become necessary, in Hungary, and to the postponement of diplomatic recognition and the conclusion of peace treaties with those countries until such reorganization has taken place.

2. That provision be made for tripartite consultation (later to include French representatives) to work out any procedures which may be necessary for the reorganization of the governments to include representatives of all significant democratic elements, with a view to the early holding of free and unfettered elections.

3. That these governments consider how best to assist the local governments in the holding of such elections, bearing in mind that while it may be preferable to have the actual conduct of elections in the hands of the local governments themselves rather than in those of Allied representatives, there must be adequate assurances that all democratic elements will have the opportunity to present candidates and that the voting will be in fact free.

[WASHINGTON,] June 29, 1945.

9 The words "in principle" have been deleted in Byrnes' copy.
10 The parenthetical phrase has been deleted in Byrnes' copy.

No. 286

740.00119 (Potsdam)/5-2445

Briefing Book Paper

TOP SECRET

BULGARIAN BACKGROUND INFORMATION

SUMMARY

Since the formation of the present Fatherland Front Government in Bulgaria and the institution of the armistice regime under an Allied (Soviet) Control Commission, the Bulgarian Workers' Party (communist) has spared no effort to consolidate its control of the country. By means of political maneuvering and intimidation by the communist-controlled militia, moderate elements in the Agrarian, Social Democratic and Union-Zveno parties have been eliminated from the Fatherland Front, and the latter, still nominally including those parties, now faces the forthcoming elections, announced for August 26, with an entirely communist complexion.

The Allied Control Commission has entered the so-called "second" period (that following the cessation of hostilities) still without effective American and British participation, and the news blackout of the satellite countries is complete in Bulgaria, the United States Government having so far been unable to arrange for the entry of any American correspondents.
Soviet forces in the country are now said to number 200,000 and the recently concluded Bulgarian-U.S.S.R. trade pact\(^1\) is contributing to the deterioration of a Bulgarian economy already strained by Soviet demands for provisions for her military establishment and for export to Russia.

Meanwhile, Bulgaria continues to orient itself toward Yugoslavia, federation with that country or some other similar close association being widely discussed. A Yugoslav-Bulgarian pact of friendship\(^2\) is proposed and a Yugoslav Minister has been appointed to Sofia.

[WASHINGTON,] July 5, 1945.

**Bulgarian Background Information**

**Government**

Bulgaria is a constitutional monarchy, the constitution of 1879, as subsequently revised, providing for a strongly centralized government. The present Bulgarian Government was formed under the Premiership of Kimon Georgiev on September 9, 1944, from a coalition group known as the Fatherland Front and includes four representatives of the Bulgarian Workers’ Party (communist), four of the Agrarian Party, four of the Union-Zveno, two of the Social Democratic Party and two independents, the communists being the most influential and the Agrarians having the largest popular following. A regency Council exercises the royal prerogatives on behalf of the young King Simeon II.

**The Allied Control Commission**

Pursuant to Article 18 of the armistice signed at Moscow on October 28, 1944,\(^3\) an Allied Control Commission has been set up in Sofia to supervise the execution of the armistice terms. The Chairman of the Commission is, according to the armistice, the Russian member, General Biryusov. The American member is Major General John A. Crane and the British member is Major General W. H. Oxley. During the period preceding the cessation of hostilities it was provided in the armistice agreement that the Commission should be under the general direction of the Soviet member. The American and British members have not been permitted to take any part in the work of the Commission. Only two meetings of the Commission have been held despite formal representations by the American and British representatives. Decisions in the name of the Commission have been taken by the Soviet Chairman without prior consultation or subsequent notification to his Allied colleagues. Now that hostilities in Europe have ceased, the American and British Governments have approached the Soviet

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\(^1\) Signed at Moscow, March 14–15, 1945. Not printed.
\(^2\) For the text of this proposed agreement, as eventually signed on November 27, 1947, see Department of State, *Documents and State Papers*, vol. 1, p. 241.
\(^3\) Executive Agreement Series No. 437; 58 Stat. (2) 1498.

[No. 286]
Recommendations and Late Developments

Government with a view to obtaining actual participation by the American and British delegates during this second period as provided in Article 18 of the armistice agreement.4

It should be particularly noted that under the Commission regime, the United States Government has been unable to arrange for the entry of journalists into Bulgaria and has encountered prolonged delay in getting clearance for official American personnel.

American Civilian Representation in Bulgaria

Since Bulgaria still has the status of an enemy nation and has not been made a co-belligerent, no formal diplomatic relations are maintained between that country and the United States or Britain. The United States is informally represented in Bulgaria by Mr. Maynard Barnes, a Foreign Service Officer with the personal rank of Minister and the British Government is similarly represented by Mr. William Houstoun-Boswall.

Political Conditions

Since the establishment of the present government, the Bulgarian Workers’ Party (communist) has been actively engaged in an effort to achieve complete political domination of Bulgaria. Working within the framework of the Fatherland Front and with the ruthless assistance of the Communist-controlled militia, it has endeavored to purge the country of non-communist opponents, branding all unfriendly elements not subservient to its will as “Fascist”. It has succeeded in eliminating non-communist sympathizers from the direction of its ostensible opposition parties, the Agrarian and the Social Democrats. With a view to the forthcoming elections announced for August 26, the Communists have succeeded in reducing the Agrarian and Social Democratic representation in the Fatherland Front to the position of communist supporters. Dr. G. M. Dimitrov, Leader of the majority Agrarians[,] has been eliminated not only from his position as Secretary General of the Agrarian Party but also from the Party itself, following a campaign of vilification. The election decree recently approved by

4 The approach referred to was made by Harriman on June 14 on the basis of instructions from Grew contained in telegram No. 1281 of June 12 (file No. 740.00119 Control (Bulgaria)/5-1745). These instructions were substantially the same as those of May 28 relating to Hungary (see document No. 287, footnote 5), with two exceptions: (a) Since the terms of the Bulgarian armistice were worked out in London, the United States reservation with respect to article 18 had been made in letters of October 22, 1944, from the American Ambassador at London to the Soviet and British Representatives on the European Advisory Commission and in a letter of January 5, 1945, to the Soviet Ambassador at London. (b) The following language was substituted for the last two sentences of the antepenultimate paragraph of the instructions relating to Hungary: “Although Article 18 of the Armistice terms provides for the ‘participation’ of the United States representative in regulating and supervising the execution of the Armistice terms effective participation has in practice thus far been denied us.”
the Regents will preclude the submission of separate electoral lists by
parties outside the Communist dominated Fatherland Front. Prior
to the publication of this decree the United States and United Kingdom
Governments had proposed to the Soviet Government that a tripartite
commission be formed to observe the conduct of the elections. The
Soviets replied that they did not expect elections to be held at once
and that, in any case, they did not consider outside interference to be
necessary, since the Bulgarian authorities were capable of conducting
elections themselves as the Finns had done.

Relations with the Soviet Union

The Soviet authorities are in effective control of Bulgaria, not only
through the Control Commission but also as a result of the presence
in the country of a sizable Soviet army, recently increased to 200,000
men.

The Communist George Dimitrov who resides in Moscow is regarded
as the supreme authority in the Fatherland Front.

The Soviet Government has concluded a trade agreement with
the Bulgarians, of which an official text has not been furnished us.
In effect, the agreement is disadvantageous to Bulgarian economy.
In addition the Soviet authorities are taking large quantities of
supplies from the country both for their local military forces and for
shipment to Russia.

Relations with Greece and Yugoslavia

Bulgarian foreign relations are under the supervision of the Allied
(Soviet) Control Commission. Yugoslavia has appointed a minister
to Bulgaria and the American Government has made representations
in Moscow against the appointment, which is contrary to the policy
previously agreed to by the Soviet Government that members of the
United Nations should not appoint diplomatic representatives to
former satellite countries during this period. Other evidence of an
effort by the Bulgarian Government, with Soviet support, to increase
Bulgarian ties with Yugoslavia is noticeable in statements by Bul-
garian officials and the Bulgarian press concerning the close attach-
ment of the two countries and in the fact that Bulgarian deliveries
to Yugoslavia under the armistice are understood to have been made
in considerable quantities. References to Bulgarian-Yugoslav federa-
tion or similar close association appear continuously and a Yugoslav-
Bulgarian pact of friendship and mutual assistance has been proposed.
The latter has been the subject of discussions between the British,
United States and Soviet representatives in Moscow. It is the
American and British view that such a pact would be a disturbing

5 The proposals referred to and the Soviet reply are not printed.
6 Not printed.
influence in the Balkans arousing fear and suspicion among the neighbors of the two countries. The Soviet Government holds the opposite opinion.

As regards Greece, the Soviet Government has failed to reply to repeated requests to permit Greece to appoint a liaison officer to the Control Commission as the Yugoslavs have been allowed to do and the only reparations so far received by Greece from Bulgaria under the armistice are said to be 17 horses and 85 mules. A Greek request for consular representation in Bulgaria is likewise unanswered.

[WASHINGTON,] July 5, 1945.

No. 287

740.00119 (Potsdam) 5-2446

Briefing Book Paper

TOP SECRET

HUNGARY: BACKGROUND INFORMATION

SUMMARY

1. Execution of the Armistice

The provisional Hungarian Government signed an armistice with the three principal Allied Governments on January 20, 1945. Enforcement of the terms, with which Hungary has thus far complied more or less satisfactorily, rests with the Allied Control Commission established by the armistice. Executory and administrative functions of the Commission have been in the hands of the Soviet military authorities, who have made decisions without reference to the views of the American and British representatives. It is hoped that provision will now be made for the active participation of the latter in the work of the Commission, especially since military considerations, after the surrender of Germany, are no longer paramount.

2. The Economic Situation

Hungary’s economic life was badly disrupted by military operations and by Nazi looting. Soviet requisitioning on a large scale and heavy demands under the reparation clause of the armistice are making the situation even more difficult, so that Hungary will be able to produce this year only a fraction of its normal production. Probably Hungary will have no surplus of agricultural or industrial products for export to other European countries or the United States.

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¹ Executive Agreement Series No. 456; 59 Stat. (2) 1321.
3. The Political Situation

The present “Provisional National Government” is a coalition regime representing all important anti-Nazi parties. Real political power is in the hands of the party organizations and leaders, the strongest of which are the Communists although their popular support in terms of numbers may not be great. The Soviet Government has not attempted to install a purely leftist regime as in Rumania. We believe nevertheless that the three powers should reach agreement on the application in Hungary of the Yalta Declaration, so that the forthcoming elections may be truly free.

[WASHINGTON,] July 5, 1945.

HUNGARY: BACKGROUND INFORMATION

1. Long-range American Interest

The principal long-range American interest in Hungary is that that country should once more become a peaceful member of the community of nations and should not, either through its relationships with larger powers or through the policies of its own rulers, become a menace to peace. It is our belief that this aim is most likely of attainment if Hungary is an independent state with a government of its own choosing, cooperating closely with neighboring states, and if solutions of its territorial and economic problems are found which represent a maximum contribution to the stability of the region.

2. Execution of the Armistice

Hungary, as an enemy state which was associated with Germany’s aggressions since 1938 and the last satellite to desert Germany, has no valid claim to leniency on the part of the Allies. In accordance with the armistice terms which it signed on January 20, 1945, which were roughly the same as those for Rumania, Hungary was to participate in the war against Germany, but by the time Germany surrendered Hungary had made no significant military contribution to the Allied victory.

The armistice agreement, to which all three principal Allies were parties, established an Allied Control Commission which has operated under the direction of its Soviet chairman, the American and British members having more or less the status of observers. The latter were not allowed to exercise all the rights vouchsafed to them by the agreed statutes of the Control Commission during the period preceding Germany’s surrender. For the “second period” of the

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3 On Liberated Europe. See vol. ii, document No. 1417, section v.
4 By the Vienna Arbitration Award of November 2, 1938, which was engineered by Germany and Italy, Hungary received some 5,000 square miles of southern Slovakia. Hungary joined the Anti-Comintern Pact on February 24, 1939.
4 Not printed.
armistice, following Germany's surrender, we have proposed, in accordance with a reservation made at the time the armistice was signed, that the Commission be made genuinely tripartite. The Soviet Government has not replied to this proposal.

5 The proposal referred to was sent by Crew to Harriman in telegram No. 1168 of May 28 (repeated to the American Representative in Hungary as telegram No. 57 of the same date), as follows (file No. 740.00119 E. W. 5-2845):

"During the discussions in Moscow on armistice terms for Hungary full agreement was not reached on the wording of Article 18 concerning the Allied Control Commission. In accepting the text of that Article as it appeared in the terms signed on January 20, the American Ambassador in Moscow reserved this Government's position in identical letters addressed to the Soviet and British Governments. These letters stated the opinion of the United States Government that Article 18 should have included an additional provision as follows: 'Upon the conclusion of hostilities against Germany and until the conclusion of peace with Hungary the ACC will supervise the execution of the Armistice according to instructions of the Governments of the U. S. A., the U. S. R., and U. K., and that since such a clause was not included the United States Government might consider it necessary to confer at a later date with the Soviet and British Governments regarding the detailed manner in which Article 18 should be implemented during the period following the cessation of hostilities against Germany.

In view of the end of hostilities with Germany, the United States Government considers it appropriate to reopen at this time discussion among the three Allied Governments on the subject of the organization and functions of the ACC for Hungary in this second period.

The United States Government presents the following proposals as a basis for discussion among the three Governments:

1. The ACC, the functions of which should remain limited to the enforcement of the terms of armistice, should operate henceforward under standing instructions of the three Allied Governments, whose principal representatives on the ACC would have equal status, although the Soviet representative would be Chairman.

2. ACC decisions should have the concurrence of all three principal representatives, who would refer to their respective Governments for instructions on important questions of policy.

3. All three Allied Governments should have the right to be represented on the sections and subcommittees of the ACC, but need not be represented in equal numbers.

In submitting the foregoing proposals we are desirous of reaching an agreement which will eliminate all misunderstanding respecting the rights to which the American Representative on the ACC is entitled. Although the ACC statutes agreed upon in Moscow on January 20 expressly provided that during the first period the U. S. and U. K. representatives should have the right to receive oral and written information from the Soviet officials of the Commission on any matter connected with the fulfillment of the Armistice Agreement, to receive copies of all communications, reports and other documents which might interest the U. S. and U. K. Governments, and to be informed of policy directions prior to their issuance in the name of the ACC to the Hungarian authorities, these provisions, as General Key informed Marshal Voroshilov on April 30, have not been carried out. There has moreover been but one full meeting of the ACC since its establishment.

The U. S. Government has been aware that in this first period military operations were conducted in or near Hungarian territory, and that direct military responsibility in Hungary lay with the Soviet High Command. Since military considerations were recognized as overriding, this Government was willing temporarily to subordinate its own interests and responsibilities in Hungary to the common interest and responsibility of the successful prosecution of Allied military operations. This Government has been none the less concerned over the failure to accord to the American representative the rights and prerogatives guaranteed by the ACC statutes. These grounds for complaint will of course disappear if the ACC operates henceforth as a tripartite body.

In as much as the surrender of Germany has now greatly reduced the importance of the factor of military responsibility, the U. S. Government is especially
In general it can be said that the provisional Hungarian Government has complied with the armistice terms to the best of its ability. It has enacted a series of decrees based on the various clauses of the agreement and has put them into effect. The ultimate authority in the country is of course the Allied (Soviet) Control Commission, which has officers in local centers throughout Hungary to ensure compliance with the armistice obligations.

3. The Economic Situation

Hungary’s economic life was badly disrupted by military operations and by the removal of supplies, equipment and key personnel by the Germans. For the next year at least there will be no surplus for export, and Hungary will be unable to satisfy its own needs in many products. The situation has been aggravated by heavy Soviet requisitioning, since for some time there have been from one to two million Soviet troops in Hungary, and by the removal of capital equipment and commodities to the Soviet Union as war booty or on reparation account under the armistice. A six-year agreement on reparation deliveries was signed on June 15, 1945. American representatives have had no part in these arrangements. However, at the time the armistice terms were negotiated and the total sum of Hungary’s reparation obligation to the U. S. S. R. was fixed, we formally reserved the right to reopen the question if in the administration of the reparation clause American interests should be unwarrantably prejudiced.

4. The Political Situation

The successive governments in Budapest during 1944 having been either unwilling or unable to surrender to the Allies, in December the Russians took the step of sponsoring the establishment of a “Provisional National Government” in the Soviet-occupied eastern part of Hungary. This government accepted the armistice terms presented by the three Allied Governments and has since established its administration throughout Hungary. It is a coalition government headed by a conservative general and includes representatives of the five principal parties of the center and the left. There is also a provisional assembly in which the Communists have the strongest representation. Real political power resides not in the cabinet or the assembly but in desirous of reaching with the Soviet and British Governments as soon as possible full agreement on the organization and functions of the ACC in the second period along the lines suggested in the present communication.”

Harriman reported on June 2 (telegram No. 1876, file No. 740.00119 Control (Hungary)/6-245) that this proposal had been transmitted to the Soviet Government on June 1.

At Budapest. Not printed.

The reservation referred to is not printed.

Colonel General Béla Miklós.
the party organizations and leaders, of whom the Communists, encouraged by the presence of the Red Army, are the strongest.

There have been some instances of direct Soviet intervention in Hungarian internal affairs, but there has been no attempt, as in Rumania, to substitute a purely leftist regime for the present coalition government. We believe nevertheless that the principal Allied Governments should come to an agreement on the supervision of elections in Hungary, so that the transition from the present provisional regime to a permanent government may take place in accordance with the principles of the Crimea Declaration on Liberated Europe.

[WASHINGTON,] July 5, 1945.

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No. 288

760.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

RUMANIA: BACKGROUND INFORMATION

SUMMARY

1. Execution of the Armistice

An Allied Control Commission, in which the Soviet member exercises all real authority although the United States and the United Kingdom are also represented, was established to enforce the terms of armistice which Rumania accepted from the three principal Allied Governments on September 12, 1944.¹ The Soviet authorities in Rumania have interpreted and enforced the armistice terms without reference to the views of the American and British representatives. It is hoped that provision will now be made for active participation of the latter in the work of the Commission, especially since military considerations, after the surrender of Germany, are no longer paramount.

2. The Economic Situation

Heavy Soviet demands under the armistice plus the obligations Rumania has undertaken in recently concluded economic agreements with the U. S. S. R.² probably will have the effect of breaking down Rumania's economy, tying Rumania economically to the Soviet Union to the exclusion of trade and financial relations with other countries and making it impossible for American business interests to operate in Rumania.

¹ Executive Agreement Series No. 490; 59 Stat. (2) 1712.
3. The Political Situation

The present Groza Government was imposed on Rumania by the Soviet Government. It represents only the leftist bloc and not the National Peasant and National Liberal parties, which our representatives believe have a large popular following. We regard it as an unrepresentative minority government and have attempted to bring about conversations with the Soviet and British Governments in order to review the whole situation in the light of the Declaration on Liberated Europe. Although our request was refused by the Soviet Government, we still hope to secure tripartite agreement on the reorganization of the Rumanian government and on procedures for free elections.

[WASHINGTON,] July 5, 1945.

RUMANIA: BACKGROUND INFORMATION

1. Long-range American Interest

The long-range interest of the United States in the maintenance of peace and stability in eastern Europe may be involved in the issues now arising in connection with the control of Rumania during the armistice period and with the peace settlement. The fundamental problem is the degree to which the United States will acquiesce in the exercise by the Soviet Union of a dominant or exclusive political and economic influence in Rumania. It poses the need for reconciling, in this region, our policy of cooperation with the U. S. S. R. for the preservation of peace with our principles and commitments embodied in the Atlantic Charter, in the Yalta agreements, and in many general statements of policy.

2. Execution of the Armistice

Rumania surrendered to the three principal Allies on August 23, 1944 and signed an armistice with them in Moscow on September 12. The armistice terms were presented to the Rumanians after agreement on them was reached by the three Allied Governments. In accordance with them Rumania participated in the war against Germany maintaining about fourteen divisions in the field.

An Allied Control Commission was established by the armistice agreement for the enforcement of its terms. As Rumania was in the Soviet Theater of military operations, the Soviet military authorities have exercised the administrative and executory functions of the Commission, the American and British members having more or less the position of observers. In interpreting and enforcing the armistice terms the Soviet authorities have acted without reference to the views

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3 See document No. 301, footnote 1.
4 See vol. II, document No. 1417, section v.
5 Executive Agreement Series No. 236; 55 Stat. (2) 1603.
of the United States and British Governments or of the representatives of those Governments in Rumania.

By their presence on the Allied Control Commission the American representatives bear a certain responsibility for its decisions in which they have no voice. It is hoped that provision will be made for their actual participation, particularly now that the Commission will be concerned less with the military clauses of the armistice and more with the problems of transition to normal peacetime relations between Rumania and the United Nations. We have proposed that the Commission be made truly tripartite but have received no reply to our proposal from the Soviet Government.

⁶ Grew informed Harriman as follows in telegram No. 1257 of June 8 (file No. 740.00119 EW/6–845):

"General Vinogradov has told General Schuyler in Bucharest that Soviet ACC authorities in Rumania are making recommendations to Moscow on possible changes in Rumanian armistice to meet changed situation brought about by end of hostilities in Europe. Vinogradov asked Schuyler for US Gov't's suggestions on this matter. Schuyler is withholding reply pending receipt of instructions. (Sent to Moscow and London, repeated to Bucharest).

"While we do not know whether Soviet Gov't proposes to reopen in Moscow more or less formal review of Rumanian armistice terms or merely to work out in Rumania a new approach to problems connected with execution of armistice agreement, it appears to us in either case to be a matter for discussion and agreement on government level. We believe it would be sufficient for three Allied Governments to reach informal understanding on interpretation and application of armistice terms in second period without actually re-negotiating the Armistice Agreement of September 12.

"Please inform Soviet Government of General Vinogradov's approach to General Schuyler, stating this Gov't's readiness to participate in discussions on this subject in Moscow or elsewhere and to make certain concrete proposals. Your communication should then set forth for the information of Soviet Gov't our view that the ACC should be reorganized along lines proposed for Hungarian ACC in Deptel 1168, May 28 [see document No. 287, footnote 5]. While this suggestion cannot be based on any reservation made at the time of the armistice negotiations and would involve modification of ACC procedures as set up under Article 18, in that ACC no longer would operate under general direction of Soviet High Command, we put it forward because we believe the situation requires such a change in Rumania as well as in Hungary and Bulgaria, our interests and general attitude being substantially the same in all three ex-satellite states.

"You may also say that, in view of the greatly reduced importance of the factor of military responsibility, we would expect the ACC, reorganized in the manner set forth in preceding paragraph, to exercise most of the functions assigned by the Armistice to the Allied (Soviet) High Command.

"For your information and general guidance the following are main points of Dept's thinking on execution of certain of the Articles of the Armistice in the second period in the event the subject is discussed in Moscow:

"1. Article 1, so far as it refers to Rumanian participation in military operations, should be considered no longer operative. Although Armistice does not provide for demobilization, as do Bulgarian and Hungarian armistice agreements, we would have no objection to any proposals for the reduction of the Rumanian Army, including units formed in USSR, to size necessary for purpose of maintaining order, a responsibility which should be transferred from Soviet High Command to Rumanian authorities.

"2. Transfer to the Rumanian Government of responsibility for keeping order raises the question of maintenance of Soviet forces in Rumania which presumably will be dealt with in accordance with article 6 of the Four-Nation Declaration of Moscow, October 30, 1943.

"2. Allied censorship provided for in Article 16 should be relaxed in order to
BULGARIA, FINLAND, HUNGARY, RUMANIA

3. The Economic Situation

In the execution of the economic clauses of the armistice the Soviet Government has compelled Rumania to accept very heavy demands which we consider not wholly justified under the armistice. Fulfillment of these demands would, in the opinion of our representatives, speed up the present ruinous inflation, disrupt the entire economy of Rumania, and make it virtually impossible for Rumania to supply relief to such countries as Greece and Yugoslavia or to engage in trade with countries other than the U. S. S. R.

The Soviet Union has recently concluded economic agreements with Rumania under which Rumania's entire exportable surplus would go to the U. S. S. R., and special Soviet-Rumanian companies are to be formed for the operation of key Rumanian industries. If carried out, these agreements will have the effect of making Rumania economically dependent on the U. S. S. R., without economic contact with other countries outside eastern Europe. Under these conditions it will probably be impossible for American interests to engage in trade with Rumania or to carry on business in that country.

4. The Political Situation

The United States has maintained in Rumania since November 1944, in addition to our representation on the Allied Control Commission, an informal civilian mission headed by Mr. Burton Y. Berry, who is charged with the protection of American citizens and property interests.

From the time of its surrender Rumania was administered by a series of three coalition governments in which all the major parties, from the National Liberals on the right to the Communists on the extreme left, were represented. In the absence of general elections since 1937 these governments seemed to be roughly representative of the popular will as expressed openly in the pre-dictatorship period and more recently in the movement of opposition during the Antonean freedom of the press and of other forms of expression and the restoration of postal and telecommunications between Rumania and all Allied countries.

"3. Final settlement of Rumania's boundaries is properly a matter for the peace treaty between Rumania and the Allies. Article 19 provides for review 'at the peace settlement' of the return of Transylvania (or the greater part thereof). We are prepared to begin preliminary discussions with Soviet and British Governments concerning the procedures which may be adopted in arriving at a definitive settlement of this question, possibly in connection with general procedures for reaching agreement on other European territorial problems.

"4. There are several other matters connected with interpretation of the armistice, such as definition of war booty, demands for damages under Article 12 which provides only for specific restitution, etc, all of which might well be discussed in ACC if it is reorganized in accordance with our present proposal. Department will send you specific instructions on these points if they should be raised in Moscow."

Harriman informed Molotov of the views of the United States Government on June 12, and so reported to the Department of State on June 13 (telegram No. 2056, file No. 740.00119 E. W. /6-1345).

[No. 288]
escu regime. In February of this year an acute political crisis arose when the leftist parties, grouped in the National Democratic Front led by the Communists, began a campaign to overthrow the government and establish a purely leftist regime. This campaign had the support of the Soviet press and radio and was aided by measures taken by the Soviet authorities in Rumania. It culminated in the visit to Bucharest of Vice-Commissar Vyshinsky, who forced the Rumanian King to dismiss the Radescu Government and to install a leftist government under Petru Groza.

We did not regard the Groza regime as a broadly representative interim government within the meaning of the Crimea Declaration on Liberated Europe and have since maintained an attitude of reserve toward it. On March 14 we formally invoked that Declaration, requesting tripartite consultation on the political situation in Rumania. The British Government accepted the proposal, but the Soviet Government refused, saying that it did not believe any further steps were necessary. It accepted responsibility for the change of regime in Rumania, justifying its action on the ground that the Radescu Government had failed to keep order in the rear of the Red Army and that the Groza Government had restored order and was truly representative of the democratic elements of the population.

The Groza regime, which is dominated by the Communists, has followed a policy of full compliance with all Soviet desires and of suppression of political opposition, which is represented chiefly by the National Peasant and National Liberal Parties. Unless the government is reorganized to include representatives of these parties, or unless elections are supervised by representatives of the Allied Governments, it is obvious that the Rumanian people will not be given an opportunity to choose freely the institutions under which they are to live.

[WASHINGTON,] July 5, 1945.

7 The communication referred to is not printed.
8 See document No. 301, footnote 1.

No. 289

Moscow Embassy Files—711 Hungary-AOC

The Acting Secretary of State to the Ambassador in the Soviet Union
(Harriman)

SECRET

WASHINGTON, June 21, 1945.

No. 659

The Acting Secretary of State encloses for the Ambassador's background information a copy of recommendations made by Major General William S. Key, American Representative on the Allied
Control Commission for Hungary, for the reorganization of the Control Commission in the second period of the Armistice, in the form of a revised draft of the present statutes of the Commission, together with a copy of General Key’s explanatory comments.¹

Copies of the enclosed documents have also been transmitted to the American Embassy in London.

C[loycE] K H[uston]

[Enclosure 1]

SECRET

[BUDEPA]ST, 5 June 1945.

DRAFT OF STATUTES OF THE ALLIED CONTROL COMMISSION IN HUNGARY

(Note: By this draft it is intended to prescribe the organization and procedure of the Commission during the second period of the Armistice, i.e., from the end of hostilities against Germany, May 8th, to the conclusion of peace. In their present form the Statutes prescribe the organization and procedure, in certain respects, only for the first period of the Armistice, i.e., from the date of the Armistice Agreement, January 20th, to the end of hostilities against Germany. Consequently certain old provisions, applicable only to the first period, may now be omitted, and certain new provisions are required. So far as feasible the form and terminology of the present Statutes have been retained.)

1. The principal functions of the Allied Control Commission in Hungary shall consist of the regulation and control, for the period up to the conclusion of peace, over the exact fulfillment of the Armistice terms set forth in the Agreement concluded on the 20th January 1945 between the Governments of the Soviet Union, the United Kingdom and the United States, on the one hand, and the Provisional National Government of Hungary on the other.

2. The Allied Control Commission shall be headed by a Chairman who shall be a representative of the Soviet High Command and the Commander of Soviet Forces in Hungary. The Chiefs of the American and British Missions shall be Vice Chairmen of the Commission. The Chairman may also appoint a third Vice Chairman of the Commission and such political and military assistants as may be required, and a Chief of Staff of the Commission. Representatives of the United Kingdom and the United States will be included in the composition of the Control Commission and of each division thereof. The Allied Control Commission shall have its own seal and its headquarters shall be at Budapest.

¹The two enclosures, together with a covering memorandum, had been referred on June 18 to the State-War-Navy Coordinating Subcommittee for Europe as SWNCC 151/D. For the report of the Subcommittee, see the attachment to document No. 808, printed in vol. ii.

[No. 289]
3. The Allied Control Commission shall be composed of—

(a) A staff.
(b) A political division.
(c) An administrative division.
(d) A Military division.
(e) An Air force division.
(f) A river fleet division.
(g) An economic division.

The staff will include officers of the armed forces of all three participating governments and will have a liaison section. The duties of the liaison section will include receipt from and transmission to the Hungarian Government of all communications, reports, directives, or other documents relating to the fulfillment of the Armistice terms.

4. The Chairman shall call meetings of the Commission at least twice each month and shall cause agenda to be prepared for such meetings and delivered to each participating government at least two days in advance of the meeting for which prepared. Only matters appearing on the agenda shall be considered at each meeting. Questions of policy shall be referred to the governments of the Soviet Union, the United Kingdom and the United States, and decisions of the Commission shall be made only upon the concurrence of the three participating governments.

5. The representatives of the Soviet Union, the United Kingdom and the United States shall have the right

(a) To receive oral and written information from any official of the Commission on all matters connected with the fulfillment of the Armistice Agreement;
(b) To put forward for consideration of the Commission proposals of their governments on questions connected with the fulfillment of the Armistice Agreement;
(c) To receive promptly copies of all communications, reports and other documents which may interest their respective governments;
(d) To make journeys and move freely anywhere, and by any means of transportation, on Hungarian territory, with complete freedom of entrance from outside Hungary to any point within Hungary, and with complete freedom of exit from Hungary;
(e) To participate in all general conferences of the Commission or meetings of Chiefs of Divisions of the Commission;
(f) To communicate with the Hungarian Government or any of its agencies, through the liaison section of the staff;
(g) To determine the size and composition of their own delegations;
(h) To communicate directly with their respective governments by cypher, telegram and by diplomatic mail, for which purpose they shall have the right to receive and dispatch diplomatic couriers by air at regular intervals, upon notification to the Chairman;
(i) To determine the amount of money required from the Hungarian Government for the expenses of their respective staffs and to obtain such funds through the Commission;
(j) To transport personnel, mail and supplies to and from Hungary by airplane or by motor or other transportation, upon notification to the Chairman of the Allied Control Commission;

(k) To call in specialist-officers or other experts for consultation, for making surveys or for working out special questions which arise during the work of the Allied Control Commission.

6. The Allied Control Commission shall have its representatives in the provinces, districts, ports and at the most important enterprises for the organization of local control.

[Enclosure 2]

SECRET

[BUDAPEST,] 5 June 1945.

COMMENTS ON PROPOSED STATUTES ALLIED CONTROL COMMISSION FOR HUNGARY

1. This memorandum is written for the purpose of commenting upon certain proposed modifications in the original Statutes of the ACC agreed upon when the Armistice Agreement with Hungary was signed 20 January 1945. The draft to which the memorandum refers particularly is dated 5 June 1945.

2. These comments are intended to be read in connection with the note appearing at the head of the draft of 5 June 1945.

3. Par. 1: The word “principal” in the first sentence has been added. The U. S. Military Mission in Hungary has heretofore acted, and is continuing to act, in various matters which might be construed to be outside the functions of the ACC as defined in Par. 1 of the present Statutes. The Mission has cared for and repatriated a great many U. S. airmen and numerous escaped U. S. prisoners of war, has obtained information concerning the military, economic and political situation in Hungary, et cet. It is believed that it would be undesirable to attempt to use language to cover such miscellaneous and minor services of the Mission, and that any such new provisions would be objected to. On the other hand these minor and collateral functions have not been objected to by our Allies, and it is thought that the functions specifically referred to may be described as “principal”, so that it cannot be said that the miscellaneous services mentioned above are excluded from the legitimate field of the Mission’s activity.

4. Par. 2: The new draft substantially modifies this Statute. The expression “headed by” is not approved, but in preparing the new draft it was thought best to change the terminology as slightly as possible, particularly in view of the problems of translation. Accordingly the first sentence of this paragraph is left in substantially its present form, but the meaning has been greatly changed by the
addition of the phrase "the Commander of Soviet Forces in Hungary." The experience of our Mission here has shown one of our most difficult problems to be the fact that the zone of the front line, which at this date still includes a substantial part of Hungary, is completely independent of the ACC. In fact the Chairman of the ACC is apparently not informed when the front line command removes an industrial plant or a vast amount of other property. Moreover, representatives of the American Mission are not permitted free movement in all of Hungary, the explanation being that certain areas desired to be entered are still under the "front line command", with which the Chairman of the ACC has no connection and over which he can exercise no control. The phrase added in the draft is intended to identify the representative of the Soviet High Command" (as provided in the present statute) with the Chairman of the ACC. It is believed that this is the least objectionable form in which to deal with the problem. The second sentence of the new draft provides that the Chiefs of the American and British Missions are to be Vice Chairmen of the ACC. This is considered an important provision, and should be acceptable to our Allies, particularly since this paragraph also provides that the Chairman may appoint a third Vice Chairman. A further modification is to be noted: the present statute provides that "representatives of the UK and the USA will be included in the composition" of the ACC. This is insufficient, and the redraft provides "and of each division thereof."

5. Par. 3: The redraft of this Statute provides for a liaison section. This is based on our suggestion made heretofore that a Joint Secretariat should be established. The suggestion was objected to on the ground that the Statutes did not provide for a Joint Secretariat. In this case the terminology is not important and the redraft merely provides that the staff must include a liaison section which will be in effect a channel of communication. The purpose of the new provision is to make sure that each participating government will be completely informed as to matters relating to fulfillment of the Armistice terms.

6. Par. 4: This paragraph is entirely new as Par. 4 of the present Statutes relates only to the first period of the Armistice. This new provision attempts to insure that the Commission will meet at least twice each month and that all participating governments will be informed in advance of matters to be acted upon. The paragraph also provides that decisions of the Commission must be unanimous. The requirement of unanimity of the three Allied powers is almost
certain to meet objection and it may be reasonably argued that the requirement of unanimity, as insisted upon, should be limited to important questions of policy at government level. The last sentence of the redraft might perhaps be improved by some special limitation as "upon the concurrence of the Chairman and Vice Chairman." It is, of course, not intended that each decision of the Commission should necessarily be made at government level; the "concurrence" of a government would be expressed by its principal representative on the Commission.

7. Par. 5: The substance of this provision is new but in form it appears in the present Statutes. The present Par. 5 applies only to the first period of the Armistice and provides that the British and American representatives may have certain rights. As redrawn the provision puts the representatives of all three governments upon the same basis, and enumerates specifically certain rights they may exercise. The specific provisions are mostly self-explanatory, but attention is invited to the following comments: As to "f", it should be noted that communications with the Hungarian Government are to be effected through the Liaison Section of the Staff, so that each Mission will be fully informed of such communications; as to "g", it is intended by this provision to avoid the problem of obtaining clearances for movements within Hungary and particularly for the arrival and departure of aircraft. It is recognized that Russian authorities should be fully informed in respect of arriving and departing personnel, but it is not considered that the power to veto such arrivals and departures should be conceded.

8. Par. 6: At the meeting of the ACC March 26th it was stated, in reply to a question, that the ACC, meaning the Russian Section of the ACC, had ten representatives in the provinces. At the second meeting of the ACC on 5 June 1945 it was stated, in answer to a question, that the number of provincial representatives had been increased to twenty. In the redraft this provision is retained.

9. The present Statutes contain a paragraph, No. 7, which provides that the Vice Chairman and assistants and Chiefs of Divisions (all Russian) may call specialist-officers for consultation. As redrawn this paragraph appears as a subdivision (k) of Par. 5, and the privilege may be exercised by representatives of all three Allied powers. The words "or other experts" are new.

10. Paragraph 8 of the present Statutes has been omitted. It provides that "Liaison with Hungarian governmental authorities shall be effected by representatives of the Allied Control Commission not lower than a chief of division", et cet. This provision is considered unnecessary in view of the provisions of Par. 5 (f), under which rep-

[No. 289]
representatives of any of the three powers may communicate with the Hungarian Government or any of its agencies.

WILLIAM S. KEY
Major General, U. S. A.
Chief U. S. Section

No. 290

740.00119 EW/6-2145 : Telegram

The Acting Secretary of State to the Representative in Bulgaria (Barnes) 1

SECRET

WASHINGTON, June 21, 1945—7 p. m.
PRIORITY

181. Brit FonOff has proposed that US and Brit Govts “work for early conclusion of peace treaties” with Hungary, Bulgaria and Rumania rather than negotiate for improvement of status of our representatives in those countries. (Deptel 168 June 8 Urteil 311 June 11). Principal Brit arguments are: (a) Soviet Government is not likely to give fuller voice to US and Brit representatives on ACC’s and (b) conclusion of peace would entail withdrawal of Soviet troops and so free these countries from direct Soviet domination in determining their destinies. Sent to Sofia, Bucharest, Budapest; repeated to London and Moscow.

Please report urgently briefly your views and recommendations with particular reference to: (1) Brit thesis that advantages resulting from shortening armistice period by concluding peace would outweigh disadvantages of continuing meanwhile present basis of our participation in ACC and other activities and (2) ultimate effect which conclusion of peace with present government would have on problem of providing opportunity for people to determine the form of government under which they will live and on our fulfillment of Yalta undertakings, expressed in Declaration on Liberated Europe.

GREW

S[amuel] R[ieber]

1 The same message was sent at the same hour to the Acting Representative in Rumania (Melbourne) as telegram No. 310, and to the Representative in Hungary (Schoenfeld) as telegram No. 113. It was repeated to the Ambassador in the United Kingdom (Winant) as telegram No. 5008.

2 Neither printed.
No. 291

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

SECRET

WASHINGTON, June 23, 1945—8 p.m.

PRIORITY

5097. Dept is requesting by telegram repeated to you views and recommendations from Missions Budapest Bucharest Sofia regarding British proposal for proceeding to conclusion of peace treaties with Hungary Rumania Bulgaria (urtsels 5631 June 4 and 5898 June 11).

You may inform FO that pending receipt such views and recommendations our position is tentatively as follows:

1. We fully agree that it is desirable to conclude peace with these countries as soon as possible.

2. Since negotiation of peace treaties can not, particularly in view of complicated territorial settlements involved, reasonably be expected to be completed in brief period, we are unwilling meanwhile to abandon our proposals, already made for all these countries, for real participation in ACC's and improved status for our representatives.

3. We are not wholly convinced that democratic principles and interests of peoples involved would, with particular reference to Rumania and Bulgaria, be best served by our conclusion of peace with present governments, even though that procedure might hasten withdrawal of Soviet troops.

4. We accordingly believe that we should, while having conclusion of peace treaties as our goal and not neglecting any opportunities to hasten that end, continue (a) to demand real participation in ACC's and improved position for our representatives and (b) to press for application of Yalta principles in such important matters as constitution of governments and preparations for elections. (Sent to London; repeated to Moscow.)

We will give you definitive statement of our conclusions as formulated for presentation in forthcoming highest-level discussions with British and Russian[s] following receipt of views and recommendations requested from missions concerned.

Grew

1 Document No. 290.
2 Neither printed.
SECRET

US URGENT

332. I consider the position taken in the Pres message to Stalin¹ (Dept’s 168, June 8²) to be the only feasible one with respect to recognition of the Bulgarian Govt. (This is reply to Dept’s 181, June 21³).

In my tel 257, May 19⁴ I expressed the opinion that the time when official representations direct to the Bulgarian Govt could be made, should be hastened by us. This opinion was based on extreme doubt that our participation of [in?] the AC[C] could ever become effective. It was also based on the assumption that until a popularly elected Govt has taken office the reestablishment of official relations with Bulgaria is out of the question. Nothing has occurred since to cause me to alter my views. In fact, subsequent developments in Bulgaria have served to strengthen me in the opinion that for the time being our total effort should be devoted to convincing everyone concerned with the conduct of the forthcoming elections, with participation therein and with the outcome thereof, that the democratic powers will not conclude a treaty of peace with any minority-dominated Bulgarian Govt. In this connection please see my tels 302 and 303 of June 7; 311, June 11; 320 and 321 of June 16.⁵

I assumed if we were prepared to recognize a Govt we would also be prepared to negotiate peace with that Govt. Certainly the present Communist dominated Govt is not one with which we should be prepared to conclude a peace treaty, even though we do desire, as I think we should, to shorten the armistice period to the briefest time possible. To recognize the present Govt or any Govt that might issue from Communist-rigged elections could only confirm the Russians in their maximum objectives in this country at the expense of Bulgarian independence.

Seven months of observing the Russians in Bulgaria has convinced me that their maximum objectives here are:

1. Establishment of a one-party system with Communist influence dominant in the single party;
2. Assimilation of the royal militia to the Russian NKVD;

¹ i.e., Truman’s message of June 7. See document No. 285, footnote 5.
² Not printed.
³ Document No. 290.
⁴ None printed.
3. Utmost expansion of Bulgaro-Soviet economic ties and limitation of Bulgar economic relations with other countries;

4. Complete control of Bulgar Army through less trained and communist formed [sic] officers on general staff and “purification” of the Bulgar military establishment in the sense of creating a “peoples army” with political commissars (assistant commanders) assigned to each subdivision thereof;

5. Use of Bulgaria as a stepping stone to seizure and retention of control of the Dardanelles and

6. Use of Bulgarian [Bulgaria] and Yugo to assure access to the Med. If Yugo cannot provide Trieste, and Albania the outlet from the Adriatic then a Bulgaro-Yugo federation can perhaps ensure Salonica to Russia’s plans.

These, in my opinion, are Russ maximum objectives here. I also believe that insofar as Russ may be allowed to rest and recuperate from her exhaustive [exhausting?] efforts of the past four years so may she be expected to become insistent upon maximum solutions and scornful of compromise. I therefore believe that now is the moment for maximum resistance to Russ designs in all areas of interest to US with respect to the maintenance of peace and opposition to aggression.

If we are in the poker game of world affairs, and I assume we are, then we should play the game to the best of our ability. I believe that we have more chips than any one at the table. Circumstances in this area suggest that we should play our cards close to the chest but that when we do have a good hand we should not fail to make a bet. It seems, that in the case of elections in Bulgaria we do have a good hand, not four aces but enough to justify a call or even to make a modest bet. If we refuse to play the cards that come our way it hardly seems that we have the right to stay in the game. At any rate, if we do not make a serious effort to bring forth a Govt in Bulgaria in which the democratic elements of the country are effectively represented, we cannot with very good face claim later that we did our best in Bulgaria to carry out our commitments under the armistice terms and the Yalta declaration of [on] liberated Europe or to check the spread of totalitarian Govt.

If efforts to assure free elections fail then, in my opinion, would be the time to take stock again of a thoroughly unsatisfactory situation. If the Communists and the Russians have their way with the elections Russia will no doubt recognize the new Govt when it takes office and at the same time declare the armistice terms fulfilled. Hence the only time left to us during which we may possibly share in shaping the political future of this country for some time to come is between now and elections.

The Brit contention that conclusion of peace with Bulgaria now would entail withdrawal of Soviet troops in my opinion is spurious. On the other hand, conclusion of peace with a Bulgn Govt issuing
from free democratic elections would certainly afford the hope that in the event we raised the question with Russia of continued occupation of Bulgaria by its troops we could count not only upon having the mass of Bulgarians behind us, but also the Bulgarian Govt. So long as the Govt is dominated by the Communists so [long] will the controlling elements of the Govt oppose us in any efforts to terminate the occupation and favor against us and the future of peace, the designs of Russia as I have outlined them in the second pg of this tel.

In 1940 and again twice in the spring of 1941 Pierre Laval told me he knew so much more about the strength of Germany than Americans possibly could that any argument that the US would ultimately be at war with the [sic] Germany and Germany would finally be defeated could have no effect upon his decision to have [sic] France along the road of collaboration. Today the situation is much the same with the Communists in Bulgaria, and I fear even with the Zveno group in the present Govt they are convinced of the overwhelming power of Russia in world affairs.

As I see matters so far as Bulgaria is concerned, the hope of the democratic nations must be based on the wide mass of agrarian opinion in this country which remains truly democratic and truly desirous of cooperating with the nations of the west while not ignoring the legitimate right of Russia to insist that never again shall there be a Govt in Bulgaria which will turn the country over as a military springboard to the enemies of Russia. In making a determined effort for free, democratic elections we will, in my opinion, be supporting this overwhelming mass of the Bulgarian population in the only way that is left to us.

I realize that much of the foregoing may appear unsubstantiated by chapter and verse and perhaps too personal in the views expressed. Space does not permit citation of chapter and verse. As for the personal nature of the views I can assure the Dept they are fully shared by Gen Crane who has asked me to associate him with them in this tel. I can also say that my Brit colleague and Gen Oxley agree with them in the main. Both of them have strongly recommended against recognition of the present govt.

Rptd to Moscow as 178.

Barnes

6 W. E. Houstoun-Boswall.
No. 293

Bucharest, June 23, 1945—noon.

US URGENT

430. The Brit political representative\(^1\) and Mr. Berry discussed the question of a possible peace treaty with Rumania before the latter's departure for the US (Dept's 310, June 21 \(^2\)). Since he is scheduled to arrive in the US within a day or two of this telegram it is felt that Dept may wish to gain Mr. Berry's personal views.\(^3\) Rptd Moscow as 14 and London as 1.

Upon Gen'l Schuyler's return from an inspection trip in three days I will suggest to him that he may wish to present his views by telegram reflecting his experience upon the ACC.\(^4\)

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\(^1\) J. H. Le Rougetel.
\(^2\) See document No. 290, footnote 1.
\(^3\) No memorandum reflecting Berry's views on this subject has been found.
\(^4\) See documents Nos. 293 and 300.

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No. 294

Washington, June 23, 1945—3 p.m.

SECRET

1391. In connection with your discussion of organization and activities of ACC in Hungary during second period of Armistice (Dept's 1168, May 28 \(^1\)) you may wish to consider desirability of proposing for inclusion in statutes following points which are based on draft prepared by General Key \(^2\) and on which Dept would like to have your comments. (Sent to Moscow, repeated to London and Budapest \(^3\)).

1. Functions of ACC would be limited to regulation and control of fulfillment of armistice terms, as stated in article 1 of present statutes.

2. Composition of ACC: chairman would represent Soviet Govt and Soviet Military Command in Hungary; two vice-chairmen would be chiefs of Brit and American Military Missions; third vice-chairman,
such political and military assistants as may be required, and Chief of Staff of Commission would be appointed by chairman. Representatives of three powers should be included on several divisions of Control Commission. Liaison section should be provided to assure effective channel of communications between members of Commission and with Hungarian authorities.

3. There should be periodic meetings of Commission and agenda should be submitted to principal representatives of participating powers specified period in advance of meetings.

4. Action to be taken by Commission shall have been agreed upon unanimously by three Allied representatives; questions of important political nature which can be dealt with only on governmental level shall be referred to respective governments.

5. Specific provisions which should be included:

(a) Principal representatives of three powers will receive oral and written information, including copies of official communications, on all activities of Commission.

(b) They and their staffs may enter, move freely within, and leave Hungarian territory, communicate direct with their respective governments by usual methods of diplomatic communication including, after previous notification to chairman, dispatch and receipt of diplomatic couriers by air or otherwise and transport by any means of personnel, mail and supplies to and from Hungary.

(c) They may determine size and composition of their delegations and amount of funds required from Hungarian Govt for expenses of their respective staffs.

(d) They may call in specialist-officers or other experts in connection with special questions.

Dept prefers that if possible negotiations to revise ACC statutes along lines of foregoing points take place at Moscow. However, should it be decided to limit the discussion there to the broad principles included in Dept’s 1168 with provision for working out procedural details at Budapest, General Key will be so informed in order that he may discuss latter with Brit and Soviet members of Commission on his return to Hungary.

Dept is forwarding by courier for your and General Deane’s background information copy of General Key’s original draft and comments.

Grew
S[amuel] R[eber]

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4 The British and Soviet members of the Allied Control Commission for Hungary were Major-General Oliver Pearce Edgecumbe and Marshal of the Soviet Union Kliment Efremovich Voroshilov, respectively.

5 See document No. 289.
No. 295

Marshal Stalin to President Truman

[Translation]

I have received your message of June 19 regarding reestablishment of diplomatic relations with Roumania, Bulgaria, Hungary and Finland.

I take notice that you continue to study this question. However, I adhere to my previous point of view that nothing can justify any further postponement in reestablishment of diplomatic relations with Roumania and Bulgaria.

[Moscow, June 23, 1945.]

1 Printed from the text communicated to the Department of State in a memorandum of June 25 from Commander F. L. Pinney, Jr., Leahy's aide.
2 See document No. 161.

No. 296

740.00119 Control (Hungary)/S-2545 : Telegram

The Representative in Hungary (Schoenfeld) to the Acting Secretary of State

SECRET

BUDAPEST, June 25, 1945—10 p. m.

US URGENT

211. Your 113, June 21. 1 See also Dept's 84, June 8 and my 176, June 19. 2

1. It seems very doubtful that alternatives set forth under heading 1 of British thesis regarding conclusion of peace with Hungary are only choice. So far as I know our Govt has not exhausted possibility of winning Soviet consent to broaden basis of our participation in ACC. Until negotiations with Soviet Union on this subject prove futile we are not justified in assuming that equality in participation in ACC cannot be secured for our representatives. British may be more sensitive to impairment of their prestige here than we need be.

2. It may be expected that peace treaty if concluded will incorporate recently signed reparations agreement between USSR and Hungary 3 and will provide for sanctions apart from other political pressure in case of default on part of Hungary thereby affording pretext for unilateral action by USSR against Hungary when de-

1 See document No. 290, footnote 1.
2 Neither printed.

[No. 296]
fault occurs as it easily may. Hence in any case Soviet predominance here will continue after conclusion of peace.

3. Since as reported we have reason to think Hungarian election will not await conclusion of peace treaty if present plans are carried out it is plain that unless we soon secure full equality of status on ACC no election in spirit of Yalta declaration can take place here. Only full participation and cooperation of representatives of all three powers in ACC enabling their respective agents to supervise election effectively throughout this country can insure free expression of national will in any election. We are obligated under Yalta declaration to see free election held here. It is true that declaration does not specify timing of such election with reference to conclusion of peace but we can safely assume that no fair election will take place here unless the three allied powers take active part in preparing for and supervising it either before or after conclusion of peace. For these reasons I have recommended that Dept make persistent effort at Moscow to secure more than nominal American participation in ACC before any electoral law is promulgated here and an election is held thereunder.

In general it seems to me there is real risk of forfeiting such respect on part of USSR as we painfully gained during European hostilities if we accept prematurely British assumption cleavage between great powers in this area cannot be bridged thereby giving up fundamental principles previously agreed on at Yalta and in Hungarian armistice negotiations at Moscow.

I respectfully renew recommendation that every possibility be explored of securing agreement with Allies regarding any action of ACC in Hungary before giving consideration to alternatives. Townsend concurs.

Sent to Dept rptd to Moscow as 16 and to London as No. 2.

SCHOENFELD

No. 297

740.00119 EW/6-2545

The Acting Representative in Rumania (Melbourne) to
the Secretary of State

CONFIDENTIAL

Bucharest, June 25, 1945.

No. 382

Subject: The Rumanian Armistice Today

SIR: I have the honor to report upon the present status of the
Rumanian Armistice Convention as it is regarded by Rumanian
officials, the public, and the Soviet authorities. The Armistice
Convention is an all-embracing instrument encompassing within the
application of its provisions the overwhelming bulk of the country’s present problems. For this reason the subject is related to this Mission’s despatches Nos. 354 and 371 of June 11 and 19, which are respectively entitled, “The Rumanian Attitude Today” and “The Russian Attitude Today”. It is thus the third in a series attempting to depict the present temper and atmosphere of Rumania upon the broadest political lines.

With the end of the war in Europe, Rumanians naturally consider that the Armistice Convention is in need of revision, since some of its provisions automatically become obsolete with the cessation of hostilities. This view is uniformly held by the opposition and the NDF Government. In fact, the Rumanian Commission for the Execution of the Armistice presented such a request to the Allied Control Commission, which was reported in the Mission’s despatch No. 349 of June 8 entitled “Rumanian Note to the ACC Requesting Revisionary Studies of the Armistice Terms”.

Supplementing the Government’s position, the opposition has sought to present arguments showing that the application of the Armistice far exceeded the original significance and meaning of the articles at the time of signature. A memorandum in French, attached as enclosure No. 1, from Mr. Julius Maniu, President of the National Peasant Party, is illustrative of this viewpoint in the elaboration of the position that Rumania when signing the Armistice expected different terms and an administration of the Convention at variance with that later practiced. The main point of this memorandum rests in the contention that the original articles of surrender evolved in Cairo in the spring of 1944 were understood by the Rumanian groups cooperating in the coup d’état of August to be in force, with the addition of three points agreed upon by the Soviet Government through its representative in Stockholm.

Former Foreign Minister C. Visoianu, who was present in Moscow at the time of the signature of the Armistice and who, together with Prince Stirbey, had negotiated with the Allied Governments at Cairo, has prepared a statement concerning the matters discussed in Moscow at the time of the Armistice signature. Mr. Visoianu was not one of the Rumanian signatories at the Convention, but was, in fact, chief counselor of the Rumanian delegation. His statement in English is given as enclosure No. 2, and its object is to point to a certain part of the proceedings wherein the Allied Government representatives agreed that it was a matter of course that all “Soviet forces would leave Rumanian territory at the cessation of hostilities”.

1 Neither printed.
2 Not printed.
The common bond uniting both the NDF and the opposition in urging a revision of the Armistice and a change in the practices of its administration is the realization that the Armistice Convention in itself is the country’s greatest single problem, because through it every aspect of the country’s life is vitally affected. Similarly, the application of its provisions through unilateral interpretation, such as is done by the dominant Soviet officials acting through the Allied Control Commission in the name of the three Allied Government[s], means political and economic chaos, a progressive social deterioration of the country, and most important to the NDF—growing popular discontent with the Government. This is the prospect confronting the NDF Government, of which all its elements were not fully aware when it assumed office, since the present Government is now being subjected to as strong criticism for non-fulfillment of the Armistice obligations as any of its predecessors.

In the very presence of Soviet troops in Rumania the Left Parties find a strong support for the attempted impression of their views upon the Rumanian public. The success of this indirect pressure, however, has been extremely limited, as described in this Mission’s previous despatch entitled “The Rumanian Attitude Today”. Nevertheless the opposition, which comprises the overwhelming majority of the country, realizes that it is impossible to hold free elections here so long as Soviet troops remain on the ground. Political life in the western democratic sense is made impossible to operate.

In economic matters by the constantly changing and ever-rising Soviet demands under the key articles 10, 11 and 12, it is impossible for any type of Government to evolve a coherent program. Brief examples might be given at this juncture. Article 11 describes the indemnity Rumania should pay for damages inflicted on the Soviet Union, which by June 1, were reported by the Rumanian Commission for Execution of the Armistice to have been fulfilled for that period by more than fifteen percent in an estimated yearly indemnity of two hundred billion lei. The present total bill to be paid over six years at present would amount to one thousand two hundred billion lei, which at the time of the signature of the protocol for the execution of Article 11 was considered satisfactory by the Soviet and Rumanian Governments. Under Article 10, which provides for Rumanian maintenance of all Red Army military establishments in the country, for the ten months of the Armistice up to July 1 it was reported by Rumanian sources that official requisitions had totaled four hundred billion lei and unofficial spot takings by Soviet troops were reckoned at four hundred and eighty-eight billion lei. Thus in that time [the] Rumanian Government has given two-thirds of the sum it is paying over six years under Article 11. And now there is the new shock of
maintaining well over a million men of the Red Army while they recupe rate or proceed in very slow transit through Rumania bound for the Soviet Union.

The requests under the above two articles could be met in a sound economic way if it were not for what reputable Rumanian sources consider the catastrophic requests totalling one thousand billion lei suddenly being made under Article 12, wherein it is demanded that the country return establishments and material within a three-month time limit of everything the Russians consider Rumania to have taken in three years of operations in the Soviet Union. This includes crops and livestock consumed by the Rumanian Army in Russia and impossible to duplicate quickly. Details revealed of the impending economic chaos of the country caused through surprise requests of the Russians have served to keep the entire structure of the country in both an economic and social turmoil as inflation grips Rumania through Government large-scale printing of bank notes to meet sudden and quantitatively large Soviet demands.

The causes of conflict between Rumanians and Russians over the Armistice arise because of their fundamentally opposite concepts in considering the Convention. The Rumanians prefer to regard the Armistice clauses as a series of servitudes imposed upon them for a period of time as a result of their losing the war, as a means of assisting the United Nations in the war against Nazi Germany, and as a program of indemnification to the Soviet Union for the economic losses they caused that country. The Russians, on the other hand, interpret every Armistice clause in a political sense that startles and antagonizes the Rumanian population. The Rumanians see the Armistice as an itemized bill for damages, while the Russians see it as a guarantee of future security and of local political domination.

The Russians are aware that public sentiment because of the application of the Armistice is beginning to run stronger against them. Reports available to this Mission of peasants refusing to sell their livestock to the Government in return for newly printed bank notes and of isolated cases of force employed against Rumanian officials seeking to collect material to be turned over to the Soviet Union are certainly not unknown to the Soviet authorities. This has caused a series of sparks to arise from the growing friction between the Rumanian people and the occupying troops.

In the growing warmth of sparks of discontent, balanced Rumanians are alleging that the Soviet Union, failing to secure any popular support for its political ideas through the Rumanian Communist Party, has decided to utilize the many weapons offered by the Armistice, notably its economic clauses, to force unrest, inflation, and acute economic distress. These Rumanians fear this would virtually liquidate
the middle class and would inaugurate a chaotic period which would secure that growth of communism which present efforts have failed to achieve. However, if the Russians are sincerely concerned, as some believe, with the growing bitter Rumanian attitude over the application of the Armistice, they may be serious in their present criticism of NDF tactics in this respect. In that event, if one may utilize the Antonescu regime as a precedent, just as the latter was realistically backed by the Nazis because it could better control the country in contrast to the previously supported Legionnaire regime, so may the Russians decide to relax support for an outright communist-dominated Government and settle upon a composition that could more efficiently give them their desires under the Armistice and keep the country to the Soviet heel.

Respectfully yours,

ROY M. MELBOURNE

[Enclosure 2]

STATEMENT OF MR. C. VISOCIÁNU CONCERNING THE APPLICATION OF THE ARMISTICE

At the Moscow Conference which met in order to establish the armistice terms between the United Nations and Rumania, the Rumanian Delegation proposed to add to the text set up by the Three, one article with the following wording:

“At the cessation of hostilities against Hungary and Germany, the Soviet forces will leave Rumanian territory. At the same moment, the articles 3, 9, 10, 16 and its annex E, the restrictions included in article 17, connected with the persistence of military operations, will come to an end”.

The Chairman of the Conference, Mr. Molotov, replied that it was not necessary to add this article, because it was a matter of course that the Red Armies should leave Rumanian territory at the cessation of hostilities.

The Rumanian Delegation insisted upon the necessity of adding this article, making it clear that since it expressed the opinion of the United Nations it would not appear inconvenient for such an article to be included in the Agreement’s text.

Mr. Molotov mentioned his point of view, repeating that it would be unnecessary to add a text for an idea that was a matter of course.

The talk was long on this matter, for the Rumanian Delegation insisted firmly on the point. For this reason the two Ambassadors (American and British) had to intervene. The United States Ambassador declared that it was useless to add the proposed article, be-

3 W. Averell Harriman and Sir Archibald Clark Kerr, respectively.
cause "truly Mr. Molotov's opinion was the right one, that it was a matter of course that the Soviet forces would leave Rumanian territory at the cessation of hostilities". The British Ambassador added that "the Allies themselves had forces in France, and they were not asked for a similar declaration".

Seeing that it would not be possible to obtain the inclusion of the proposed text in the Agreement, in the name of the Rumanian Delegation I said: "I ask to be authorized to take official note that the Conference's opinion is that it should be unnecessary to add the proposed article because it was a matter of course that the Soviet armies would leave Rumanian territory at the cessation of hostilities".

Mr. Molotov, Chairman of the Conference, replied: "I agree".

2. We could also add that, as well as in the terms transmitted to the Rumanian Delegates at Cairo, as in the Armistice Agreement, it is said that the United Nations would not occupy Rumania, but only ask for a right of passage for their forces in pursuing military operations.

3. We consider then that the moment has arrived for the evacuation of Rumanian territory, according to the declarations and engagements taken by the Three. We are firmly convinced that this question, of such vital importance for Rumania, will find its legitimate solution on the occasion of the Conference of the Three which will take place soon—if, until then, it should not have been yet resolved, as it would be both right and reasonable. With the same occasion it will be for certain decided to put an end to the application of articles 3, 9, 10 and its annex E, the restrictions included in article 17 of the Armistice Agreement—which are connected with the presence of foreign forces in Rumania and with the direction of military operations.

No. 298

740.00119 E. W./5-6-45 : Telegram

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State

SECRET

LONDON, June 26, 1945—7 p. m.

6433. FonOff official made following comments after receiving note based on your 5097, June 23: 1

Tentative position of FonOff, which must be approved by PriMin, is that it is willing to adopt parallel action with Dept on question of Control Commissions in Hungary, Bulgaria, and Rumania. Embassy in Washington has reported Dept's attitude which differs from FonOff point of view that it is useless again to ask Russians for necessary radical steps to regularize position of Brit and AmReps on Commissions. However FonOff is willing to take measures parallel to

1 Document No. 291.

[No. 298]
those of Dept in making one more such request to Soviet Govt. Brit feel that, although Soviets would make minor concessions such as removing restrictions on Brit and AmReps and permitting more of our planes to go into those countries, Moscow would never allow itself to be maneuvered into position where Brit and AmReps would be able to outvote Soviets on matters dealing with reparations and requisitions. Sent to Dept as 6433; repeated to Moscow as 222.

FonOff will give us its considered views when they have been finally approved by Churchill.

WINANT

No. 299

Department of the Army Files; Telegram

The Chief of the Military Representation on the Allied Control Commission for Rumania (Schuyler) to the War Department

TOP SECRET  [BUCAREST,] 28 June 1945.

PRIORITY

M 1149 from Schuyler Rumania to AGWar for War Op Div top secret.

Having recently seen State Department message number 310 dated 21 June to US Representative in Rumania, I desire to invite attention of the War Department to certain considerations which have come to my attention as ACC Representative and which may have an important bearing on any decision relative to the British proposals [f]or conclusion of an early peace with Rumania:

1. Participation by the United States in peace negotiations with the present Government would appear to be tantamount to a recognition that such Government is acceptable to US. Since the Government as presently constituted is representative of only a small proportion of the Rumanian people, any such recognition by the United States would seem to be a distinct violation of principles agreed upon and announced at Yalta. Undoubtedly any such action would be viewed in this light by the majority of the Rumanian people.

2. There appears to be little basis for the British assumption that with the conclusion of peace Soviet troops should be entirely withdrawn from the country. At present the authority of the Rumanian Government is by no means effective throughout the nation, and that

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1 Cf. telegram No. 439 of June 28 from the Acting Representative in Rumania (Melbourne) to the Secretary of State ad interim (file No. 740.00119 EW/6-2845): "On the subject of the Dept’s tel 310 of June 21 [document No. 290], please see Genl Schuyler’s telegrams M–1149 and 1150 dated today."

2 See vol. ii, document No. 1417, section v.
Government appears quite willing to accept Soviet military assistance in preserving order generally patrolling the country. The Government, being representative of only a small minority, actually depends on this Russian backing to maintain its position, and its Communist elements, who are now virtually in full control, would without question be entirely content to have small Soviet forces remain here on one pretext or another long after an actual Treaty of Peace has been signed. The Russians themselves cannot fail to realize the danger of a Coup d'État, and would, I believe, be most reluctant to withdraw completely at this time.

3. Entirely apart from the need for continued Russian military support to maintain the Government, there is a further need for Russian troops to insure strict compliance with Armistice provisions as presently interpreted by Soviet authorities. Russian ACC officials with small groups of Russian soldiers are now scattered throughout the nation in all the more important towns and villages. Their activities have been highly effective in expediting Armistice deliveries. Assuming that current Soviet interpretations of the Armistice provisions will continue in force, it is doubtful that withdrawal of these Russian forces would be practicable for a long time to come.

4. Although the authority exercised by this delegation is admittedly meager and although our prestige is certainly suffering under present conditions, nevertheless I am convinced that as a result of the mere presence in Rumania of this and the British Delegation, the general political and economic situation within the country is somewhat better than it might otherwise have been. Moreover, by timely intervention with Soviet ACC authorities we have at times been able to afford some measure of protection to American firms and American commercial interests in the country. Since on conclusion of peace the ACC would be withdrawn, there would no longer exist in Rumania any over-all Allied Agency responsible for the protection of Allied interests. It is doubtful whether or not the present Communist controlled Government could be counted on to afford adequate protection.

In view of the above considerations, I strongly recommend against any action at this time looming [looking?] toward an early conclusion of peace with the present Rumanian Government. In lieu of such action, I feel that we should henceforth direct our policy for Rumania toward the attainment of certain clearly defined primary objectives with a view to effecting such improvement in the present situation as may be practicable in the light of other world problems.

These objectives will be discussed in a succeeding cable.  

3 Document No. 300.
The Chief of the Military Representation on the Allied Control Commission for Rumania (Schuyler) to the War Department

TOP SECRET

Bucharest, 28 June 1945.

M 1150 from Schuyler Rumania to AGWar for War Op Div.


In my M-1149 of this date, I outlined to the War Department certain considerations which may affect decision by the United States in the matter of current British proposals for conclusion of an early peace with Rumania. I now wish to set forth certain objectives toward which I believe our policy should be directed, with a view to improving the present situation to the maximum extent practicable.

First. There is an urgent and immediate need for establishing once and for all the total value of the obligations which Rumania must meet under the various clauses of the Armistice, particularly articles 10, 11 and 12. As reported in my M-1063 of 8 June 1945, present Russian demands under article 12 amount to some 950 billion lei, which sum is 75 percent as large as the entire six-year reparations obligations under article 11. Under article 10, Rumania has already furnished supplies and services for Russian troops amounting to approximately twice her article 11 reparations payments. With over one million troops now being quartered in Rumania, additional obligations under this article will tend to become astronomical. Considered altogether, total Russian demands under these three articles [are] sufficient to ruin completely the economic structure of the nation. Since our government participated in the initial discussions which established the reparations values prescribed in article 11 it is equally logical that we should now participate in full and final discussions as to total demands to be made on Rumania under the even more burdensome articles 10 and 12. It is recognized that the finally determined total value of goods and supplies to be furnished under these articles will be such as to place a severe strain on Rumanian resources, but the total should of course be determined with proper consideration for the minimum internal needs of the nation. The important point is that the definite fixing of the total of obligations will permit the country to begin readjusting itself to the new situation, with some hope of a return to normal life after these specific obligations have been met. Under present conditions no such hope exists and the national economy may be said to be operating entirely on a day-to-day basis.

1 Received by the United States Delegation to the Berlin Conference on July 16 as a retransmission from the War Department. See document No. 299, footnote 1.

2 Document No. 299.

3 Not printed.
Second. There is of course an urgent need for the establishment of a truly tripartite Allied Control Commission. Though this is recognized as probably impracticable at present, nevertheless it is obvious that we should work toward a broadening of the commission as far as may be feasible. This objective needs no further elaboration here.

Third. There is also a basic need for establishment of a government in Rumania truly representative of all political parties. Such a government should not be made up of ministers hand picked by the Russians, but rather it should include proportionate representation from all parties, each such party being permitted to select or at least to pass upon its own representatives in the cabinet. The posts of Prime Minister, Minister of the Interior and Minister of War should go to individuals who either have no political affiliations or who are members of a "middle of the road" party.

Fourth. Even under normal peace time conditions, a representative government in Rumania would find it difficult to maintain itself in power. Rumanians have had no experience in democracy for over ten years, and the ability of members of any coalition government to work in harmony for the common goal, regardless of personal or party problems, must be open to question. With the added difficulties occasioned by the necessity for meeting the ever-increasing armistice burden, any such government will for some time to come require careful supervision by and probably active support from Allied agencies. To meet this end I feel we should insist that the Allied Control Commission, operating on as near to a tripartite basis as may be practicable, remain in existence in Rumania for a considerable period in a general supervisory capacity.

Fifth. One of the primary though not necessarily immediate duties of a representative government should be preparation for and the holding of free elections. Since Rumanians have had little experience in such matters, the ACC will find it necessary to supervise carefully all activities connected with the election. Detailed agreement on governmental levels should be reached as to exactly how and [to] what extent such control should be exercised. If practicable, arrangements should be made for increasing temporarily United States and British representations on the ACC in order to permit tripartite supervision throughout the country both during the electioneering period and during the elections themselves.

While I do not consider that our complete objectives as set forth above are attainable at the present time, nevertheless I feel that our attitude on these matters should be clearly stated on a high level and that we should continue to press these points at every opportunity. Until some generally satisfactory solution along these lines can be reached, our participation in the ACC should continue under the most favorable terms which may be practicable of attainment at present.

The contents of this cable have been discussed in detail with my British colleague on the ACC, Air Vice Marshal Stevenson, and he has expressed full agreement on all points covered therein.
SECRET

WASHINGTON, June 29, 1945—6 p. m.

1467. Dept left unanswered for a considerable time Molotov’s note (reurtel 805, March 17) refusing our request for consultation on political situation in Rumania not through any inclination to accept Soviet arguments or to drop the matter but because it was desired to make the main effort on Polish issue (Your 756, March 14). Sent to Moscow, repeated to Bucharest.

Dept now believes no useful purpose would be served by presenting detailed reply to Molotov’s note of March 17 or taking any further action in Moscow prior to forthcoming conference of heads of Govts where we expect subject to be discussed in connection with situation in other ex-satellite states. Soviet Govt knows from President’s reply to Stalin’s proposal to establish diplomatic relations with these states that we remain unsatisfied with situation in Rumania.

Grew

H F[reeman] M[atthews]

1 In this telegram (file No. 740.00119 Control (Rumania)/3-1745) Harriman had transmitted the following paraphrase of a letter from Molotov in response to an American démarche of March 14:

“The Soviet Government is of the opinion that following the formation in Rumania of the government of concentration of national democratic forces which established order and tranquility in that country, this having an important effect on the rail line communications of the Soviet armies, the situation in Rumania does not require that any special steps should be taken by the three principal Allies at the present time.

2. It should be pointed out that in setting forth the reasons for your proposals there is envisaged a broader interpretation of the Crimea decisions as set forth in the declaration on liberated Europe, than corresponds with the facts. The declaration in question, in so far as the mutual obligations of the three powers are concerned in relation to the former satellites and the measures which might be taken under certain conditions in those states, is based upon the presence therein of Allied Control Commissions. Certain obligations are imposed upon these commissions. However, the United States Government proposed that a tri-partite commission be set up for Rumania. This is directed toward the annulling of the Allied Control Commission in that country and to the emasculating the role of its chairman.

3. Your statement to the effect that the Allied Control Commission in Rumania never consulted the United States Government on events in that country does not conform to the facts. Vyshinski and Susakiov repeatedly discussed in Bucharest these events with Berry and Schuyler as well as with the British representatives all of whom were furnished complete information. It should be pointed out that these discussions and exchange of information were quite contrary to the situation in Italy where on no occasion did the Allied representatives on the Allied Control Commission in that country inform the Soviet representative of important measures undertaken.

“In view of the above the Soviet Government cannot agree with the proposals of the American Government as contained in your letter of March 14.”

2 Not printed.

740.00119 Control (Hungary)/6-3045 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State ad interim

SECRET

Moscow, June 30, 1945—12 midnight.

2354. Reorganization of ACC Hungary for second period.

I feel that Gen Key is in a better position than we are here to judge which points are suitable for inclusion in a re-draft of Control Commission statutes for second period and I have no doubt that the ones he has listed ¹ are well chosen as maximum desiderata on our part. However I have received no response from Molotov to my letter of June 1 proposing effective tripartite authority over ACC (ReEmbs 1876, June 2 ²) and have no assurance [doubt?] that the Russians will certainly have misgivings about any arrangements whereby the Brit and Amer reps acting singly or together could veto any action on the part of the commission on which they were not in agreement. Judging from our previous experience we cannot regard it as probable that the Russians will accept such arrangements unless some form of strong pressure is brought to bear. If this is correct the real question is how far our govt is willing to go in backing this plan against possible Soviet opposition. (To Dept as 2354 rptd Budapest 19 London 34) If we are not prepared to bring pressure to bear it is probably better tactics not to press too vigorously for it at this stage.

HARRIMAN

¹ See enclosure 1 to document No. 289.
² See document No. 287, footnote 5.

No. 303

740.00119 EW/6-2345 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

SECRET

WASHINGTON, July 6, 1945—6 p. m.

5517. Reports from AmReps Budapest Bucharest Sofia regarding Brit proposal for proceeding at once to conclusion of peace treaties with Hungary Rumania Bulgaria (Deptels 5008 June 21 ¹ and 5097 June 23 ²) recommend that we pursue vigorously our efforts to secure application of Declaration on Liberated Europe ³ and reorganization

¹ See document No. 290, footnote 1.
² Document No. 291.
³ See vol. II, document No. 1417, section v.

[No. 303]
of ACC's and they do not consider that such efforts are doomed in advance to failure. (Sent to London; repeated to Moscow for information.) They advise against concluding peace treaties with the present governments on the ground that it would mean (1) formal recognition of puppet governments and acceptance of Soviet domination of three countries (2) abandonment of attempt to arrive at agreed Allied policy on applying Yalta principles to ex-satellites, particularly in assuring free elections. They do not believe conclusion of peace would necessarily result in withdrawal of Russian troops, especially if real political authority remains in hands of Communists.

Dept is in agreement with these views.

You may accordingly tell FonOff that points set forth in Deptel 5097 represent this Gov't's considered position at this time and that at forthcoming highest-level discussions we intend to press strongly proposals for implementation of Yalta Declaration and reorganization of ACC's in all three ex-satellites. We shall oppose proposals to establish diplomatic relations or conclude peace with present Govts there for reasons stated above and in our 5097.

GREW

No. 304

740.00119 Control (Hungary)/7-645 : Telegram

The Representative in Hungary (Schoenfeld) to the Ambassador in the Soviet Union (Harriman)¹

SECRET

BUDAPEST, July 6, 1945—4 p. m.

21. Your 19, June 30, 2354 to Dept.² With reference to view that Russians are unlikely to accept our maximum proposals for revision of ACC statutes ³ it may be helpful to point out that this mission considers it likely Hungarian Communists and local representation of Soviet Govt will learn from Moscow very soon whether US proposes to take active interest in Hungary by securing equality of participation in activities of ACC. With end of hostilities in Europe both Russians and Hungarians expected and Voroshilov so declared at ACC meeting June 5 that revision of ACC procedure is contemplated.

Meanwhile Communist effort to strengthen their local authority has been steady but thus far supported with great discretion by Soviet members ACC. Procedure has been more restrained than it would

¹ Text received in the Department of State July 10. The gist of this message was included in telegram No. 15 of July 11 from Grew to Byrnes (file No. 800.00 Summaries/7-1145).
² Document No. 302.
³ See document No. 289.
have been if Soviet representatives and local Communists had been confident of American disinterest in situation here. Such restraint cannot be expected to last much longer. As soon as word comes from Moscow that we do not mean to insist on active participation in ACC with attendant interest in Hungarian political stabilization along democratic lines as we understand them, Communists will feel free to use whatever means deemed necessary to gain their ends.

We note you believe Russians will be adamant in opposing equality of voting rights in ACC because they fear their influence here would be minimized by Anglo American solidarity in ACC. We feel such fear is not necessarily justified. Nevertheless you may deem it possible at least to secure from Russians right of complete information for our representative on ACC and right of full consultation in advance of decisions taken in name of ACC. Such agreement would tend to encourage Hungarian elements which hope to prevent dictatorship of a distinct minority group known to be dominated by USSR. Notwithstanding aspirations of majority of Hungarian people at this time for liberal democracy that majority can be swayed in direction of renewed reaction as in 1920. We are in position by securing even such partial equality in ACC to keep balance on middle line which will best insure stability in this country. Opportunity to exert our influence to that end is passing rapidly and now depends on extent to which Hungarians believe we are able to implement Crimea declaration. As indicated in mytel 16, June 25 [to Moscow], 211 to Dept we differ from British view that opportunity to influence election here in democratic sense has already passed and we think revision of ACC statutes is best occasion to achieve our purposes. Gascoigne even says Yalta declaration is already out of date but we presume this is not our Govt’s view.

Sent Moscow as 21, rptd Dept 258.

4 On Liberated Europe. See vol. ii, document No. 1417, section v.
5 Document No. 296.

No. 305

874.00/7-645 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

[Extract]

SECRET

SOFIA, July 6, 1945—3 p. m.

339. . . .

In this connection it cannot be emphasized too strongly that the firmness of the Democratic Cabinet members, including the Socialist Cheshmedjieff and the independent Stoyanov, in addition to [No. 305]

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Petkov’s Agrarians, is predicted [predicated] largely on the hope that the cessation of hostilities in Europe will shortly bring an end to exclusive Soviet domination of Bulgar affairs. They greet eagerly all indications even the most inconclusive that we and the Brit have not abandoned the south Slav to Russia. While these elements doubtless realize that we and the Brit were not prepared dangerously to star in our relation with Russia over Bulgn domestic political affairs they hope for some form of concrete assurance that the western democracies will not deviate from their traditional interest in this country and that they will never hypocritically welcome a Communist dominated Bulgaria into the family of United Nations as a bona fide democracy.

While hope for signs of encouragement from the west still sustains the bulk of the Agrarians and other democratic elements in the country the communists and their allies are busily engaged in the more realistic business of preparing for election. The press regularly carries detailed instructions regarding duties and rights of the citizens with respect to registration, obtaining election cards, etc., and local officials of all categories are being indoctrinated by reps of Min of Interior. Carefully selected committees of Communist-dominated Obbov Agrarians are meeting on July 8 to choose their party’s candidates for each district and Obbov’s comm will then elect from this group the number of candidates as voted by the FF to the Agrarian Party. Obbov’s committee further reserves to itself the right to replace candidates selected by local committees with others on [off?] Obbov’s choice.

Rptd to Moscow as 182.

No. 306

740.00119 Control (Rumania)/7-845 : Telegram

The Acting Representative in Rumania (Melbourne) to the Acting Secretary of State

SECRET

Bucharest, July 8, 1945—8 p.m.

457. Yesterday the King expressed to me his bewilderment in being awarded the Soviet Order of Victory by Marshal Stalin and in being given two airplanes by the Russians since his past experience has been that the Russians have most realistic motives for their actions (my 451, July 4). (Rptd Moscow as 122) He plainly distrusts these sudden gestures of amiability.

1 The gist of this message was included in telegram No. 11 of July 10 from Grew to Byrnes (file No. 740.00119 Potsdam/7-1045).

2 Not printed.
Rumors have spread that the permission to grant Rumania 16 army divisions (my 449, July 3 \(^3\)) was accompanied by the signature of a Rumanian-Soviet military pact but the King stated that he had been told that this was not the case.

At present in common with the bulk of Rumanians the King expressed hopes that the impending Potsdam conference would give a reasonable interpretation to the Yalta declaration and secure a truly representative govt for Rumania.

MELBOURNE

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761.67/7-945: Telegram

The Representative in Bulgaria (Barnes) to the Acting Secretary of State \(^1\)

SECRET

US URGENT

SOFIA, July 9, 1945—5 p. m.

350. Numerous conversations over the weekend this time with respect to Russia’s threat against the Straits have served further to impress me with the improbability that we shall never [ever] be able to affect matters in this part of the world for the better by a diplomacy of silence and apparent inaction, except for discreet observations now and then made in Moscow.

Our failure thus far publicly to react to Russia’s threat of force against Turkey \(^2\) at the very moment when the United Nations charter was being signed is pointed to by local Communists as a further sign of American impotence as compared to the virility of Soviet Russia. Thus are the hands of the local Communists strengthened at the expense of the democratic elements in the country who still struggle for a Bulgarian policy both internal and external, based on the principles for which the Western Allies fought a second war in Europe.

I am sorry to keep harping on this point of our apparent inaction with respect to what is occurring in southwestern [southeastern] Europe but my conscience as a representative of the Govt of the US compels me to do so. The world situation as seen from this area in which Russian policy is most active and Anglo Saxon policy appears to be inactive suggests the war in Europe has not ceased but has developed into a new phase [in] which ideas rather than men and arms have become instruments of warfare, and in which the old line up of Brit US and Russia together against Germany has become Russia against Brit and US.

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\(^1\) The gist of this message was included in telegram No. 12 of July 10 from Grew to Byrnes (file No. 800.00 Summaries/7-1045).

\(^2\) See documents Nos. 683 and 684.

[No. 307]
Perhaps to some it may appear unpardonable to sketch the picture in this fashion but I am sure that for anyone who has observed on the spot what has been transpiring in Bulgaria during past eight months such a sketch would require no explanation; also that a willingness so to describe matters would not be surprising to anyone aware of conditions under which those who represent the US and Brit in this part of the world are compelled to serve by virtue of the attitude toward us of those who give effect to Russian police [policy] whether they be Russian officials or local Communists inspired and controlled by Moscow.

I sincerely hope that on the eve of the meeting of the Big Three the Dept can assure those of us who represent the US here and elsewhere under similar conditions imposed by Russia that a strenuous effort will be made at that meeting to correct the situation responsible for the misconception of those in this part of the world who today see Russia sitting in the seat of world dictatorship.

Sent Dept, rptd Moscow 190 to Budapest to Bucharest to Vienna to Caserta as 179 and to Ankara.

BARNES

No. 308

Department of the Army Files : Telegram

The Representative on the Allied Control Commission for Bulgaria (Crane) to the Commanding General, United States Army Forces, Mediterranean Theater of Operations (McNarney)¹

SECRET

PRIORITY

CG MTOUSA ACC Hungary and ACC Rumania US Delegations from ACC Bulgaria US. Msg Nr 1906.

More than two months have passed since the end of hostilities with Germany. According to the terms of the Armistice with Bulgaria,² there should have been certain changes in the operation of the ACC. No changes have taken place.

I am unable to find out what is being done in the name of the ACC. Complete control is still being exercised by the Russians over our plane and personnel entry into Bulgaria for no reason whatever. This includes officials and employees of our Government. We are still confined to Sofia unless under escort of a Russian officer.

Our position here is most embarrassing. People, Bulgarians and

¹ Received by the United States Delegation to the Berlin Conference on July 13 as a retransmission from the War Department.
² Signed at Moscow, October 28, 1944 (Executive Agreement Series No. 437; 58 Stat. (2) 1498).
representatives of other governments, openly comment on our apparent helplessness before the power of Russia.

In view of our treatment it is difficult to explain the fact that we are still furnishing them with lend-lease supplies, and are apparently preparing to lend them $6,000,000,000.

The failure to reach any decision in the Dimitroff case is greatly strengthening the hands of the local Communists.

Incidentally Barnes is becoming much harassed by the long visit, over six weeks now.\(^3\)

Can't we talk a little tough to the Russians in Moscow and avoid being kicked in the face every day?

\(^3\) Georgy M. Dimitrov, leader of the Bulgarian National Agrarian Union, had sought refuge in Barnes' home at Sofia.

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No. 309

Department of the Army Files: Telegram

The Representative on the Allied Control Commission for Bulgaria (Crane) to the Joint Chiefs of Staff\(^1\)

SECRET

[SOFIA], 11 July [19]45.

PRIORITY

Ref number 1910 action to AGWar for JCS info to CG MTOUSA, ACC Rumania US, ACC Hungary US from ACC Bulgaria US signed Crane, AFHQ passing. Note our radio number 1906.\(^2\)

Following is the text of a letter just received from the Russians here: 'In view of the changed situation, due to the end of the war with Germany, the Soviet Government finds it necessary to establish the following procedure in the work of the Allied Control Commission in Bulgaria:

1. The Chairman (Deputy Chairman) of the Allied Control Commission at least once every ten days or if necessary oftener will hold consultations with the representatives of Great Britain and United States to discuss the most important problems arising in connection with the work of the Allied Control Commission.

2. The Directives of the Allied Control Commission involving basic problems are given by the Chairman (Deputy Chairman) of the Allied Control Commission after the preliminary discussion of those directives with the representatives of the US and Great Britain.

3. The representatives of Great Britain and USA take part in the general consultations with the chief of the sections or authorized

\(^1\) Sent to the Commanding General, United States Army Forces, Mediterranean Theater of Operations, Caserta, for relay. Received by the United States Delegation to the Berlin Conference on July 13 as a retransmission from the War Department.

\(^2\) Document No. 308.

[No. 309]
members of the Allied Control Commission; the meetings are called regularly by the Chairman (Deputy Chairman) of the Allied Control Commission. They also can take part personally or through their representatives in mixed commissions, which in suitable cases would be summoned by the Chairman (Deputy Chairman) of the Allied Control Commission to solve the problems arising in fulfillment of these functions by the Allied Control Commission.

4. The representatives of Great Britain and USA have the right to travel freely throughout the country. They will advise in advance the Allied Control Commission of the time and route of their trip.

5. The representatives of Great Britain and USA have the right to determine the number of personnel of their mission.

6. Delivery and dispatch of mail, cargo, and diplomatic couriers are carried out by representatives of Great Britain and USA in accordance with the arrangements made by Chairman (Deputy Chairman) of the Allied Control Commission and in exceptional cases with preliminary agreement with the Chairman (Deputy Chairman) of the Allied Control Commission. To this I must add that all other clauses of the agreement of the Allied Control Commission in Bulgaria remain in force."

There are many points in it which need clarification. Further developments will be reported.

No. 310

740.00119 Control (Bulgaria)/7–1245: Telegram

The Representative in Bulgaria (Barnes) to the Acting Secretary of State

SECRET

US URGENT

SOFIA, July 12, 1945—1 p. m.

360. Please see General Crane’s telegram 1910 to Joint Chiefs of Staff for statement of "procedure in the work of the Allied Control Commission in Bulgaria" that "the Soviet Government finds it necessary to establish".

I quote the above phrases to point the contrast with the following from Mr. Winant’s letter of October 22, 1944, to the acting Soviet representative on the European Advisory Commission:

"Upon the conclusion of hostilities against Germany and until the conclusion of peace with Bulgaria the Allied Control Commission will regulate and supervise the execution of the armistice according to instructions of the govts of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom."

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1 In telegram No. 30 of July 16 (file No. 740.00119 Control (Bulgaria)/7–1245), Grew informed Byrnes that no action on this message, which had been forwarded to Byrnes, was being taken in Washington.

2 Document No. 309.

3 Alexey A. Rosh.
“Consultation” as provided in numbered paragraphs 1, 2 and 3 of the Soviet statement of procedure could in my opinion only make our representation and that of the British on the Allied Control Commission even more effective as a tool of Russian policy than has been the case hitherto. If we accept the procedure outlined, the Russians will be able to contend with better face than ever that directives of the Commission are Allied in character.

Eight months of experience with Soviet authorities have taught all of us here how little Russians in Bulgaria care for our advice or interference. It should take far more than a note providing for “consultation” and sent at the appropriate moment to attenuate our observations on the state of affairs in southeastern Europe at the conference of the Big Three to “unlearn” us about Russian methods and Russian respect for the views of its Allies.

My doubts that our participation on the Allied Control Commission can ever become effective are even stronger today than when I sent my telegram 332 of June 23.\(^4\) I am, therefore, more than ever of opinion that the course suggested in that telegram is the course we should seek to follow with respect to the state of affairs now obtaining in this country. Hence with respect to Allied Control Commission procedure during such time as the “second period” of armistice may run, I reiterate the view (second section my 247, May 10\(^5\)) that all decisions of the Control Commission should bear signatures of the three Allied representatives, otherwise such directives as are issued should be construed as decisions of Soviet authorities alone.

The thoroughness of Russian efforts to sidetrack us and the British in Bulgaria on to a “deadline” was revealed to me yesterday in a conversation with the Minister for Foreign Affairs.\(^6\) He asked me why my British colleague\(^7\) and I did not seek to make our respective roles in Bulgaria really effective by persuading General Biryusov to withdraw his directive to the Foreign Office interdicting any correspondence between the Bulgarian Government and “foreign political representatives” except through the Allied Control Commission. I have long suspected the existence of such a directive but have never before had proof of its reality. I mention it now not as something that I shall respect any more in the future than I have been guided in the past by the suspicion of its existence but to point up the argument that if we now abandon the position set forth in Mr. Winant’s letter of October 22 by accepting the preferred procedure of “consultation”, we will indeed be building on sand with respect to our relations with Bulgaria.

\(^{4}\) Document No. 292.
\(^{5}\) Not printed.
\(^{6}\) Petko Stainov.
\(^{7}\) W. F. Houstoun-Boswall.
The result of such a course would be, in my opinion, for Bulgaria, complete freedom for the Russians and the Bulgarian Communists to rig the forthcoming elections, and for us a stalemate something in the nature of that which now obtains for us in Rumania, namely, non-intercourse with the govt because it does not correspond to what a representative govt should be. Now, and not after the fact, is the time to resist and to influence matters for the better insofar as we and the British can.

Rptd to Moscow as 192, to Budapest and Bucharest.

Barnes

No. 311

740.00119 Control (Hungary)/7-1345 : Telegram

The Representative in Hungary (Schoenfeld) to the Acting Secretary of State

SECRET

BUDAPEST, July 13, 1945—3 p. m.

PRIORITY

281. Key informed me he received yesterday note from Voroshilov dated July 11 and setting forth “decision” of Soviet Govt regarding revised procedure of ACC. So far as could be gathered from preliminary translation procedure is substantially along lines indicated in Dept’s 57 May 28 with supplementary details as worked out by American representation ACC. However, there is considerable ambiguity in Voroshilov’s statement and Key proposes to discuss matter with him as soon as possible.

Sent Dept repeated to Moscow as Nr 23 and London as Nr [blank.]

Schoenfeld

1 The gist of this message was included in telegram No. 35 of July 16 from Grew to Byrnes (file No. 800.00 Summaries/7-1645).

2 See vol. II, document No. 796 and document No. 1383, annex to section XII (XI).

3 Document No. 287, footnote 5.

No. 312

740.00119 E. W./7-1345 : Telegram

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State

SECRET

LONDON, July 13, 1945—5 p. m.

7075. FonOff has replied as follows to our communication based on Dept’s 5097, June 23, 8 p. m., and 5517, July 6, 6 p. m.: 3

1 The gist of this message was included in telegram No. 28 of July 14 from Grew to Byrnes (file No. 800.00 Summaries/7-1445).

2 Document No. 291.

3 Document No. 303.
We have given very careful consideration to your letters of the 25th June and 9th July in which you informed us of the views of the State Dept on the proposals we had made for the conclusion of peace treaties with Bulgaria, Hungary and Rumania.

We sympathize entirely with the desire of the State Dept to secure effective participation in the Control Commissions in these three countries at the same time securing a better position for the American representatives and an improvement in the present extremely unsatisfactory political conditions in these countries. I must confess, however, that we are still doubtful whether the action which the State Dept are now taking is likely to secure the practical results which both our Govts desire. You will, of course, recall the determination with which the Soviet Govt refused in Feb and March of this year to admit that the Yalta Declaration on liberated territories should be applied to Rumania. Persistent pressure from both the US and British Ambassadors in Moscow entirely failed to move them from this position and I fear that we can see little prospect that further representations will now have effect. Similarly it appears to us unlikely that the Soviet Govt will accept without very considerable modification the US Govt’s proposals for the reorganization of the Control Commissions. Under these proposals as we understand them a decision of the commissions would require the concurrence of all three Govts and the commissions would concern themselves with all matters relating to the fulfillment of the various armistice terms. If these proposals were accepted such matters as Rumanian reparation deliveries to the Union of Soviet Socialist Republics would come under a genuine tripartite control. His Majesty’s Govt would find it extremely difficult to approve the very extensive demands which have been made by Soviet authorities under the title of reparations since it appears to us that these demands greatly exceed the quantities agreed upon during the discussions leading up to the signature of the Rumanian armistice. It appears clear, however, that Soviet Govt are determined to secure reparation deliveries on the scale which they have now demanded. There are also other important matters in which a similar situation would result from the acceptance of the US Govt’s proposals. For example, it would be possible for the British and US representatives to raise in the commissions with much more force than has hitherto been possible the question of the removal of equipment from the British and US owned oil companies another matter upon which our views and those of the Soviet Govt are diametrically opposed. For these reasons I fear that we see little chance of persuading the Soviet Govt to put the Control Commissions upon a genuinely tripartite basis.

We understand the reluctance of the State Dept to conclude peace treaties with govts so unrepresentative as those of Bulgaria and Rumania. We recognize that to do so would to some extent increase such prestige as these govts have although it would be our intention to make our disapproval of them abundantly clear at the time of the signature of any treaty and maybe to make the negotiation of such treaties conditional on satisfactory undertakings in respect of certain

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4 See document No. 301, footnote 1.
2 See documents Nos. 286, 287, and 288.
internal improvements. After very careful consideration, however, we remain of the opinion that it will probably be necessary to accept this disadvantage in order to create conditions in which democratic govts may later emerge. There are clearly strong arguments for concluding treaties as soon as possible before the present govts can entrench themselves too strongly. In Bulgaria we appear already to have reached the stage at which the purge of “Fascists” has eliminated the great majority of politicians who might be capable of organizing any representative opposition to the present govt.

In view of the opinions expressed by the State Dept we have not as we had intended put our proposals to the Soviet Govt in advance of the forthcoming conference. We may, however, wish to put them forward at the conference.

WINANT

No. 313

804.00/7-3345 : Telegram

The Representative in Hungary (Schoenfeld) to the Acting Secretary of State

[Extract]

SECRET

BUDAPEST, July 13, 1945—5 p. m.

283. Valentiny, resigning Minister of Justice, called today to take leave. He reiterated statement that Govt's lack of control over political police which remains instrument of Communist Party was most dangerous element in present political situation. He was sure his successor would be no better able to secure submission of political police to governmental authority than he had been. He expected reprevison [repression?] of all non-Communist political activity to be further extended. He again intimated hope US would exert its influence in favor of democratic political developments here but was pessimistic crediting Soviet authorities with definite purpose of Sovietizing Hungary.

Alluding again to restrictions by Russians on public information here he indicated desire for active American intervention in this respect.

I was able only to assure Valentiny of our hope that increased facilities for information and free discussion as well as free political activity would follow agreement among Allies in spirit of Crimea Declaration on these and related matters at forthcoming Conference of Big Three.

SCHOENFELD

1 The gist of this message was included in telegram No. 43 of July 17 from Grew to Byrnes (file No. 800.00 Summaries/7-1745).
No. 314

740.00119 Control (Hungary)/7-1945 : Telegram

The Acting Secretary of State to the Representative in Hungary (Schoenfeld)

SECRET

WASHINGTON, July 13, 1945—7 p.m.

185. Dept is in general agreement with your view that three principal Allied Govts should concert their policies under Crimea Declaration to assure to Hungarian people exercise of their right to create democratic institutions of their own choice, and that joint action may be called for in connection with forthcoming elections in Hungary (urtels 165 June 16,1 172 June 18,1 211 June 25 2). We would not however press for actual supervision of elections by Allied representatives unless it should become apparent that Hungarian authorities intend to conduct them in way which will not allow the people a free choice.

Application of Crimea Declaration in ex-satellite states is on US agenda for forthcoming meeting of heads of Govts, and it is planned that Soviet and Brit Govts will be apprised of our general views on Hungary at that time.

Before that meeting Dept does not believe it advisable to make specific proposal regarding Hungarian elections to Soviet and Brit Govts through regular diplomatic channels.

Grew
S[amuel] R[ieber]

1 Not printed.
2 Document No. 296.

No. 315

740.00119 Control (Rumania)/7-1945 : Telegram

The Acting Representative in Rumania (Melbourne) to the Acting Secretary of State

SECRET

Bucharest, July 13, 1945—midnight.

US URGENT

469. Several responsible sources confirm that Soviet armistice demands actually remain unchanged despite reported statements of War Minister Rașcanu and Premier Groza (my 449, July 3. Rptd Moscow as 125 1). Not only has there been no official time extension for fulfillment of Article XII, but Soviet requests under Article X

1 Not printed.
just presented for the third quarter of 1945 somewhat exceed in actual value the requirements for the second quarter. Thus Articles XI and XII are not being used to defray the upkeep of newly arriving Soviet troops.

Business circles are greatly depressed by, in addition to other Communist pressures, the real threat of an extensive capital levy under the guise of equalizing the armistice burden and relieving the peasants and workers. Vice Chairman Oeriu of the Rumanian Armistice Commission is the foremost advocate of the measure and is considered the instrument of the Rumanian Communist Central Committee. The project has split the cabinet with Premier Groza reportedly opposed. Finance Minister Durma depressed by the economic outlook has submitted his resignation suggesting that Mr. Oeriu bear as Finance Minister the responsibility for his own schemes.

The Soviet assurance that it would reequip a sizeable Rumanian army is regarded by some as a gesture of military policy to indicate that Rumanian troops would be beside Russia if additional pressure is necessary upon Turkey over the Straits question. Similarly the award of the Victory Order decoration to the King (my 457, July 8) is held to show him to the world as a complete Soviet ally.

While a strong official campaign . . . 3 in use against the Peasant and Liberal party leaders, Maniu and Bratianu, the dissident liberals of Tatarescu have sought to capture the official Liberal party (my 450, July 3 4) and so called dissident Peasants of the National Democratic Front are organizing for a congress purporting to represent the National Peasant Party.

Over the above picture of realities the Russians are believed by responsible observers to be attempting to smudge a short term propaganda impression for both the Rumanian public and abroad that all aspects of relations with Rumania are improving. Soviet desires have been sponsored through wide diffusion of War Minister Rascanu’s statements concerning “generous” armistice concessions, the announcement of the altruistic Soviet intention to equip a sizeable Rumanian army, press reports of speeches by Marshal Tolbukhin and General Susaiikov insisting upon the generosity of the Red Army and the Soviet wish to establish friendly relations with the Rumanian people, and finally through hailing the decoration awarded the King as an expression of Soviet willingness to cooperate with a monarchy.

Every effort is made to show that a popular and liberty loving regime exists in Rumania with strong bourgeois support in National Liberal Party of Mr. Tatarescu and impending conference of a group.

2 Document No. 306.
3 There is a garble at this point in the original.
4 Not printed.
purporting [to] represent the National Peasants. Publicity was given to compromised [sic] Mr. Tatarescu, who during his party congress was allowed to declare that he was not a Communist and opposed a Communist doctrine for Rumania.

Local observers consider sole reason for the striking differences between the realistic subject and the happy portrait described above is based upon a Soviet desire to introduce a certain confusion into the present and future prospects of the Rumanian situation at a time when this may be discussed by the Potsdam Conference.

MELBOURNE

No. 316

740.00119 Control (Bulgaria)/7-1445

Memorandum by the Acting Director of the Office of European Affairs
(Hickerson)

[WASHINGTON,] July 14, 1945.

MEMORANDUM OF CONVERSATION

Participants: Mr. Paul Gore-Booth, First Secretary, British Embassy;
Mr. Hickerson, EUR

Mr. Paul Gore-Booth, First Secretary of the British Embassy, came in to see me late yesterday afternoon at his request. He said that although members of the Embassy had had several discussions with State Department officials on the subject and although the Embassy had received several telegrams from the British foreign office in regard to its understanding of the U.S. attitude on the subject, he was not clear in his own mind about one aspect of our attitude concerning Bulgaria and Roumania. This was, he continued, the question of whether the U.S. believed that recognition of the two governments and perhaps conclusion of peace treaties should be deferred until after the governments had been reorganized.

I told Mr. Gore-Booth that the U.S. position was that the governments should be reorganized before either diplomatic recognition or the conclusion of peace treaties with them and that the President and the Secretary of State would take this position in the forthcoming conversations at Potsdam and endeavor to induce Mr. Churchill and Marshal Stalin to agree to that position.

Mr. Gore-Booth said that he was certain that British officials at Potsdam would support the American view even though they had little hope that the Soviet Government would agree to it. He added that it was his understanding that if the Soviet Government does not
agree to the U. S. position the British officials will then endeavor to persuade the U. S. to agree to the early recognition of the two governments and the early conclusion of peace treaties with them.

J[ohn] D H[ickerson]

No. 317

Department of the Army Files: Telegram

The Chief of the Military Representation on the Allied Control Commission for Rumania (Schuyler) to the War Department ¹

TOP SECRET

[Bucharest,] 14 July 1945.

PRIORITY

Our M 1226. AFHQ pass to AGWar for War OpDiv info to ComGenMed, ACC Bulgaria and ACC Hungary from ACC Rumania signed Schuyler.

Our relations with Soviet Section, ACC in Rumania and particularly with General Susaikov himself continue to be entirely unsatisfactory. In the period which has ensued since the termination of hostilities with Germany, this delegation has participated to an even less extent than formerly in the affairs of the Allied Control Commission. Following are my specific objections to the attitude displayed by Susaikov and other key Russian ACC officials:

1. Susaikov continues to refrain from answering many of my official letters addressed directly to him, in spite of my reminders that such letters are remaining unanswered. Among such letters are:

   (a). A number of requests for clearances to enter Rumania both for officers intended as replacements for officers already here, and

   (b). Requests for arrangements for field trips by members of this delegation (including a proposed boat trip by myself through the Danube Delta area).

Certain of these letters remain unanswered after three months.

2. Susaikov failed to inform me as to change in Soviet policy reference admission to Rumania of French representative Jean Paul Boncour. Last March in reply to my request, Susaikov stated to me that Boncour's arrival was not considered desirable at the time. I so informed the War Department and General Eisenhower. Two weeks ago I discovered that Boncour had arrived several days previously by train from Istanbul, having received necessary Russian clearances.

3. Susaikov has refused to furnish me any information on numbers, locations or length of stay of Russian troops in Rumania, despite the

¹ Sent to the Commanding General, United States Army Forces, Mediterranean Theater of Operations, Caserta, for relay. Received by the United States Delegation to the Berlin Conference on July 15 as a retransmission from the War Department.
fact that he has admitted such troops are being housed and fed by Rumanian Government under Article 10 of the Armistice.

4. Susaiko has failed to hold regular meetings of all three chief ACC representatives (the last such meeting occurred on the 17th March 1945) and he does not furnish me information on ACC policies and operations. The Rumanian Government continues to receive instructions on ACC matters and also to receive requisitions for food and other items for Russian forces, but this delegation remains in ignorance of the contents of such documents, although they are issued in the name of the ACC.

5. Conferences and informal discussions are continually being held between key Russian ACC officers and Rumanian Government officials relative to Armistice matters without prior notification to this Delegation and without inviting my representative to be present.

6. Without any prior discussion with this Delegation, Susaiko has informed the Rumanian Government in writing that all German held shares in petroleum companies in Rumania must pass to the control of the Soviet Union (see Melbourne’s cable to State Department number 465 of 12th July). This appears to be a violation of Article 8 of the Armistice which requires Rumania not to permit the export or expropriation of such property.

7. Susaiko has consistently failed to advise me of Russian demands on Rumania under Article 12, which demands now aggregate a sum 75 percent as large as the total reparations indemnity specified under Article 11.

In general, it may be stated that this Delegation is not participating in any way in the work of the Allied Control Commission for Rumania, that such few meetings between us and Russian ACC officials as do occur are arranged only on our specific request and then after long delay, and that at these meetings no information except on a few minor points is vouchsafed by the Russians and our own questions are invariably either evaded entirely or are answered in such general terms as to afford no information of real value concerning the subject discussed.

I have kept the War Department informed of the actions which I have taken at various times to bring this unsatisfactory condition to the attention of the senior Russian representative. In view of the coming high level conference at Berlin, I do not propose to register further objection here at this time since I feel that the result might be the granting of a few minor concessions which would thereafter serve as a possible Russian argument at the Berlin conference against the necessity for a basic change in organization and method of operation of the Control Commission.

In a succeeding message, I propose to set forth what I consider to be the minimum essential changes in the operation of the Commission, which will ensure full opportunity to this representation for obser-

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2 Executive Agreement Series No. 490; 59 Stat. (2) 1712.
3 Document No. 385.
vation of the conduct of Armistice affairs, and will in some measure furnish us the means for protecting the rights and prestige of the United States Government and its nationals in Rumania.

No. 318

Department of the Army Files: Telegram

The Chief of the Military Representation on the Allied Control Commission for Rumania (Schuyler) to the War Department

TOP SECRET

[BUCHAREST,] 14 July 1945.

PROVIDENCE


In my M 1226 of this date I stated to the War Department certain difficulties which now prevent this delegation from carrying its full share of duties and responsibilities as a body duly representative of the United States Government on the Control Commission for Rumania. I now propose to outline certain changes in the present situation which must be accomplished if we are to overcome these difficulties.

As stated in my M 1150 of 28th June I feel that the only fully acceptable solution to the Rumanian Armistice problem requires, among other things, the reorganization of the Armistice commission along truly tripartite lines. Realizing that such reorganization may be impracticable of accomplishment at present I feel nevertheless that there are certain additional rights and privileges which must in any event be granted this representation if it is to report fully on the conduct of Armistice matters, and to furnish reasonably adequate safeguard for the rights and prestige of the United States in Rumania. These additional rights and privileges are as follows:

1. All directives to the Rumanian Government should be discussed with British and American representatives prior to their issuance and all ACC policies should be promulgated only after agreement with British and American representatives has been secured. If general agreement cannot be secured, action in the matter should be suspended pending discussion and agreement on governmental levels.

2. Representatives of this delegation should have free access to copies of all letters, directives or other correspondence on Armistice matters and all notes of conferences thereon which may be in possession of either Russian or Rumanian agencies or officials dealing

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1 Sent to the Commanding General, United States Army Forces, Mediterranean Theater of Operations, Caserta, for relay. Received by the United States Delegation to the Berlin Conference on July 16 as a retransmission from the War Department.

2 Document No. 317.

3 Document No. 300.
with Armistice problems. Such Rumanian agencies and officials should be required to discuss Armistice problems freely and frankly with US representatives.

3. Regularly scheduled meetings of the three chief representatives should be held at least once each week. At these meetings the ACC Chairman should outline in detail all general actions taken by the ACC subsequent to the last meeting, should answer all questions by other members and should discuss all mutual problems freely. Similar meetings on subcommittee levels should be held also.

4. Members of this delegation should have the right to travel anywhere within the boundaries of Rumania or to leave and reenter Rumania as necessary, after due notice of the proposed itinerary has been furnished the ACC chairman. This should include the right to visit any area, district, building or institution in Rumania.

5. This representation should have the right to bring into Rumania such additional military or other personnel as may be required, without the necessity for formal clearances from Russian authorities. A similar right should accrue to all members of the staff of the United States representative in Rumania.

6. This representation should have the right to deal directly with Rumanian government agencies in obtaining subsistence, funds or services required for maintenance of its personnel and for the conduct of its activities in Rumania. The Chief United States Military representative should have the sole right to determine the quality and amount of subsistence, funds or services required for this purpose.

No. 319

740.00119 Potsdam/7-1445

The Assistant Secretary of State (Dunn) to the Secretary of State 1

[Extracts 2]

SECRET

POTSDAM, July 14, 1945.

MEMORANDUM FOR THE SECRETARY

Sir Alexander Cadogan, Permanent Under-Secretary at the Foreign Office, called this afternoon and discussed for two hours in a preliminary way a number of matters on the agenda of the Conference. 3

10. The Balkans.

Sir Alexander expressed disagreement with our reluctance to conclude peace with Bulgaria, Rumania and Hungary and reiterated UK view that treaties of peace would solve our difficulties in those countries. . . .

James Clement Dunn

1 Printed from a carbon copy on which there is an uncertified typed signature.
2 For other extracts from this memorandum, see documents Nos. 140, 218, 234, 258, 351, 379, 404, 470, 519, 635, 645, 678, and 708.
3 For a list of persons present at this meeting, see document No. 234, footnote 3.

[No. 319]
No. 320

The Second Secretary of Embassy in the United Kingdom (Thompson) to the Assistant Secretary of State (Dunn)

SECRET

[BABELSBERG,] July 15, 1945.

MEMORANDUM

Subject: Finland

MR. DUNN: ... Stalin informed Churchill on June 14 that he saw no reason to defer the restoration of diplomatic relations with Finland, which was fulfilling the armistice conditions. It will be recalled that the Soviets had earlier informed us that they did not consider that the resumption of diplomatic relations with Finland before the resumption of relations with Rumania and Bulgaria would be justified.

Since we have never been at war with Finland we are in a better position to resume relations than the British and Soviets and it is believed that we should do so as soon as this can be accomplished without seriously offending the Russians. At this meeting it would appear advisable to take any opportunity that may present itself to clear the way for this action.

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1 Printed from the ribbon copy, which is unsigned.
2 See Stalin's Correspondence, vol. 1, p. 363.
3 i.e., the terms of the armistice (to which the United States was not a party) signed at Moscow, September 19, 1944. Text in British and Foreign State Papers, vol. cxxvlv, p. 513.
4 See document No. 285, footnote 5.
5 The United States severed diplomatic relations with Finland on June 30, 1944, but at no time during World War II did it declare war on Finland.

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No. 321

740.00119 Control (Rumania)/7-1545: Telegram

The Acting Representative in Rumania (Melbourne) to the Acting Secretary of State

SECRET

Bucharest, July 15, 1945—11 a. m.

US URGENT

471. General Schuyler is transmitting two messages Nrs. M-1226 and 1227, July 14 expressing his views upon the minimum needed administrative revisions in the execution of the armistice convention as it affects the work and operations of his military representation.

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1 The gist of this message was included in telegram No. 43 of July 17 from Grew to Byrnes (file No. 800.00 Summaries/7-1745).
2 Document No. 317.
3 Document No. 318.
One great political and cultural weapon now unilaterally in the hands of Soviet officials is the censorship control specified by Armistice Article 16. With the end of the war it would appear the logic of a tripartite censorship control can no longer be deferred through the argument of Soviet military considerations. Therefore, it is suggested that, while the armistice lasts and the Soviet authorities refuse to permit freedom of publication in the American sense, the American Govt should have the right to assist in determining what Rumanians read and see.

As a basic requirement pending establishment of a free press and to avoid Soviet and NDF evasion tactics through newsprint controls and other administrative acts the suggestion is advanced that the American representation should have the same right as the Russians to stop any articles publications films or radio broadcasts that it consider objectionable. Thus, for example, instead of the present violently one sided press daily pillorying democratic friends of the United States there would be a colorless press until it is possible for it to be free.

A second consideration under Article 16 would make it impossible for the Rumanian Govt unilaterally to decide whether an American publication or film can be printed or sent in [sic] Rumania. The Rumanian Govt, for example, has recently refused although not in writing to allow publication of Walter Lippmann's "United States War Aims" which circumstances are being reported by despatch.\(^4\) It is suggested that the Rumanian Govt, if at first it refuses a unilateral approach and then is notified by the tripartite representation of the ACC that it approves of a particular publication or film, should unquestioningly comply and place no restrictions on newsprint allocations or distribution facilities.

The above suggestions would have the advantage of placing censorship responsibility on the ACC and avoid the present Soviet sponsored plan of its puppet NDF regime nominally bearing the responsibility for censorship actions.

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\(^4\) Not printed.

Melbourne

[No. 321]
USE OF ALLIED PROPERTY FOR REPARATIONS OR WAR BOOTY

No. 322

740.00119 (Potsdam)/5-2446

Briefing Book Paper

[Undated.]

AMERICAN AND RUSSIAN ECONOMIC RELATIONSHIP IN COUNTRIES OF EASTERN EUROPE

RECOMMENDATIONS

It is recommended that the President request that the USSR agree:

1. To stop the removals from the countries of Eastern Europe of capital equipment, wholly or substantially owned by American nationals; to return capital equipment previously removed; and to insure that these countries make adequate, effective and prompt compensation, on a parity with reparations payments, to American nationals for capital equipment previously removed which cannot be returned and for current output delivered on reparations account.

2. To permit American nationals to enter, move about freely and carry on commercial and government operations unmolested in the countries in question.

3. Not to conclude treaties, agreements or arrangements which give to the USSR an exclusive or monopolistic position in the trade, raw materials, or industry of these countries, or which deny to American nationals access, on equal terms, to such trade, raw materials and industry; and appropriately to modify existing arrangements which have that effect.

DISCUSSION

Removal of American Property

American property rights and interests in countries occupied by the Red Army and under Soviet influence have not been adequately protected or respected by the USSR. In Rumania and Hungary the USSR has been removing capital equipment and current output wholly or substantially owned by American nationals without regard for production schedules or payment of adequate, effective and prompt compensation. In Finland oil tankers have been requisitioned and marketing installations withheld in ceded territory with no arrangement for compensation.

In the latter part of 1944 the United States raised with Russia the question of the removal of American owned oil equipment from Rumania. The Russian attitude at that time was that Germany had brought pipe and other equipment into Rumania, and that, moreover, the oil companies had assisted Germany in fighting the Allies by supplying her with oil, so that the pipes and other equipment
were military trophies and could be properly seized by Russia. The British argued that machinery which was the property of British companies should not be removed without British consent. Furthermore, the British contemplate protesting strongly to Soviet removals on the ground that such action (1) disregarded Soviet Government's assurances of last January; (2) directly injures an indisputable British interest; and (3) could not fail to have damaging effect upon production capacity of Rumanian oil fields and therefore upon world oil supplies. The Russians have recently given assurances that rolling stock in Rumania owned by British and American companies would no longer be taken.

The question of removal of property is complicated by the reparations provisions of the armistice agreements signed by Bulgaria,\(^1\) Finland,\(^2\) Hungary \(^3\) and Rumania.\(^4\) The agreements, which provide for reparations transfers in kind, are not sufficiently specific regarding the conditions under which American property may be transferred. It is clear, however, that there was no intention to shift any part of the reparations burden onto American property owners. This is confirmed by the fact that the armistices contain other provisions guaranteeing the restoration of all legal rights and interests of United Nations and their nationals as they existed before the war and for the return of their property in complete good order.

The removal of capital equipment results in destruction of plants, loss of foreign markets and trading connections, and decreases production schedules of strategic materials, for which there is global demand and distribution. Russia should therefore stop the removals of capital equipment, return such equipment previously removed, and adjust its reparations demands and trade relations with these countries so that plants may be retained intact, production schedules of strategic materials may be maintained at maximum levels, and adequate, effective and prompt compensation, on a parity with reparations payments, may be paid by them to American owners for capital equipment which cannot be returned.*

This Government has been unable to obtain adequate or accurate information with respect to what has actually taken place. No United States businessmen have been allowed to enter these countries, and United States Government officials have not been allowed to

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1 Executive Agreement Series No. 437; 58 Stat. (2) 1498.
2 Text in *British and Foreign State Papers*, vol. cxlv, p. 513.
3 Executive Agreement Series No. 456; 59 Stat. (2) 1321.
4 Executive Agreement Series No. 490; 59 Stat. (2) 1712.

*In the case of Germany, where the policy is to reduce German industrial capacity in the interests of security, instructions to the United States member of the Reparations Commission permit removal of American property, but provide that the owner may retain his interests in the property if practical, or if not, Germany shall furnish reparations to cover such interest. [Footnote in the original.]
travel freely and observe conditions, although Moscow recently stated that such movement is possible.

*Entry and Freedom of Movement of United States Nationals in Countries of Eastern Europe.*

The United States Government believes that it is improper on the part of the Soviet Government to refuse to accord to American official personnel and private citizens the right of free entry into Europe and free movement within the countries of Eastern Europe.

It is incumbent upon the Allied Government to arrange for the equitable allocation of materials and equipment in critically short supply and for assignment of transportation priorities on the basis of carefully reviewed requirements. It is impossible for the United States adequately to discharge its responsibility to seek the most effective utilization of scarce commodities so long as limitations upon the freedom of United States observers to move about in the countries of Eastern Europe preclude access to data on local supply availability, effective use of capital equipment, and true requirements with respect to these areas.

Furthermore, American private citizens must be permitted to enter, move about freely, and carry on business in these countries. This is also necessary in order to step up production of critical materials and for the protection of American property rights and interests. Administrative, engineering and technical personnel are badly needed to maintain substantial local production. In this connection it will be noted that Soviet representatives on governmental and commercial missions are accorded complete freedom of movement within the United States and its possessions.

*Economic Interests of the United States in Eastern Europe*

Secret agreements have recently been concluded with Bulgaria\(^5\) and Rumania\(^6\) giving to the USSR a predominant, if not exclusive, control of industry and trade. The agreements in effect provide that virtually the country's entire exports be delivered to the Soviet Union, that extensive raw material concessions be placed under Soviet control, and that Soviet controlled commercial monopolies be established. Russo-Rumanian companies have been established in important branches of the Rumanian economy (oil, lumber, metals, sea, river and air transportation, et cetera).

This kind of exclusive economic penetration is at variance with the general commercial policy of this Government, which looks toward the expansion of trade and investment on a multilateral, non-discriminatory basis. The United States has a strong interest in the

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preservation of conditions in the countries of Eastern Europe which will permit the continued operation of such multilateral trade, and accordingly sees a necessity for maintaining not only its own trading interests and position in those countries, but also the trading interest and position of other countries which were importers to, and exporters from, Eastern Europe before the war. The United States would be greatly concerned if the Government of the USSR persists in the negotiation and execution of commercial treaties giving it an exclusive position in the foreign trade of the countries of Eastern Europe, and effectively denying to nationals of the United States equality of access to the raw materials and trade of these countries.

The USSR, it is believed, should understand at the outset that the United States, while recognizing that the USSR may have special security interests in certain neighboring countries, is vigorously opposed to preferential economic arrangements, to monopolistic devices favoring the USSR, to unequal investment opportunity, and to any interference with American property or trade in these sovereign countries.

No. 323

871.0363/0-2945 : Airgram

The Secretary of State ad interim to the Ambassador in the Soviet Union (Harriman)

SECRET

WASHINGTON, June 29, 1945.

A-276. According to information from Bucharest the Soviet military authorities in Rumania have recommended removal of oilfield equipment from premises of certain British-owned oil companies on pretext it is war booty. British in Bucharest have protested to ACC citing Soviet Government’s assurance given last January that there would be no further removals.

British Government contemplates instructing British Embassy in Moscow to protest strongly to Soviet Government on ground that Soviet action (1) disregarded Soviet Government’s assurances of last January, (2) directly injures an indisputable British interest, and (3) could not fail to have damaging effect upon production capacity of Rumanian oil fields and therefore upon world oil supplies. In making last point British Government favors pointing out to Soviet Government that the fact that USSR has been obtaining considerable supplies of oil products from British and American sources makes it impossible to be indifferent to actions which must inevitably reduce capacity of important oil fields now under Russian control.

[No. 323]
British Government has also been considering whether Soviet action in Rumania should be raised by British delegate on reparation commission at Moscow. When and how it is raised would be matter for determination of British and American delegates. British suggest trying to secure at Moscow Allied agreement on definition of war booty and on retroactive application of that definition to goods Russians have already removed from Rumania.

British Embassy has requested Department’s views suggesting you be instructed to support Clark Kerr’s representations.

Department’s views on general questions raised by removal of equipment last November and December have already been presented to Soviet Government (ReEmbs 4979, December 24 and [Embte 439], February 16 2). However, since the last communication from this side, your note of February 16, apparently has remained unanswered, Department believes it would be timely if you should now take the opportunity provided by recent removals to re-state our view that equipment taken from American oil companies in Rumania cannot properly be considered war booty and to remind the Soviet Government of its pledge (ReEmbs 55, January 5 3) that no more equipment would be taken. You may also inquire whether the Soviet Government has returned or intends to return any of the equipment already taken.

Department does not think it necessary that you support directly Clark Kerr’s representations since it is preferable to take parallel rather than joint action and further we are not entirely sure that equipment taken from British-owned companies in April has actually been moved to USSR.

In view of the important and difficult task before the Reparations Commission in formulating policy with respect to Germany, the Department does not agree with the British that it would be desirable to bring Rumanian and other satellite problems within its scope at this time. It therefore believes that satellite reparations matters should continue to be handled directly by you and your British colleague with the Soviet Government.

As policy decisions are reached by the Reparations Commission with respect to Germany on subjects such as reparations and war booty, they can be applied to satellite situations. Ambassador Pauley has been instructed to seek agreement on the scope of war booty in relation to reparations and restitution deliveries, and Luthringer has considerable background in the matter. The Department will attempt shortly to provide its further views on the scope of war booty.

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1 Sir Walter Monckton and Edwin W. Pauley, respectively.
2 Neither printed.
3 Not printed.
It is requested that American representative on Reparations Commission be informed concerning this message.

There follows a discussion of the prime factors regarding the oil situation emphasizing the inseparable relation between the rapid rehabilitation of the petroleum industry and maintenance of maximum production in Southeastern Europe and global production required to meet the enormously expanded military and essential civilian needs. You may use in your discretion any of this information in future discussions with the Soviet authorities.

Russians have unduly delayed granting permission for entry of American oil representatives into Rumania and Hungary to step up production.

It is becoming evident that the USSR seeks to obtain a predominant, if not exclusive, control of petroleum industry and trading position in Rumania by negotiation of economic treaty which in effect provides (1) that virtually the entire exportable surplus of petroleum be delivered to the Soviet Union (in addition to substantial portion taken by Soviets as reparations), (2) that extensive petroleum concessions be placed under Soviet control, and (3) that Soviet-controlled petroleum monopoly be established which existing petroleum companies are invited to join. It is anticipated that Soviets will endeavor to negotiate similar petroleum agreement in Hungary and other producing areas.

Department considers satisfactory solution of these problems should be obtained in conversations with Soviets and believes following subjects of considerable interest to USSR (1) supply of petroleum to USSR from US sources, (2) allocation of oil well drilling, refining, and marketing equipment to USSR from US sources, and (3) interchange of information, technical data and processes relating to the production, refining, marketing and transportation of petroleum and associated hydrocarbons.

American people have accepted fuel oil and gasoline rationing substantially restricting their use for domestic military, industrial, and civilian consumption as a means of creating large exportable surplus to meet the critical shortage created by an expanding global demand including needs of USSR. USSR has been allocated aviation gasoline and components at expense of U. S. military and essential industrial requirements. Soviets continue to obtain critical supplies from U. S. sources and there is under consideration for shipment during the last half of the calendar year 1945 the sum of 410 thousand tons of petroleum products.

The U. S. Government allocates oil well drilling, refining and marketing equipment on the basis of global needs in which USSR is beneficiary and [there] has been allocated to date, inter alia, 6 refineries

[No. 323]
for high octane gasoline and other products. Owing to the rapid depre-
ciation of petroleum equipment USSR may realize short-term gains
from the seizure of Rumanian and other equipment but stands to lose
on a long-term basis if such seizures exclude future allocations in their
favor. American petroleum industry has accepted substantially
curtailed drilling programs at home and abroad to make equipment
available on a global basis.

In the past Soviet missions have been shown many U. S. petroleum
war plants and have been given the benefit of considerable petroleum
engineering technique, refining processes, and other data. Presum-
ably USSR is anxious to obtain best information available for use in
building Soviet petroleum industry as number of requests for refining
processes, petroleum technical data, and inspection of petroleum plants
have been received and are under consideration.

Rumanian-Hungarian oil picture is but one aspect of a worldwide
problem and arbitrary measures taken by the Soviet authorities in
former satellite states, such as removing equipment, monopolizing
petroleum supply, and delaying entry of petroleum experts which
result in decreased production and jeopardy of American interests,
may have an adverse effect on the willingness and ability of the U. S.
to furnish to Russians petroleum technical data, producing and
refining equipment, or such petroleum products as Soviets may need;
and may require appropriate adjustments in policies of this Govern-
ment which heretofore have been extremely sympathetic to Soviet
needs.

Grew
J[ohn] A. L[oftus] 4

4 Loftus’ initials are not in his own handwriting on the file copy.

No. 324

861.6363/7-1345

The Secretary of State to the Ambassador in the Soviet Union (Harriman) 1

SECRET

[WASHINGTON,] July 6, 1945.
No. 698

The Secretary of State transmits herewith, in duplicate, a policy
document under the subject “Use of American Property by Satellite
Countries for Reparation”.

It is requested that the Mission be guided by this document in all
matters relating to the subject and that one copy thereof be trans-

1 Similar instructions were dispatched on the same date to the American
Representatives in Bulgaria, Hungary, and Rumania.
mitted to the American representative on the Reparations Commission for his information and guidance.

J[ohn] A L[optus]

[Enclosure 2]

SECRET

[WASHINGTON,] June 22, 1945.

CC-63

USE OF AMERICAN PROPERTY BY SATELLITE COUNTRIES FOR REPARATION

THE PROBLEM

The armistice agreements signed by the four former Axis satellite states (Finland, Rumania, Hungary, and Bulgaria, but not Germany) oblige those states to pay reparation for war damage. The Finnish, Rumanian and Hungarian Armistices provide for payment to the Soviet Union in each case in a specified amount of United States dollars payable over six years in designated commodities. Transfers under these reparations provisions may be in the form of either (1) capital equipment including existing plants, or (2) current output including inventory accumulations, and are now being made in accordance with bilateral agreements negotiated by the USSR with each satellite country. In the case of Hungary there is also an obligation to make deliveries of a smaller sum to Czechoslovakia and Yugoslavia. The Bulgarian Armistice contains merely a provision that Bulgaria will make such reparation for loss and damage caused by the war to the United Nations as may be determined later. The United States was a signatory to the Rumanian, Hungarian and Bulgarian Armistices; and in becoming signatory did not contemplate that a part of the real burden of the reparations payments agreed upon and included in the reparations clauses should fall upon American nationals. Even in the case of the Finnish Armistice, to which the United States Government is not a signatory, it would be unreasonable if the burden of reparations were shifted to anyone other than the government and people of the defeated country.

All four armistices contain provisions for indemnification by satellite states of losses caused during the war to property of Allied Nations and their nationals in those states. There is also a provision in each armistice for the restoration of all legal rights and interests of United Nations and their nationals as they existed before the war and for the return of their property in complete good order.

2 Not attached to the file copy of the above instruction; supplied from the files of the Department of State Coordinating Committee (a body comprising the Under Secretary of State, the Directors of Offices, and the Special Assistant to the Secretary for Press Relations).
American property situated in these countries which might be taken by the respective governments in order to fulfill their reparations obligations to the USSR consists principally of two large subsidiaries of the Standard Oil Company of New Jersey in Rumania and Hungary, representing roughly 33 and 59 million dollars respectively. There are also in those two countries smaller American interests in the refining and distribution of petroleum products, in textile plants, factories for telecommunications equipment, distilleries, et cetera, as well as property connected with organizations for the sale and distribution of American-made products. American property interests in Bulgaria are unimportant aside from the property of certain educational institutions. In Finland American property interests are confined principally to facilities for the transportation and marketing of petroleum.

In the fulfillment of their reparations obligations to the USSR the satellite governments apparently have not attempted to discriminate against American property, nor have the Russians made a practice of demanding American-owned plants and factories under the respective reparations clauses. The two most important cases in which American property interests have been affected by removals by the Soviet authorities, that of the “lifting” of oil equipment from the Romano-Americana Company in Rumania and the dismantling of the Tungsram bulb factory in Hungary, in which American nationals held only a minority interest, were justified by the Russians on the basis of the property being German and therefore liable to seizure as war booty.

As a result of the use for reparations payments of property in which American nationals have interests, the Department must determine the position which should be taken by this Government in future in order to provide realistic solutions for the problems involved in such payments and at the same time afford the maximum protection possible for American property in ex-enemy satellite countries.

It should be noted that this document deals only with the problem of American property taken as reparation—not with the seizure of such property as war booty. Where American properties are concerned the Russians have shown a tendency to remove equipment as war booty rather than as reparations.

**RECOMMENDATIONS**

1. A note should be addressed to the chairman of the Allied Control Commission of each of the satellite countries pointing out that the use for payment of reparations of property in which there is an American interest is a matter of concern to the United States Government. The chairman should consequently be requested to inform
the American representative on the ACC of the intended transfer as well as past removals to the Soviet Union or other countries of any capital equipment or current output on reparation account in order that full data on such property may be furnished to the United States Government.

2. In cases where the property involved in making reparations payments consists of capital equipment in which American nationals have a substantial interest, the United States should make appropriate representations to the Soviet authorities against the removal of the property, pointing out:

a) the American interest therein.

b) the loss that would accrue to American nationals as a result of (1) destruction of plants, (2) the consequent loss of foreign markets and trading connections.

c) the fact that seizure of American property for reparation makes impossible the fulfillment by the satellite country of its obligation under the armistice to restore intact the rights and interests of the United States and its nationals.

d) the anomaly of a situation in which part of the burden of reparation payable by an ex-enemy country is in reality borne by American nationals.

e) that in case equipment has already been removed the United States Government would look to the Soviet Government for its return.

f) that, where such equipment will not or cannot be returned by the Soviet Government, the United States will demand of the satellite country in question adequate, effective, and prompt compensation to American nationals for the loss of the property; that such compensation will be expected to have a priority equal to that of reparations payment by the satellite country; and that the Soviet Government will be expected so to adjust its reparations demands and/or trade relationships with the satellite country in question as to make possible the payment of adequate, effective, and prompt compensation by it to American nationals suffering loss of their property.

3. In cases where the property involved in reparations payments consists of current output in which American nationals have a substantial interest, the United States should make appropriate representations to the Soviet and satellite authorities for the attainment of the following objectives:

a) that the satellite country be required to provide immediate and adequate compensation to the American nationals and that such compensation in part be in the form of satisfactory foreign exchange or in kind as a means of ultimately obtaining satisfactory foreign exchange.

b) that these claims on the satellite government should have equal priority with reparations being paid by that government.

[No. 324]
c) that the Soviet Government make the necessary adjustments in its economic relationships with the satellite country to insure that the burden of reparations remain on the ex-enemy satellites and not be shifted to American nationals because of the inability of the satellite country to make adequate, effective and prompt compensation.

4. The United States representative on the ACC should be instructed to issue protection cards to American enterprises only in cases where he has definite knowledge that there is a direct majority American interest. In other cases, protection cards should be issued only after approval by the Department.

DISCUSSION

In dealing with the expropriation of American property for use in payment of reparations, it is necessary to distinguish between capital equipment on the one hand, and current output and inventories of finished products on the other. When capital equipment is expropriated and removed the American concern is destroyed, the intangible values disappear, and future participation in foreign trade is denied. Furthermore, the satellite nation is deprived of its ability to produce goods to be used in payment of its reparations obligations, and its internal economy is disrupted.

When current output is taken against payment in local currency, but plant and equipment are left intact, the enterprise retains the opportunity of continuing the manufacture or production of materials. Continued operation by the enterprise beyond a relatively short period of time, however, depends on its ability to meet current costs and to make replacement of worn-out equipment. Moreover, the American nationals have the right to expect some profit on their investment. Insofar as local currency is required by the enterprise to meet current costs it, of course, constitutes a satisfactory compensation for current output. However, in order to meet other financial items such as costs involved in making replacements of equipment which must be secured abroad or effective transfers of profits, the enterprise must be able to dispose of a certain amount of its current earnings in the form of satisfactory foreign currencies. These currencies may be secured by the enterprise exporting part of its product to selected foreign markets and retaining the proceeds therefrom or through allocations to it from the general fund of foreign exchange accruing from the country’s exports. A realistic approach to a solution of this problem where a country lacks foreign exchange, as do the ex-enemy satellites, would be to allow the American-owned enterprise a certain percentage of its production, which would be freely exportable in order that the enterprise realize a suitable currency which it might use to make effective transfer of its profits and to pro-
vide for its replacement or depreciation costs. Such a plan would avoid placing the reparations burdens on American nationals which would result from the exchange of all current output for local blocked or depreciated currency.

The degree of protection to which rights and interests of American nationals are entitled will be determined in each case in light of the proportion or money value of the American interests, the directness or remoteness of the American ownership, and the relations between American and ex-enemy interests. Wholly owned subsidiaries of American enterprises, for example, should have their property rights and interests protected to a much greater degree than holdings acquired through cartel agreements involving ex-enemy firms.

The United States Government took the position in the Mexican case in 1938 that the properties of American citizens could not be expropriated "without adequate, effective and prompt compensation. . . . The taking of property without compensation is not expropriation. It is confiscation. . . . We cannot question the right of a foreign government to treat its own nationals in this fashion if it so desires. This is a matter of domestic concern. But we cannot admit that a foreign government may take the property of American nationals in disregard of the rule of compensation under international law." (Press Releases July 23, 1938, No. 1202, pp. 51-52)

Since practically all the seizures in question are effected either by the Soviet Government or on its demand, it is believed that representations to the Soviet Government along the suggested lines afford the best available means of protecting American interests. By its control of a vast industrial potentiality, a highly advanced scientific and engineering technique, and carefully developed sources of raw materials, the United States enjoys powerful bargaining advantages in its foreign relations with other nations. These advantages can be used in support of the American position as outlined in Recommendations above, especially when a case for protection of American property interests also involves broader aspects of our economic policy. Nevertheless, it is recognized that the issue under discussion is but a small part of the much larger problem of our over-all relations with the Soviet Union and must be approached in the light of our general policy toward that country.

The case for demanding that compensation by the satellite country to the United States nationals suffering a property loss should have a priority equal to that of reparation rests on the following grounds. Vis-à-vis the satellite country it may be argued that since American property is being used to pay reparation, the United States' claim arising out of such action by that country should be put on a par with reparation claims. If the Soviet Union objects to the American
claims having a priority equal with its reparation claim, it may be pointed out that the Russian seizure of American property makes it impossible for the satellite country to restore American rights and interests in accordance with the armistice, or at best permits only a formal compliance with that obligation; therefore, the least that this Government can expect is that the claims arising out of such action should not be subordinated to the reparation claims of the Soviet Union.

**CONTROL OF EXTERNAL ASSETS**

No. 325

*500.515/6-1845: Telegram*

**The Secretary of State ad interim to the Ambassador in the United Kingdom (Winant)**

SECRET  

WASHINGTON, June 30, 1945—3 p. m.

5327. Emb Moscow has transmitted in its 2146, June 18 ¹ views of Soviet Government re blocking of satellite assets in Switzerland, Spain, Portugal, and Sweden. Soviets feel that since Finland, Rumania, Hungary, and Bulgaria declared war on Axis we should permit resources of these countries to be used for rehabilitation and reconstruction and that consequently they do not wish assets of state or state-controlled enterprises blocked.

Soviets, however, recommend blocking in neutrals of private assets belonging to aforementioned countries with control over such assets vested in ACC's. As Embassy is aware, blocking has already been accomplished in Spain, and Portuguese have been requested to take parallel action. Department concurs in Soviet recommendation regarding blocking private assets but feels that blocking of state properties should also take place not only to maintain harmony with respect to blocking of other territories formerly occupied by Germany, but to avoid confusion which may arise from attempting to block on partial basis. Once general blocking has been achieved, there should be no difficulty in impressing upon neutral governments desirability broad utilization assets under general authorization or elastic administrative technique.

Assuming Russians would agree to general freeze of both official and private assets in neutrals with proviso that ACC's would supervise expenditures, Department believes that missions in neutrals of governments represented on ACC's should act as liaison between ACC's and neutral governments with respect to questions of unblocking or utilization of assets covered by blocked measures. This would

¹ Not printed.
seem to be essential due to lack Russian representation in neutrals except Sweden. Furthermore, it is desirable to have some form of control exercised by our missions in neutrals for reasons that (a) recently concluded Soviet-Balkan trade pacts make it apparent that uncontrolled use of balances of these countries would result only in importations from abroad which would swell the amount of goods available in these countries for exportation to Soviet Union as reparations, or under trade agreements (b) accomplishment of Safehaven objectives is largely dependent on our missions and (c) there must be some means of assuring Allied countries equal access to neutral exports during the emergency rehabilitation period.

In case of Switzerland, it is now our opinion that control should be exercised by Brit and American missions dealing directly with Swiss Govt rather than through Mixed Commission. With re to London's 4642, May 8, we have no objection to Brit proposal that Bulgarian and Rumanian assets be utilized for purchases of essential supplies in Switzerland in addition suggestion contained Dept's telegram 3445, May 2 (1671 to Bern, 119 to Sofia, 228 to Bucharest) for utilization of such assets for diplomatic expenses and relief supplies. Also no objection to their being used for similar purposes in Turkey, Spain, Portugal, and Sweden.

Before proceeding with approach to neutral governments, Department wishes comments Embassies at London and Moscow re foregoing. If Moscow perceives no objection, further discussions should be held with Russians explaining that general freeze is considered to be more practicable than mere freeze private assets and that should Russians assent to complete freeze, Department believes that in light of current relationships with neutral governments arrangements can be made to work out elastic administration blocking regulations in such a way as to prevent undue interference with normal transactions incident to administration of the areas within the sphere of Russian interest.

Emb Moscow also reports Soviet view that blocking should not be extended to territories previously occupied by Germany such as Czech, France, Yugoslavia, etc. since the assets of these countries should be left at the disposal of their governments. Moscow should explain to Russians that blocking in neutrals of assets of these formerly occupied countries is primarily precautionary measure directed at identifying and controlling enemy property. Such blocking does not necessarily imply complete immobilization and Dept has already expressed to neutral...

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2 Such agreements had been signed at Moscow with Bulgaria on March 14–15, 1945 (not printed), and with Rumania on May 8, 1945 (text in British and Foreign State Papers, vol. cxxix, p. 876).

3 Not printed.
govts desirability of modifying blocking measures in order that legitimate interests will not be injured. Generally speaking, govts of these formerly occupied countries have assented to blocking measures.

Sent to London and Moscow as 1475 for action, repeated for information to Bern as 2192; to Stockholm as 1237; to Madrid as 1099; to Lisbon as 1055; to Ankara as 670; to Sofia as 190; and to Bucharest as 331.

GREW
G(orge) W B[aker]

4 As repeated to Sofia and Bucharest, this message had an additional introductory sentence not printed here.

No. 326

800.515/7-1445: Telegram

The Chargé in the Soviet Union (Kennan) to the Acting Secretary of State

SECRET

Moscow, July 14, 1945—9 p. m.

2570. SAFEHAVEN.

Emb has not rec’d any reply (ReDeptel 1475, June 30 1) to its SAFEHAVEN notes to FonOff of April 30 (London tel 4254, April 26 2) and June 18 (ReEmbtel 2169, June 19 3) or any indication of desire to discuss matter.

We believe Russians likely to persist in refusal to assent to general freezing of state as well as private assets unless strong pressure can be brought to bear or arguments adduced more forceful from Russian point of view than fact that general freeze is technically more practicable (sent Dept as 2570 rptd London as 360).

Russian aim is naturally to obtain for Soviet Govt maximum effective power of disposition over all these assets. Russians wish private assets blocked and placed at disposition of ACCs because they control all ACCs and only in this way can they effectively guard against disposal over these assets by private individuals without their knowledge or consent. They do not wish state assets blocked because they effectively control govts in question and are thus able to control all dispositions over these assets. Hence they have a clear material interest in arrangement they have proposed whereby private assets would be blocked and released only on orders of respective ACCs and state assets would not be blocked at all, and this interest will be uppermost in their minds in any consideration of these questions.

In view of above Emb would prefer to discuss entire problem with Rubin who is expected here shortly before recommending further approach to FonOff.  

KENNAN

1 Document No. 325.
2 Not printed.
3 Not printed. This message reported execution of the instructions printed in footnote 1 to document No. 382.
GERMANY

PRINCIPLES TO GOVERN THE TREATMENT OF GERMANY IN THE INITIAL CONTROL PERIOD

No. 327

760.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

Policy Toward Germany

A: IMPLEMENTATION OF AGREEMENT ON CONTROL MACHINERY

Comment:

The Allied declaration on Germany ² was issued June 5 in Berlin and simultaneously the first meeting of the Control Council was held. In spite of American, British and French willingness to discuss a number of questions, the Russian Commander Zhukov stated that the Control Council could not function until withdrawal into the zones was made. Consequently nothing beyond the issuance of the declaration on Germany was accomplished.³

Prior to the issuance of the declaration, the British Government had proposed that withdrawal into the zones be delayed until a number of questions outstanding with the Soviet Government were clarified, including zones of occupation in Austria. The United States Government agreed to go along partially with this, but in the meantime progress has been made in settling the Austrian zones and a decision is expected momentarily. As a result of telegraphic exchanges between the President, Stalin and Churchill,⁴ July 1 has been fixed as the tentative date for withdrawal into the zones. It is anticipated that SHAEF will be dissolved shortly thereafter.

There are a number of pressing problems, particularly economic, which require the immediate attention of the Control Council. In spite of repeated promises by the Soviet Government to send representatives to the “nucleus groups” formed in London last year as part of the Control Council machinery, no Soviet counterpart has ever been produced.

¹ Annex 2 to the attachment to document No. 177.
² Treaties and Other International Acts Series No. 1520; 60 Stat. (2) 1649.
³ With respect to the initial meeting of the Allied Control Council, see Dwight D. Eisenhower, Crusade in Europe (Garden City, 1948), pp. 435–437, and Lucius D. Clay, Decision in Germany (Garden City, 1950), pp. 20–23.
⁴ See document No. 75.

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Recommendation:

The United States Government should urge at the meeting the immediate implementation of the agreement on control machinery and the establishment at once of the Control Council. It should be recalled that the Soviet Representative in the EAC has frequently stressed the need of uniform policies by the Allied Governments in Germany and this cannot be done until the Control Council is established and functioning. We should furthermore urge that questions now under negotiation in the EAC on Germany should be transferred to the Control Council upon its establishment.

B: DRAFT AGREEMENT ON THE TREATMENT OF GERMANY IN THE INITIAL CONTROL PERIOD

Recommendation

It is recommended that this Government at the forthcoming meeting propose the initialling of the appended statement of policy toward Germany. (Appendix A)

The statement should thereafter be referred to the representatives of the three Powers on the European Advisory Commission, with instructions to expedite its formal recommendation as a protocol of agreement among the four occupying powers, in order that the French Government may express its views. France is an occupying power and the fourth member of the Control Council.

Discussion

The proposed draft agreement (Appendix A) is based on the U. S. policy memorandum of March 23, 1945. It reflects also the exchange

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5 i.e., the agreement signed at London, November 14, 1944, as amended by a further agreement signed at London, May 1, 1945. For texts, see Treaties and Other International Acts Series No. 3070; United States Treaties and Other International Agreements, vol. 5, pt. 2, p. 2062. Text of the agreement of November 14, 1944, also in Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 124.

6 Fedor Tarasovich Gusev.

7 The text of the memorandum referred to is as follows (here printed from the annex to the appendix to IPCOG 1/1 (Revised), from the IPCOG Files):

"The following is a summary of U. S. policy relating to Germany in the initial post-defeat period. As such it will be introduced into the European Advisory Commission, and will be used as the basis for directives to be issued to the U. S. Commanding General in Germany.

"The authority of the Control Council to formulate policy with respect to matters affecting Germany as a whole shall be paramount, and its agreed policies shall be carried out in each zone by the zone commander. In the absence of such agreed policies, and in matters exclusively affecting his own zone, the zone commander will exercise his authority in accordance with directives received from his own government.

"The administration of affairs in Germany should be directed toward the decentralization of the political structure and the development of local responsibility. The German economy shall also be decentralized, except that to the minimum extent required for carrying out the purposes set forth herein, the Control Council may permit or establish central control of (a) essential national public services such as railroads, communications and power, (b) finance and
of views which took place when the U. S. memorandum was considered in the European Advisory Commission.

Attachments:

Appendix A:—Draft Agreement on Treatment of Germany in the Initial Control Period.

[The text of Appendix A, which appears at this point in the original briefing paper, is printed post, page 443.]

foreign affairs, and (c) production and distribution of essential commodities. There shall be equitable distribution of such commodities between the several zones.

"Germany's ruthless warfare and fanatical Nazi resistance have destroyed German economy and made chaos and suffering inevitable. The Germans cannot escape responsibility for what they have brought upon themselves.

"Controls may be imposed upon the German economy only as may be necessary (a) to carry out programs of industrial disarmament and demilitarization, reparations, and of relief for liberated areas as prescribed by appropriate higher authority and (b) to assure the production and maintenance of goods and services required to meet the needs of the occupying forces and displaced persons in Germany, and essential to prevent starvation or such disease or civil unrest as would endanger the occupying forces. No action shall be taken in execution of the reparations program or otherwise, which would tend to support basic living standards in Germany on a higher level than that existing in any one of the neighboring United Nations. All economic and financial international transactions, including exports and imports, shall be controlled with the aim of preventing Germany from developing a war potential and of achieving the other objectives named herein. The first charge on all approved exports for reparations or otherwise shall be a sum necessary to pay for imports. No extension of credit to Germany or Germans by any foreign person or Government shall be permitted, except that the Control Council may in special emergencies grant such permission. Recurrent reparations should not, by their form or amount, require the rehabilitation or development of German heavy industry and should not foster the dependence of other countries upon the German economy.

"In the imposition and maintenance of economic controls, German authorities will to the fullest extent practicable be ordered to proclaim and assume administration of such controls. Thus it should be brought home to the German people that the responsibility for the administration of such controls and for any breakdowns in those controls, will rest with themselves and their own authorities.

"The Nazi party and its affiliated and supervised organizations and all Nazi public institutions shall be dissolved and their revival prevented. Nazi and militaristic activity or propaganda in any form shall be prevented.

"There shall be established a coordinated system of control over German education designed completely to eliminate Nazi and militarist doctrines and to make possible the developments [sic] of democratic ideas.

"Nazi laws which provide the basis of the Hitler regime or which establish discriminations on grounds of race, creed or political opinion, shall be abolished.

"All members of the Nazi party who have been more than nominal participants in its activities, and all other persons hostile to Allied purposes will be removed from public office and from positions of responsibility in private enterprise.

"War criminals and those who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes, shall be arrested, brought to trial and punished. Nazi leaders and influential Nazi supporters and any other persons dangerous to the occupation or its objectives, shall be arrested and interned.

"A suitable program for the restitution of property looted by Germans shall be carried out promptly.

"The German armed forces, including the General Staff, and all para-military organizations, shall be promptly demobilized and disbanded in such a manner as permanently to prevent their revival or reorganization.

"The German war potential shall be destroyed. As part of the program to
C: ESTABLISHMENT OF A GERMAN GOVERNMENT OR LOCAL ADMINISTRATIONS

Comment

(1) The first task of military government has been to restore machinery of local government and find suitable people to run it. A further task incumbent on military government is to inaugurate political practices which will, we hope, in the long run make possible the development of genuinely democratic government in Germany. Since the process of appointing local officials has not been altogether wisely carried out, and since it would be desirable to begin democratic training when the Nazis are under the immediate impact of defeat, these two tasks of military government can be profitably undertaken in the immediate future by establishing popularly elected officials in office in the areas of local self-government.

The German people have had long experience in local self-government and a commendable administrative reputation. Restoration of their basically healthy local political institutions would be the most assured initial step in the fostering of a national democracy. The essential precaution would be to disqualify active Nazis from voting and office-holding and to attempt, in this early period, to secure a proportional representation of the several political groups. The participation of all the significant political groups in local self-government will be the best means of avoiding the highly dangerous situation which would arise if some parties were identified with doing the will of the victors and others with opposing it.

(2) Reports from Germany* indicate that it is impossible to maintain the political vacuum created by defeat. We have even now a choice between underground politics and politics in the open which we can watch and in some measure influence. A healthier situation would obtain if we not only permitted but indeed encouraged political activity of a non-Nazi kind. Under present military government regulations we pursue the dubious policy of suppressing the expression and the action of those anti-Nazis who, we must hope, will eventually assume control of Germany.

(Footnote 7—continued)
attain this objective, all implements of war and all specialized facilities for the production of armaments shall be seized or destroyed. The maintenance and production of all aircraft and implements of war shall be prevented.

"Joseph C. Grew
"J. J. McCloy
"Harry D. White
"J. H. Hilldring
"William L. Clayton
"H. Freeman Matthews
"Frank Coe
"Henry Morgenthau, Jr."

This memorandum was endorsed by Roosevelt as follows: "O.K. F.D.R. superseding memo of Mar 10 '45."

* e. g., document No. 339.
(3) The third recommendation proposes the extension of democratic procedure if trial at the local level is satisfactory. In the early stages it might be useful to have local councils send their representatives to regional bodies, of which there was a multiplicity in pre-Nazi Germany. The exact character of regional bodies and procedures for choosing their members can best be determined in consultation with Germans who have proven their sense of responsibility in local government. If we are to avoid duplication of poor choices of officials by military government and further unfortunate criticisms for such action, it is important to establish representative and elective procedures in regional and state administration as soon as possible.

(4) This fourth recommendation rests on belief in the necessity of treating Germany as a unity in so far as agreement between the four governments and on the Control Council is possible. If each zone is set up as a separate and distinct political or administrative unit of its own, the prospective result will be the creation of partite states having diverging political philosophies and the termination of inter-zonal commerce to the great detriment of the United States zone, and to the greater detriment of the British zone. Any break-up of the effective unity of Germany at the present time would mean either a poor-house standard of living in the West with Communism the probable end-result or an elaborate relief program at American and British expense.

(5) Until German affairs are more settled and until the Germans have suffered the immediate impact of the rigorous Allied measures under the banner of economic disarmament and reparation, it is preferable that there be no politically responsible central government in Germany. Any political groups which accept and carry out the heavy demands now contemplated will inevitably be quislings and Vichyites in German eyes and in so far as possible, moderate and anti-Nazis [sic] parties should be spared the odium of this collaboration. If, however, it should become necessary to agree to the formation of a politically responsible German Government we should use every effort to make it and to keep it a broadly based coalition. It is highly imperative, for long-range considerations that the Weimar experience be avoided; i.e., that rightist and nationalistic parties appear to have a monopolistic claim on German patriotism.

Recommendation

(1) It is recommended that this Government propose the restoration throughout Germany of local self-government through elective councils and proceed forthwith to put this proposal into effect in the United States zone.

(2) It is recommended that this Government propose the authorization for the whole of Germany of non-Nazi political parties with rights
of assembly and of public discussion and proceed forthwith to put
this proposal into effect in the United States zone.

(3) It is recommended that this Government propose the introduc-
tion of the representative and elective principles into regional, provin-
cial and state (Land) administration as rapidly as results of local
self-government seem to warrant this further step.

(4) It is recommended that this Government oppose the creation
of separate integrated German administrative and political entities
coinciding with the four zones of occupation and favor, on the contrary,
the use of central German administrative machinery, in so far as
possible, for the despatch of business above the provincial or state
level. It is in consequence further recommended that this Govern-
ment oppose the partition of Germany, either de facto or de jure, along
the lines of the zones of occupation.

(5) It is recommended that this Government oppose the establish-
ment for the time being of a central German Government in contra-
distinction to the restoration of such central administrative agencies
as would serve the interests of the Control Council.

D: AGREEMENT ON TREATMENT OF GERMANY AS AN
ECONOMIC UNIT

This Government should make clear its understanding that the
division of Germany into zones of occupation does not imply the
erection of barriers to the inter-zonal movement of goods. The U. S.
zone of occupation is deficient in food and is almost completely lacking
in coal and other major industrial materials. Its operation as a closed
economic entity would be utterly impracticable. The British zone
has an even larger food deficit, but would provide the logical source of
supply for coal and some other industrial materials. The Russian
zone has a food surplus and, apart from Berlin—which, according to
present agreements, would be under quadripartite administration—has
suffered much less bomb damage than Western Germany.

The British Government has expressed its adherence to the principle
that Germany as a whole should be treated as an economic unit during
the period of Allied military control, and they are particularly eager
to secure access to Eastern European food supplies. However, this
matter has not yet been raised by the Soviet Government except as
regards reparation, and the British have made clear that they desire
to retain existing combined arrangements among the Western Allies
until the Russian position has become known.

The continuation of present combined arrangements among the
Western Allies for supply and other economic and financial matters
after SHAEAF has been terminated would involve serious dangers. It
would greatly prejudice the chances of reaching agreement with the
Russians on economic matters, and it would tend toward the establishment of an economic wall between Eastern and Western Germany, and, probably between Eastern and Western Europe. The economy of Eastern Germany can be readily assimilated into an Eastern economic sphere. In contrast, acceptance by the Western powers of the task of finding a place for a Western German economy would create extreme difficulties and would greatly intensify the post-war economic problems of the United States, Great Britain and Western Europe.

The urgency of this problem and the need for prompt discussion arise from the fact that arrangements among the Western Allies, limited in their application to Western Germany, will soon be essential if initial agreements which include the Russian zone are not quickly reached. The U. S. zone in Germany depends on Ruhr and Saar coal and the British would need assistance from the United States in meeting the large food deficit in Northwest Germany.

If inter-zonal economic barriers are to be avoided and the whole German economy treated as a unit it will be necessary to ensure uniform economic treatment of the German population and of agriculture and industry. The occupying powers will have to agree on the scale of supplies to be permitted to the German people, on the type of economic or industrial activities which will be suppressed or allowed or encouraged to some degree, and on the measures which will be required to stimulate agricultural production and to facilitate the distribution of foodstuffs.

Full implementation of the principle that inter-zonal economic barriers should be avoided and the whole German economy treated as a unit for purposes of military government and control will require extensive, detailed Allied agreement covering a broad range of economic matters.

Although these agreements cannot possibly be framed in the time available at the forthcoming conference, it would be desirable to obtain explicit recognition of the need for agreement on the following matters:

a. equitable distribution and unrestricted inter-zonal movement of essential goods and services (e. g. food, coal);
b. adoption of uniform ration scales throughout Germany;
c. adoption of uniform policies for industry and agriculture;
d. formulation of agreed programs for German exports and imports;
e. establishment of an Allied agency for centralized issuance and control of currency;
f. agreed arrangements for financing of approved minimum imports required for Germany as a whole.

With respect to "f.", this Government should obtain an agreement in principle that all the occupying powers should share the cost of financing initial German imports and should obtain repayment of
this initial outlay from the proceeds of German exports in accordance with the principle that the first charge on German exports (other than removals of existing plant and equipment) should be a sum sufficient to pay for essential imports. In order to implement this agreement in practice, the governments should undertake to formulate as soon as possible a program which would (1) set forth the imports which will be needed for Germany as a whole both to meet the minimum needs of the population and to permit Germany to make such exports as will be required on relief, rehabilitation and reparation account, and (2) specify the respective contributions of the occupying powers to the cost of such initial imports.

Agreement on a Transportation Agency in Germany

Reports from Germany have made clear that transportation is a key problem which must be dealt with as a matter of top priority. Germany cannot be effectively treated as an economic unit and its resources cannot be adequately mobilized for the benefit of the occupying forces and the victims of Nazi aggression until Germany’s transport system is organized on a national basis and an integrated program of minimum essential rehabilitation is carried out. Such organization is also necessary in order to meet the pressing needs of Allied countries for locomotives and rolling stock which may be available in Germany.

This Government should, therefore, propose that the Commanders-in-Chief of the occupying forces in Germany be instructed by their respective Governments to establish at once an inland transport agency under the Control Council. The chairmanship of this agency should be rotated among the four occupying powers, and it should be given the following immediate tasks:

a. to receive information from the occupying forces of the four governments on the condition of the transportation system, and on the number, nationality, and state of repair of freight cars, locomotives, and inland waterway vessels;
b. to arrange for the prompt return to liberated countries of their transportation equipment found in Germany;
c. to coordinate and expedite plans for the minimum, essential repair of the German transportation network;
d. to determine the minimum German requirements for railroad rolling stock, and to arrange for the immediate use of surplus German rolling stock in liberated countries pending the subsequent, final allocation of such surplus as reparation;
e. to pool railroad rolling stock retained within Germany and to provide such central supervision of transportation as is necessary to assure integrated operation for the purpose of inter-zonal shipments.

Agreement on German Exports Prior to a Reparation Settlement

This Government recognizes that it may be necessary for each of the occupying powers to make available to the countries for which they
have some supply responsibility German goods and equipment urgently needed for relief and rehabilitation. In many cases, it will be impossible to await the conclusion of formal agreements on reparation before undertaking such exports from Germany. This government, however, would like to obtain agreement among the occupying powers, (1) that such exports should be confined to goods and equipment which are urgently needed for the relief and rehabilitation of liberated countries, with special emphasis on railroad rolling stock, coal, and textiles, and (2) that a complete record be kept of all goods and equipment taken out of Germany for this purpose and that this record be made available promptly to the Control Council.

[Appendix A]

TOP SECRET

DRAFT AGREEMENT ON TREATMENT OF GERMANY IN THE INITIAL CONTROL PERIOD

1. The authority of the Control Council to initiate plans and reach agreed decisions on the chief military, political, economic and other questions affecting Germany as a whole shall be paramount, and those plans and decisions shall be carried out in each zone of occupation by the national Commander-in-Chief concerned. In matters exclusively affecting his own zone, each national Commander-in-Chief shall exercise supreme authority in accordance with directives received from his own Government.

2. The purposes of the occupation of Germany, to the promotion of which the above plans and decisions are to be directed, are:—

(i) The complete disarmament of Germany and the elimination or control of all German industry that could be used for military production. For these purposes:—

(a) the German armed forces, including the General Staff and all para-military organisations, shall be demobilized as soon as practicable and disbanded in such manner as permanently to prevent their revival or reorganisation; and

9 In Matthews' copy of the Briefing Book, the title has been changed by hand to read as follows: "Proposed Agreement on the Political and Economic Principles To Govern the Treatment of Germany in the Initial Control Period". Manuscript subtitles have also been inserted in this copy as follows: Authority of the Control Council before paragraph 1; Political Principles before paragraph 2; and Economic Principles before paragraph 7.

10 In Matthews' copy there is the following manuscript interpolation at this point: "in Germany".

11 In Matthews' copy, the last fifteen words have been stricken from the draft and the following manuscript substitution has been inserted: "by which the Control Council shall be guided".

12 In Matthews' copy, the last three words have been changed by hand to read: "To these ends".
(b) as part of the programme to attain this objective, all arms, ammunition and implements of war and all specialised facilities for their production shall be seized or destroyed. The maintenance and production of all aircraft and all arms, ammunition and implements of war shall be prevented.

(ii) To convince the German people that they have suffered a total military defeat and that they cannot escape responsibility for what they have brought upon themselves, since their own ruthless warfare and the fanatical Nazi resistance have destroyed German economy and made chaos and suffering inevitable.

(iii) To destroy the National Socialist Party and its affiliated and supervised organisations, to dissolve all Nazi institutions, to ensure that they are not revived in any form, and to prevent all Nazi and militaristic activity or propaganda.

(iv) To prepare for the eventual reconstruction of German political life on a democratic basis and for eventual peaceful cooperation in international life by Germany.

3. Nazi laws which provide the basis of the Hitler regime or which establish discriminations on grounds of race, creed, or political opinion shall be abolished. No such discriminations, whether legal, administrative or otherwise, shall be tolerated. National Socialist courts shall likewise be abolished.14

4. War criminals and those who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes shall be arrested, with a view to their ultimate disposal.15 Nazi leaders and influential Nazi supporters and any other persons dangerous to the occupation or its objectives shall be arrested and interned.

5. All members of the Nazi Party who have been more than nominal participants in its activities and all other persons hostile to Allied purposes shall be removed from public and semi-public office, and from positions of responsibility in important private undertakings. Those Germans who are permitted to remain in, or are appointed to, official posts (e.g. in the police or the administration) should understand that they hold office only during good behaviour.

6. German education shall be so controlled as completely to eliminate Nazi and militarist doctrines and to make possible the development of democratic ideas.

7. The administration of affairs in Germany should be directed towards the decentralisation of the political structure and the development of local responsibility. The German economy shall also16 be

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13 In Matthews' copy, the first nine words of this subparagraph have been stricken from the draft.
14 The final sentence of this paragraph has been stricken from the draft in Byrnes' and Matthews' copies.
15 A manuscript change by Byrnes substitutes “and prosecuted to final judgment” for the last seven words of this sentence. In Matthews' copy the words “and brought to judgment” are substituted for the same seven words.
16 The word “also” has been stricken from Matthews' copy.
decentralised, except that to the minimum extent required for carrying out the purposes set forth herein, the Control Council shall permit or secure the establishment of central controls and, in particular, of (a) essential national public services such as railroads, communications and power, (b) finance and foreign economic affairs, (c) production and distribution of essential commodities, and (d) such other matters as may be directed from time to time.

8. In the imposition and maintenance of economic controls, German authorities shall to the fullest extent practicable be ordered to proclaim and assume administration of such controls. Thus it should be brought home to the German people that the responsibility for the administration of such controls and for any breakdown in those controls will rest with themselves and their own authorities. Any German controls which run counter to the objectives of occupation will be abolished.

9. Allied controls shall be imposed upon the German economy but only as may be necessary:—

(a) to carry out programmes, as prescribed by higher authority, of industrial disarmament and demilitarisation, of reparations, of relief for liberated areas and of other supplies as may be notified;

(b) to assure the production and maintenance of goods and services required to meet the needs of the occupying forces and displaced persons in Germany and essential to prevent starvation, disease or civil unrest;

(c) to ensure the equitable distribution of essential commodities between the several zones;

(d) to control German industry and all economic and financial international transactions, including exports and imports, with the aim of preventing Germany from developing a war potential and of achieving the other objectives named herein. For the same purpose

17 The word “minimum” has been stricken from Matthews’ copy.
18 In Matthews’ copy this sentence, which is marked to become paragraph 9, ends with the word “controls”, the rest of the paragraph being stricken from the draft. The following revised version of the Recommendations (ante, p. 439) is marked for inclusion at the end of the paragraph:

“To this end:

“(i) Local self-government shall be restored throughout Germany through elective councils.

“(ii) Non-Nazi political parties with the rights of assembly and of public discussion shall be allowed and encouraged throughout Germany.

“(iii) Representative and elective principles shall be introduced into regional, provincial and state (Land) administration as rapidly as results of local self-government seem to warrant.

“(iv) For the time being no central German political government shall be established.”

In the margin opposite this redraft is written the word, “Done”.

19 In Matthews’ copy this paragraph has been marked to become paragraph 10.
20 In Matthews’ copy this paragraph has been marked to become paragraph 11.
21 The words “as prescribed by higher authority” have been stricken from the draft in Byrnes’ and Matthews’ copies.

[No. 327]
no extension of credit to Germany or Germans by any foreign person or Government shall be permitted, except that the Control Council may in special emergencies grant such permission.  

(e) otherwise to carry out the objectives of occupation and prevent conditions arising which would endanger the occupying forces or impede them in their tasks.

10. No action shall be taken in execution of the reparations programme or otherwise which would tend to support basic living standards in Germany on a higher level than that existing in any one of the neighboring United Nations.  

11. The first charge on all approved exports for reparations or otherwise shall be a sum necessary to pay for approved imports.

12. Recurrent reparations should not by their form or amount require the rehabilitation or development of German heavy industry and should not foster the dependence of other countries upon the German economy.

13. A suitable programme for the restitution of identifiable property looted by Germans from Allied territory shall be carried out promptly.

14. Subject to the overriding necessity for the maintenance of military security, political activities (including public demonstrations or meetings) shall not be forbidden, but support of Allied authority shall not be lent to any particular political party or policy in Germany.

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22 Manuscript revisions in Matthews' copy make the final clause read as follows: "except that in special emergencies on notice to the control council which shall have power to prohibit such transactions." In Byrnes' copy there is the following marginal shorthand notation by Byrnes, apparently intended as substitute language: "in special emergency and on or with notice to the Control Council and the Control Council shall have power to prohibit such extension".

23 The following manuscript notation appears in the margin of Byrnes' copy opposite this paragraph: "out". In Matthews' copy this paragraph has been stricken from the draft.

24 In Matthews' copy this paragraph has been marked to be stricken from the draft.

25 In Matthews' copy this paragraph has been stricken from the draft and the following manuscript substitute written in the margin: "12. The principles governing the exaction of reparations from Germany are set forth in Annex I to this agreement.

26 The last eighteen words of this paragraph have been stricken from Byrnes' copy. The entire paragraph has been stricken from Matthews' copy, in which the following revision of the "Proposal on Treatment of Germany as an Economic Unit" (see footnote 25, post) has been marked for insertion here as paragraph 14:

"14. During the period of occupation Germany shall be treated as a single economic unit. To this end:

(i) no barriers should be erected to the movement of goods and services which are required for (a) the discharge of Germany's reparation obligations, (b) the maintenance of occupying forces and displaced persons, and (c) the maintenance of a subsistence standard of living in Germany.

(ii) To the fullest extent possible there shall be Uniform Ration Scales throughout Germany.

(iii) To the fullest extent possible there shall be Uniform Policies for Industry and Agriculture throughout Germany." (Footnote 26 continued on p. 447)
15. Subject again to the necessity for maintaining military security, freedom of speech, press and religion shall be permitted, and religious institutions shall be respected. Subject likewise to the maintenance of military security, the formation of free trade unions shall be permitted.

16. This agreement does not apply to Austria.

[Supplement]

TOP SECRET

DRAFT MEMORANDUM

PROPOSAL ON TREATMENT OF GERMANY AS AN ECONOMIC UNIT FOR PRESENTATION TO THE BRITISH AND SOVIET GOVERNMENTS

It is the belief of the United States Government that the division of Germany into zones of occupation does not imply the creation of separate zonal economies. This Government believes that the maintenance of a single national economy in Germany during the period of occupation will have manifest advantages for all the occupying powers.

1. It will make possible full and effective mobilization of German economic resources for the relief, rehabilitation and reconstruction of countries which have suffered from German aggression.

2. It will permit all the occupying powers to share equitably both the advantages and the burdens of occupation.

3. It will make it possible to confine German imports to a minimum and to make adequate arrangements for maintaining in Germany a subsistence standard of living.

4. It will help to avoid substantial differences in the treatment accorded to the German people and minimize the effect of German efforts to play one occupying power against another.

5. It should render easier of execution the joint policy of the occupying powers of preventing the rebuilding of German military industrial power.

The Government of the United States hopes that the Governments of the United Kingdom and the Union of Socialist Soviet Republics [sic]

(iv) There shall be agreed programs for imports and exports for Germany as a whole.

(v) There shall be Agreed Programs on German Coal Production and Allocation.

(vi) There shall be Centralized Organization of Transport.

(vii) There shall be established a Centralized Control of Currency.

27 In Matthews' copy this paragraph has been marked to become paragraph 8.
28 In Matthews' copy this paragraph has been marked to become paragraph 15.
29 In Matthews' copy of the Briefing Book, this supplement has been drastically shortened and revised by hand, and the revision has been marked for inclusion as paragraph 14 in the above "Draft Agreement on Treatment of Germany in the Initial Control Period". See footnote 26, ante.
share its view that Germany should continue to be treated as an economic unit and are willing, in cooperation with the Provisional Government of France, to implement this policy through the Control Council. In particular, the United States Government considers that it would be highly desirable to reach agreement at an early date on the following questions:

1. **Equitable Distribution and Unrestricted Interzonal Movement of Essential Goods and Services**

   It would be desirable to agree in principle that no barriers should be erected to the movement of goods and services which are required for (a) the discharge of Germany’s reparation obligations, (b) the maintenance of occupying forces and displaced persons, and (c) the maintenance of a subsistence standard of living in Germany.

2. **Adoption of Uniform Ration Scales Throughout Germany**

   Agreement in principle on free interzonal movements of essential goods and services would be difficult to translate into practice unless agreement were also reached among the occupying powers regarding the standard of living which they intend to maintain for the German population of their respective zones. It would be difficult, for example, for one occupying power to consent to the shipment of food from its zone of occupation to another zone of occupation if the ration scales in the latter zone were higher than in the former zone. Moreover, differences in the standard of supply in the various zones of occupation would undoubtedly be exploited by the German people for the purpose of causing dissension among the occupying powers.

3. **Adoption of Uniform Policies for Industry and Agriculture**

   It would be advisable to reach agreements as early as possible on those types of industries which the occupying powers wish to destroy or discourage in Germany, and on those types of economic activity which the occupying powers wish to foster. Such an agreement would be essential not only to ensure uniform treatment of the German people, but also to ensure operation, in practice, of any agreement to permit free interzonal movement of raw materials and fuel essential to industry. For the same reasons it would be desirable to formulate uniform policies respecting the treatment of monopolies, combines and cartels. It would also be advisable to formulate a joint program for the exploitation of German agriculture in order to minimize the necessity for imports into Germany and to make available any surpluses for the relief of other countries. Such a program would involve agreement on the treatment of large landed estates and the extent to which it would be necessary to make available supplies to stimulate German agricultural production.

4. **Formulation of Agreed Programs for German Exports**

   Such programs would have to cover, not only the types and quantities of equipment and supplies which Germany would have to make available on reparation account, but also the types and quantities of goods which Germany would have to export in order to make payment for such imports as are essential to the German economy.
5. Formulation of Agreed Programs for German Imports

It is highly desirable that the occupying powers reach agreement on the types and quantities of goods which it will be necessary to import into Germany for the needs of the occupying forces, for the execution of the reparation program, and for the minimum requirements of the German people. Once agreement on an import program has been reached, it will also be necessary to determine how such imports will be financed, and to what extent the occupying powers should contribute to the initial financing of such imports in the event that German means of payment are inadequate.

6. Formulation of an Agreed Program on Coal Production and Allocation

It is clear that adequate production and distribution of coal is of key importance to all European countries. At present, the acute shortage of coal is the most important obstacle to the revival of economic life in Europe. It is essential for Europe, as a whole, that maximum efforts be made to increase coal output in Germany and to allocate the output equitably among all countries having a coal deficit. To this end, a program for the German coal industry as a whole should be worked out as quickly as possible.

7. Agreement on Centralized Organization of Transport

Transportation, like coal, is a key problem which must be considered a matter of top priority. It is essential that the occupying powers agree promptly on the measures which must be taken to rehabilitate the German transport system and to operate it as a unit. Until such measures are taken, it will be impossible to mobilize resources effectively for the benefit of countries which have suffered from Nazi aggression and to effect restitution of looted rolling stock and locomotives. Such measures will also greatly facilitate the task of occupying and administering Germany.

8. Establishment of an Allied Agency for Centralized Control of Currency

If it is agreed that Germany should be administered as a single national economy, it follows that Germany must also be treated as a unit with respect to currency and credit. It is essential, therefore, that a centralized agency be established to control currency and credit and that a uniform policy be followed with respect to the use of Allied military currency. It will be impossible to treat Germany as an economic unit if inflationary policies are adopted in one zone and deflationary policies in another. The establishment of a single centrally controlled currency will also necessitate prompt agreement on measures of foreign exchange control.

This Government hopes that it will be possible to obtain agreement in principle on all these points and that all of the occupying powers will instruct their representatives on the Control Council for Germany to take prompt steps to implement these agreements in practice.

[WASHINGTON,] June 29, 1945.

[No. 327]
Subject: Treaty for Demilitarization of Germany with Commitment to Use United States Forces

The conclusion of such a treaty has certain specific advantages at this time. Action taken in the near future by the United States, Great Britain, France and the U. S. S. R. to assure the permanent demilitarization of Germany as a safeguard against any further German aggression would strengthen the relationship between the Allies and eliminate or minimize other conflicts which might arise between them. It would greatly reduce Soviet fears that Germany will one day be permitted to regain its strength and be used by the Western Powers in an anti-Soviet combination. If the demilitarization of Germany is secured by such a commitment no combination of European powers could effectively threaten the Soviet Union and the latter could afford to adopt a more liberal policy, particularly in Eastern Europe, thus making it possible to break the vicious circle in which Soviet [the Soviet Union?] moves to insure its own security and which tends to bring about the very combination of powers against it that it is seeking to avoid. It would also counteract the threat of both British and Soviet Governments to establish spheres of influence on the continent of Europe with their potential dangers by eliminating justification for the maintenance of such spheres of influence.

Furthermore, such a treaty would strengthen the influence of the United States in European affairs as it would go far to remove the fear that within a very few years the United States might again turn its back on Europe and once more resort to a policy of isolation.

The chief arguments against such a treaty seem to be the following:

1. The conclusion of the treaty might be interpreted as showing lack of faith in the efficacy of the United Nations organization. It would undoubtedly detract from the charter of the United Nations if such a treaty were submitted to the Senate at about the same time as the charter. Chapter XII of the Security Charter envisages, however, that the governments may take action in relation to enemy states as a result of the present war. Therefore such a treaty would in fact be part of the framework of the security organization although in practice it would be restricted by the four powers maintaining control of Germany under the terms of the surrender. As to timing, however, such a treaty could not in the ordinary course of events be

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1 Annex 14 to the attachment to document No. 177.
2 Treaty Series No. 993; 59 Stat. (2) 1031.
concluded and ready for signature until after approval by the United States of the charter. Presumably Congress will have reached its conclusions with regard to the charter at about the same time that this subject might be discussed in a preliminary fashion at the Big Three meeting.

2. There is great risk in proposing a treaty of this kind unless it is virtually certain that the Senate would accept it. A Senate debate on the subject, which might rally isolationist and anti-Soviet forces would probably be bitter and would not strengthen our international position at this critical time. There is, however, likely to be a considerable measure of political support in this country for such a treaty of demilitarization. On January 10, 1945 Senator Vandenberg in substance advocated the proposal and in all probability he would support it at the present time if prior consultations were held with him. On the other hand, it would appear premature to submit any formal project to the Senate until the views of the British Prime Minister and Marshal Stalin have at least been obtained in a preliminary fashion. It is not believed that we have yet reached the point of considering any draft but it does appear that the idea is at least worthy of exploration in the forthcoming meeting.

3. The third argument against the early conclusion of such a treaty relates to the question of timing. It may be argued that Germany is already effectively being demilitarized and will remain so as long as it is occupied by Allied troops, and that if the treaty is to be fully effective, it should contain provisions or be related to other arrangements difficult to determine at the present time. The advocates of delaying consideration of the treaty may further state that it would only be appropriate to conclude the treaty at the time when Allied troops are withdrawn from Germany or Allied Control machinery ceases to function. At that time there would presumably be the further advantage of having a similar treaty with respect to Japan. On the other hand, the United States fully expects to participate in the demilitarization of Germany in any event and to keep Germany demilitarized for an indefinite period in the future. If there is advantage to the United States in agreeing to do this in a formal treaty which would remove any Soviet fears that the Western countries might at some time wish to strengthen Germany against the Soviet Union, the treaty could secure this advantage in return for something we expect to do anyway. Further, if discussions of the treaty are delayed until the conclusion of Allied occupation of Germany, it seems likely that popular interest will have diminished and we shall be faced with greater difficulties in securing Congressional approval. During or immediately after a war people are more prone to understand the necessity for enforcing the peace against the very enemy whom they have been fighting. Nor should it await the conclusion of a similar treaty with Japan since in the discussions it could be made clear that if we are expecting to sign a treaty to demilitarize Germany we would expect a similar treaty to be concluded in regard to Japan at the appropriate time. China might be added as a signatory not only because it adhered to the

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3 For text of Vandenberg's speech, see Congressional Record, vol. 91, pt. 1, pp. 164-167.
Moscow Declaration but it also would be a useful preliminary to the conclusion of a similar treaty in regard to Japan to which China by force of circumstances would of course be a signatory.

Recommendation: It is recommended that the President might wish to take an appropriate occasion informally to sound out Churchill and Stalin in this respect in order to determine whether in fact conclusion of such a treaty would achieve the advantages foreseen for it. It would seem undesirable to go further at this time than to express an interest in the proposal and to say that the President would be willing to consider it and to discuss it further through diplomatic channels if Churchill and Stalin think it is a good idea. If this procedure is agreed by the heads of government then preliminary conversations with the leading Senators in this country might be held. Although it is agreed that it would be unwise at this time to progress beyond the preliminary stage which would only commit this Government to further exploration through diplomatic channels, it might be borne in mind that this exploration could be along the lines of proposing that the four (five) governments undertake in treaty form what would amount to an advance commitment in the Security Council to utilize all their forces and resources to suppress any further German aggression against any other power. Such commitment, if in treaty form, would of course require ratification by the Senate but could also be approved by joint resolution of both houses. This differs slightly from Senator Vandenberg's proposal but harmonizes more closely with the concept developed at San Francisco.


No. 329

Briefing Book Paper

TOP SECRET

PERMANENT ECONOMIC AND INDUSTRIAL RESTRICTIONS ON GERMANY

This government stands committed to a policy of complete military disarmament of Germany and the prohibition of the manufacture of arms, ammunition and implements of war, including all types of aircraft, as well as the destruction or removal of all plant and equipment established or designed to produce such armament. It also favors a policy of maximum removal of productive equipment on reparation account as a measure of security, and it desires that Allied control of the German economy be exercised in such a way as to promote the more adequate industrialization of other parts of Europe and to reduce their dependence on the German metal and chemical
industries. We should avoid, at this time, any commitment to measures involving permanent or indefinitely prolonged restrictions on the German economy. Decisions on the advisability of such restrictions can be taken only after full information is obtained concerning the present state of German industry and after removals have been effected on reparation account. Moreover, this government now has under way a series of technical and economic studies bearing on this problem and does not want to prejudge the recommendations which may be made as a result of such studies.

No. 330

Memorandum by the Assistant to the President's Naval Aide (Elsey)¹

TOP SECRET

[Undated.]

Dismemberment of Germany

In a brief discussion at Teheran² in December 1943, Roosevelt, Churchill and Stalin agreed that Germany should be dismembered after the war. Minutes of the Teheran Conference are not now available, but it appears from discussion at Yalta,³ where the Teheran conversations on Germany were reviewed, that President Roosevelt proposed at Teheran the division of Germany into five parts. Churchill, after some hesitation, suggested the division of Germany into two parts—Prussia and southern Germany. Stalin, as he phrased it, “associated himself with the views of the President.” He did not seem to favor a large southern German state. The discussion at Teheran was an exchange of views only and no fixed conclusions were reached.

When Churchill visited Moscow in October 1944, he and Stalin again discussed the post-war partition of Germany. Churchill informed President Roosevelt on 22 October ⁴ that Stalin wanted Poland, Czechoslovakia and Hungary “to form a realm of independent anti-Nazi pro-Russian states, the first two of which might join together.” Contrary to the views he had expressed at Teheran, Stalin now agreed with Churchill in the desirability of a strong southern German state—or, as Churchill expressed it, “a federation of south-German states, including Austria, Bavaria, Württemberg and Baden.”

¹ Submitted to Leahy July 1 and subsequently forwarded to Truman.
² The records of the Teheran Conference are scheduled for publication in a subsequent volume in this series. Cf. Sherwood, Roosevelt and Hopkins, pp. 797–798; Leahy, I Was There, pp. 210–211.
⁴ See ibid., pp. 159–160.
Churchill reported that Stalin would be glad to see Vienna the capital of such a federation and, Churchill continued, “the idea of Vienna’s becoming the capital of a large Danubian federation has always been attractive to me, though I should prefer to add Hungary, to which Stalin is strongly opposed.”

Churchill also reported that Stalin wanted the Ruhr and the Saar detached from Prussia “and put out of action, probably under international control, and a separate state formed in the Rhineland.”

Churchill and Stalin agreed that internationalization of the Kiel Canal would be desirable.

No definite conclusions on Germany were reached at the October Churchill–Stalin meeting pending a meeting with President Roosevelt. However, Churchill and Stalin did make a formal agreement on behalf of their respective governments to guarantee to Poland the following German territory: “The Free City of Danzig, the regions of East Prussia, west and south [of] Königsberg, the administrative district of Oppeln in Silesia and lands desired by Poland to east of line of the Oder.”

President Roosevelt thanked Churchill for his report of the Moscow conversations but he made no comment on Germany.

In a Plenary Session on 5 February 1945 at Yalta, Stalin reminded Roosevelt and Churchill of their discussion at Teheran and asked if they still agreed in principle to the dismemberment of Germany. He felt the time had come to make a decision, and he thought the plan discussed in Moscow with Churchill was feasible; namely, Germany divided into two parts (Prussia on the one hand and southern Germany and Austria on the other), with the Ruhr and Westphalia under international control.

President Roosevelt spoke briefly on the recent growth of the concept of the German Reich and he answered Stalin’s questions by replying that he thought “the division of Germany into five states or seven states was a good idea.” Churchill interrupted to say “or less”; to which the President agreed.

Churchill said he agreed in principle to dismemberment but the question was far too complicated to settle at Yalta. It would require lengthy study and he could not, he said, commit himself to any specific plan for that reason. Minutes of the meeting read as follows:

“The Prime Minister said, however, that personally he felt the isolation of Prussia and the elimination of her might from Germany would remove the arch evil—the German war potential would be greatly diminished. He added that a south German state with perhaps a government in Vienna might indicate the line of great division of Germany. He said that we are agreed that Germany should lose

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4 See Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 203.
4 See ibid., pp. 611–614.
certain territories conquered by the Red Army which would form part of the Polish settlement, but he added that the question of the Rhine Valley and the industrial areas of the Ruhr and Saar capable of producing armaments had not yet been decided; should they go to one country, or should they be independent, or part of Germany, or should they come under the trusteeship of the world organization which would delegate certain large powers to see to it that these areas were not used to threaten the peace of the world."

Churchill also stated that there was no decision as to whether Prussia, after being isolated from the rest of Germany, should be further divided internally.

Stalin and Molotov were anxious to reach a decision on Germany; Churchill and Eden were not. The President had no comments after his initial statement that he agreed to the dismemberment of Germany. At Soviet instigation, a clause was added to the surrender terms for Germany and a commission was appointed to study the question. Article 12 (a) of the Surrender Terms for Germany, as amended at Yalta, then read as follows:

"The United Kingdom, the United States of America and [the] Union of Soviet Socialist Republics shall possess supreme authority with respect to Germany. In the exercise of such authority they will take such steps, including the complete disarmament, demilitarisation and the dismemberment of Germany as they deem requisite for future peace and security."

There was no further general conversation on the partition of Germany, but some light is cast on British reluctance to come to any decisions at Yalta by a statement of Eden’s on 10 February concerning reparations. The Minutes report his statement as follows:

"Mr. Eden stated that reparations should be considered in connection with the dismemberment of Germany. There seemed to be two Russian objectives which were difficult to reconcile—the depletion of German manufacturing capacity and the insuring of German ability to make large payments at a later date. The British were most anxious to avoid conditions in which it would be necessary for them to finance and feed Germany at a later date as a result of reparations."

The Commission appointed at Yalta to study the question of dismemberment consists of Anthony Eden (Chairman), Ambassador Winant and Ambassador Gousev. William Strang of the British Foreign Office has been acting as Eden’s deputy at the meetings held in London.

No information concerning the Commission’s meetings is available in the Map Room. The only Presidential message concerning Ger-

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7 See vol. II, document No. 1416, section III.
8 See Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 874.
man dismemberment is a report to President Truman from Mr. Hopkins, sent from Moscow on 30 May. It reads as follows:

"Some days ago we reminded Stalin that he made a speech in which he said that he did not favor the dismemberment of Germany. This appeared to be contrary to the position he took both at Tehran and Yalta. His explanation of this action on his part was that his recommendation had been turned down at Yalta and more specifically that Eden and Strang on behalf of the British had stated that dismemberment was to be accomplished only as a last resort and that Winant, who was present at the conference at which this discussion took place in London, interposed no objection, hence Stalin stated that it was his understanding that both Great Britain and the United States were opposed to dismemberment. I undertook to tell him that this was not the case, that while you had made no final decision in regard to this, the United States considered this an open question and that you would surely want to thrash this out at your next meeting. I told him that he must not assume that the United States is opposed to dismemberment because he may learn from you that just the opposite was the case. He then said that he would keep an open mind in regard to it and that dismemberment was a matter which the three Allies must settle amongst themselves."

G. M. Elsey

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No. 331

740.00119 (Potsdam)/8-2446

*Briefing Book Paper*

*TOP SECRET*

*GERMANY—PARTITION*

*RECOMMENDATION*

It is recommended that this Government oppose the partition of Germany into two or more separate states as distinct from border cessions or readjustments.

*DISCUSSION*

*Previous Considerations:* When the question of a possible dismemberment of Germany as a security measure was first discussed in governmental circles in Washington, the late President Roosevelt was disposed to favor the proposal. At the Tehran Conference it is understood that he was prepared to see Germany divided into five separate states. By the time of the Crimea Conference, however, he had reconsidered his original judgment and expressed himself in opposition to considering partition prior to termination of hostilities

1 Annex 15 to the attachment to document No. 177.
and an opportunity to study actual conditions and trends in Germany. He agreed, none the less, to a modification of the original instrument of unconditional surrender to provide for German recognition of the right of the victor powers to dismember Germany if they deemed it desirable. It was further agreed that a committee consisting of Ambassador Winant, Ambassador Gousev, and Mr. Eden (Chairman) should study the procedure for effecting dismemberment and whether it appeared desirable.

The committee at its first meeting in London decided to consider not only procedures but also the prior questions of the desirability and the feasibility of dismemberment. In comment on the report of this meeting, Mr. Roosevelt wrote on April 6, "I think our attitude should be one of study and postponement of final decision." The committee has not had further meetings.

In the Department of State the Committee on Post-War Programs, composed of the higher officers of the Department, in May 1944 unanimously approved a recommendation of the Inter-Divisional Committee on Germany that this Government oppose the forcible partition of Germany.

*The Bases of the Recommendation:* Opposition to partition rests on the following considerations:

Partition as a device for stripping the Germans of the ability to make war would necessitate a genuine and lasting dispersal of their national energies. This dispersal would imply prevention of political and military collaboration and, to be effective, would likewise entail a break-up of Germany's economic unity since, without it, a political dismemberment would be useless.

It is submitted that such a program is unnecessary as a security measure, that it would be injurious to the economic rehabilitation of Europe, and that it would be a source of disturbance and danger to the peace of Europe rather than a source of tranquillity.

Partition could not for some time to come be trusted as a substitute for the basic demilitarization controls which, if adequately enforced, would provide adequate security. In the uncertainties of the coming years it would not be prudent to give up the strictest supervision of Germany's war-making potentialities whether Germany is divided or not. It would follow, therefore, that the victor powers by adding the enforcement of partition to the enforcement of the basic demilitarization controls would be assuming an unnecessary burden—unless it could be foreseen that, in time, partition would be accepted by the German people and could be considered assured grounds for relaxing otherwise necessary measures.

The best calculation is that the German people will not willingly accept dismemberment as a permanent fate. The growth of the
sense of German national unity has been such that no significant group has questioned the verdict of 1871. The attempts to promote separatism in the Rhineland after the last war had little popular support and French patronage robbed the movement of any decency in German eyes. At the present time, while there is probably some reaction to Nazi over-centralization, the collapse of Germany in defeat has as yet given rise to no regional expressions of a desire to separate from the rest of Germany.

It must be anticipated, consequently, that when the Germans have recovered somewhat from the shock of defeat their patriotic sense of national unity will again assert itself—unless the victors can discover and exploit some geographic lines of fissure within Germany.

There seems at present little likelihood that such lines can be found. The historic divisions of Germany offer little basis of hope. The old Laender provide at best some grounds for moderate decentralization. Religious differences, as indicated by voting habits during the Weimar period, indicate no substantial cleavage. The historic differences between East and West on the one hand and North and South on the other have virtually no substance in contemporary Germany, certainly not enough to count on as bases of lasting partition. And even if these areas were substantially different, they would be inappropriate as partite states; the great concentration of population and economic development which has taken place in the Northwest has robbed them of usefulness in seeking a balance between German regions. As further evidence of the present-day homogeneity of Germany it may be noted that a political analysis of the northwestern, southern and eastern regions shows a remarkable consistency in the growth of National Socialism throughout Germany.

These considerations indicate, accordingly, that the four zones of military occupation would offer no prospect of serving as effective lines of internal cleavage and therefore of partition, and they were certainly not drawn for the purpose of partition.

The only tenable calculation is that partition, regardless of the number of partite states and their specific boundaries, would have to be maintained indefinitely by force. It would follow that the end consequence would be that the victors could not rely on partition as a substitute for demilitarization controls and would therefore not only have to continue a machinery of control adequate to restrain a united Germany but would also have to take on the additional and superfluous burden of maintaining partition.

It should furthermore be emphasized that a partition of Germany could also result in a highly dangerous competition on the part of various states to control or to influence the governments of the partite
states. The Germans will thereby be enabled to play off one ally against another in pursuance of what could well form a common plan on their part. By inviting the east or the west to stake out special claims and exert a predominant role in one or more of the new states, the Germans might well obtain special concessions for one state or another and jeopardize the unity of the Allies in preventing the renewal of German aggression. The skill with which the Germans played one power off against another during the Hitler period is evidence of their capacity to take every advantage of the political possibilities that would be provided by the establishment of several German states.

The judgment that dismemberment of Germany would be injurious to the economic rehabilitation of Europe derives from the conclusion that, if it is to be more than a nominal or transitory device, substantial economic barriers must be erected between the partite states. A customs-union or other form of special economic collaboration could only result in a consolidation of resources, partly legitimate but in large measure probably illicit, which would jeopardize the purposes of partition. Economic dismemberment, however, would entail an economic regression, not only for Germany but also for the whole of Europe. Segments of Germany could undoubtedly be ordered to live, and perhaps with outside assistance made to live on a lowered standard, but economic frontiers erected within Germany would stand as barriers to the most effective contribution of Germany to immediate reparation and reconstruction and to the ultimate improvement of the European standard of life.

The judgment, finally, that partition would be a source of disturbance and danger rests on the implications of continued resistance and on the possible consequences for Allied policy of changing conditions.

If continued German resistance be a reasonable anticipation, there is need to canvass the means whereby the Germans could circumvent partition by actions short of those that would expose the several states to disciplinary action.

Any permitted form of special economic collaboration between the states would open the door to a considerable area of common action. Complete economic separation, on the other hand, would inspire a diversity of parallel activities, some ostensibly innocent and legally unimpeachable and others surreptitious, which would in the end be common activities. Under such circumstances a system of controls would inevitably be only partially effective while vexations and bickerings would be the usual order of the day. Identical legislation in the several states, or the choice of the same executives, could easily go a considerable distance toward defeating partition. The co-ordi-
nating work of like-minded, and for all practical purposes identical, political parties would tax the ingenuity of the most skillful and far-sighted enforcement officers. The activities of the Nazi government of the Free City of Danzig paralleling those of the Nazi Reich offer an illustration of what might be done and of how difficult it would be to take effective action against it.

The result of such a state of affairs might be a Germany unable to make war but nonetheless a Germany able to keep the world in lasting perturbation.

A greater danger for the peace settlement and for world security would arise from the problem of the continued unanimity of the victors in the face of German evasions and equally unremitting protests. The history of the treaty of Versailles,2 if it can be translated into a general principle, points to the dangers inherent in a disagreement between the United Nations as to whether the various treaty provisions are compatible with a peace-time sense of justice and with the economic requirements of peace-time life. The more rigorous, the more obviously unnecessary the provisions of a treaty the more quickly divergences of opinion among the Allies will arise. Any concessions born of a changed sense of what is just will merely encourage the Germans in patriotic protests and resistance; any conflicts of opinion among the enforcing Powers over the merits of a given prescription would prepare the way for some German fait accompli. Once this process had begun there would be no logical halting place in the emancipation of Germany from external control.

Since at the present, when most of the world is embittered by Nazi misdeeds, almost no responsible statesman and few voices of public opinion in Europe favor partition, it would be prudent to anticipate the time when partition, if imposed, would appear unjust and economically bad and one or more of the enforcing powers would refuse further responsibility for it.

That possibility, with its disastrous consequences for the whole program of control, might well counsel the adoption of a program of

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restraint that would not lend itself to a reversal of policy when the dangers of Germany's aggressive militarism are not so poignantly felt as during and immediately after the war.

[WASHINGTON,] June 29, 1945.

No. 332

Truman Papers

Memorandum by the Joint Strategic Survey Committee of the Joint Chiefs of Staff

[Extract]

TOP SECRET

Dismemberment of Germany

Partitioning of Germany into several German states would not be fully effective in breaking down the aggressive nationalism which has characterized the German people during the past century. Furthermore, the establishment of several additional small states in Central Europe would tend to enlarge the field for rivalries and political schemes of the European powers without compensating advantages in solving the basic problem of how to bring Germany back into the family of nations. For these reasons, the Joint Strategic Survey Committee considers that from the long range military-political point of view, a substantial dismemberment of Germany is undesirable.

The Committee, however, perceives no objection to such reasonable boundary adjustments as Denmark, the Netherlands, and Belgium may demand.

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1 This memorandum was prepared in response to a request from Leahy (document No. 155) for recommendations which would be "useful to the President in preparing himself for the [Berlin] conference". It was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: "These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff." Leahy subsequently passed it to Truman.

2 For another extract from this memorandum, see document No. 514.
No. 333

Truman Papers

Memorandum by the Joint Civil Affairs Committee of the Joint Chiefs of Staff ¹

TOP SECRET

[Undated.]

CIVIL GOVERNMENT IN GERMANY—WHEN SHOULD IT BE ESTABLISHED AND HOW?

DISCUSSION

1. It is the United States policy that state, municipal and local administration in Germany should as quickly as possible be reestablished, purged of Nazi personnel and practices, and thereafter operate under the close supervision and control of the military government. Consistently with this policy local German agencies of government have been and are being reestablished.

2. At the present time there is no central civil government of Germany. On 5 June the four Allied powers assumed supreme responsibility with respect to Germany.² The four Allied Commanders, representing their Governments on the Control Council, are jointly vested with supreme authority in matters affecting Germany as a whole and are empowered to control such German agencies of central administration as may be permitted to function.

3. It is United States policy that when and if an independent Germany is finally reconstituted, the powers of its national government shall be limited, and regional and local autonomy encouraged. Accordingly, it has been provided in the directive to General Eisenhower ³ that “the administration of affairs in Germany shall be directed towards the decentralization of the political and administrative structure and the development of local responsibility”.

¹ This memorandum was prepared in response to a request from Leahy (document No. 155) for recommendations which would be “useful to the President in preparing himself for the [Berlin] conference”. It was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: “These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff.” Leahy subsequently passed it to Truman.

² Text of the “Declaration Regarding the Defeat of Germany and the Assumption of Supreme Authority With Respect to Germany” in Treaties and Other International Acts Series No. 1520; 60 Stat. (2) 1649.

eral Eisenhower has been instructed to seek agreement on this basic principle in the Control Council. If it is accepted, it will delay the formation of a national civil government in Germany. United States policy, however, permits the establishment, under Allied control, of a minimum of centralized administration with respect to essential national public services such as railroads, communications and power, and with respect to finance, foreign affairs and the production and distribution of essential commodities.

4. The establishment and utilization of German national agencies of administration and government is a matter affecting Germany as a whole, and, therefore, under the protocol on control machinery, cannot be dealt with unilaterally outside of the Control Council. If the policy of dismemberment should be adopted there would, of course, be no question of reestablishing a permanent national civil authority. Whatever policy may be adopted, it is considered important that the reconstitution of a central German government, as distinguished from agencies for the control of essential national services, should be postponed until latent forces of democracy have been given an opportunity of asserting themselves locally, and until the Control Council has been able to estimate the nature of emergent tendencies within Germany.

RECOMMENDATION

5. It is recommended that the United States make no present commitment as to the time when a central indigenous government should be established in Germany. The time and means of its reconstitution should be a matter for determination and recommendation to the governments by the Control Council. The Control Council, however, should immediately seek to effect the necessary minimum of centralized administration of those essential national services as to which uniformity of policy and procedure throughout Germany is necessary, such as railroads, communications, and power and with respect to finance, foreign affairs, and the production and distribution of essential commodities.

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4 Signed at London, November 14, 1944, as amended by a further agreement signed at London, May 1, 1945. For texts, see Treaties and Other International Acts Series No. 3070; United States Treaties and Other International Agreements, vol. 5, pt. 2, p. 2062. Text of the agreement of November 14, 1944, also in Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 124.

[No. 333]
Memorandum by the Joint Civil Affairs Committee of the Joint Chiefs of Staff ¹

TOP SECRET  

[Undated.]

WHAT WILL BE THE BANKING ARRANGEMENTS IN GERMANY? WHAT MONEY WILL BE USED, AND WHAT EXCHANGE ARRANGEMENTS MADE?

DISCUSSION

1. British and American troops are using a military currency in Germany known as Allied Military Marks. Plates for the production of this currency have been furnished to the Soviet authorities, who are also using this currency in the area under their control. This currency is supplemental to the indigenous legal tender currencies. German Military and certain local emergency currencies are also circulating. A uniform currency system for Germany is basic to contractual relationships and the maintenance of any sound level of commerce and industry. Also, a definition of the purpose for which such currency will be used in the respective zones by the occupying forces, and others, is necessary in order to ensure uniform policy relative to occupation costs as well as for inflation reasons. In view of the several currencies now circulating in Germany, a redefinition of what comprises legal tender currency is necessary, in order to establish uniform standards. In order to maintain uniformity of currency, effective records and to control amount, character and flow of currency, a central bank of issue should be recognized or established.

2. Exchange rates and exchange controls should be uniformly effective in the respective zones of occupation as a necessary step to the restoration of German foreign financial relationships, including the financing of approved German imports and exports. A uniform system of public finance for the treatment of the problems of budget, taxation and public debt as well as for the reestablishment of German domestic and foreign credit and trade within the limitations of military government objectives is one of the factors necessary to support a general rate of exchange for the German mark. Valuables, including gold and currencies, have been uncovered in Germany by military forces and are now held by Allied, United States and other

¹ This memorandum was prepared in response to a request from Leahy (document No. 155) for recommendations which would be "useful to the President in preparing himself for the [Berlin] conference". It was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: "These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff." Leahy subsequently passed it to Truman.
forces. Agreement should be reached for uniform disposition of such valuables.

3. The foregoing discussion is also applicable to similar problems in Austria.

RECOMMENDATIONS

4. Effort should be made to secure agreement of the Heads of State with respect to each of Germany and Austria:

a. To the establishment of a uniform currency system with provisions for a central bank of issue for the purpose of centralizing the production and issuance of currency; to a redefinition of what comprises legal tender currency; and to the necessity for an agreement by the Control Council to determine the amounts of such currency which will be made available to the zonal commanders and others.

b. To the establishment of a uniform system of exchange control and exchange rates.

c. To the establishment of a uniform system of national and local public finance.

d. To consideration by the Control Council of the question of the resumption of service at an early date on the internal public debt.

e. That identified valuables uncovered by military forces will be restored to their country of origin and that unidentified valuables will be held in custody by such forces, subject to their disposition by the Reparation Authorities.

No. 335

Truman Papers

Memorandum by the Joint Staff Planners of the Joint Chiefs of Staff

TOP SECRET [Undated.]

ESTABLISHMENT OF A UNIFIED AGREED PROPAGANDA IN GERMANY

DISCUSSION

1. Recent information from Supreme Headquarters, Allied Expeditionary Force has pointed out that the contrast between official public announcements of United States policy, and policy announcements originating in other zones, already has had a marked psychological affect [effect] on the German population in the United States zone. It has been estimated that should this lack of coordination continue,

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[No. 335]
undesirable psychological repercussions also may be produced in zones occupied by other Allies.

2. A United States policy on "Control of Public Information in Germany", agreed by the Joint Chiefs of Staff, State Department and Office of War Information sets forth substantially the following objectives for the control of dissemination of public information in Germany:

a. Facilitating the tasks of the armed forces occupying Germany.
b. Promoting and enforcing compliance by the German people with all orders issued by the occupation authorities.
c. Serving the administration of the Allied Military Government in Germany.
d. Convincing the German people of their total defeat by the United Nations and of the futility of future wars of aggression.
e. Destroying the Nazi party (NSDAP) and system, and preventing the dissemination of doctrines and propaganda of the nature which were advocated by the former Nazi party.
f. Conducting counter propaganda to destroy the attitudes created under the propaganda program of the Nazi party.
g. Displaying to the German people the unity of purpose toward Germany, existing among the Allied Nations.
h. Assisting the military operations of any of the Allied Nations against any country with which it remains at war subsequent to the surrender of Germany.

3. The foregoing policy has been placed before the European Advisory Commission for possible adoption as a uniform policy by the four controlling powers. If adopted it would be used as a basis for instructions to the Control Council for Germany to establish agreed and uniform policies relating to the dissemination of public information throughout Germany.

4. Working staff officials of the State Department have advised that member nations of the European Advisory Commission agree in principle on the necessity for control of information in Germany. While no particular objections have been raised to any portion of the United States sponsored, proposed directive, no definite stand has been taken by any of the other nations for either acceptance or rejection.

5. Senior staff officers of the Supreme Headquarters, Allied Expeditionary Force believe that it will be difficult to achieve agreement in the Control Council for Germany on even the major problems vitally affecting German economy. As to matters of lesser importance and the settlement of details, they definitely question the ability of the control machinery to handle such matters. While there is always the hope that some coordination of propaganda could

2 Not printed.
be obtained through a section working under the Control Council for Germany, the consideration of such a solution should include weighing the desirability of loading down the Control Council with details not absolutely essential, thus reducing the chance of success in solving vital matters, such as transportation, currency, food, and coal.

6. In any consideration of the propaganda problem, it must be recognized that the national aims and ideologies of France and Russia, particularly Russia, are such that they may well intend to further them, at least in their Zones of Occupation, by propaganda means, and perhaps to do this with or without the consent of the other occupying powers. Therefore, it would appear that any attempt to achieve a complete overall agreement on the policies and objectives for all propaganda directed towards Germany is unlikely to succeed. The best that might be expected is possible agreement by the powers on certain of the aims, and these are likely to be only the more “negative” ones which are directed towards the eradication of Nazism and the elimination of Germany’s war-making potential. This leaves “positive” propaganda outside the realm of probable agreement.

7. The present United States policy, with the probable exception of the undefined “counter-propaganda” objective, concerns itself with the more negative propaganda aims and as such is a reasonable basis for discussion with the other powers in the effort to reach agreement on at least a partial basis.

8. The question of whether the United States should develop further and more positive propaganda objectives is to a great extent beyond the purview of the military. It appears that the present policy is incomplete and that perhaps an effort should be made to extend the policy, looking towards the post-war years. Such a further development and definition of our propaganda policy would appear to be a suitable task for the State Department and the Office of War Information.

9. The individual stand of the United Nations at the present on the coordination of propaganda appears to be:

a. Russia—Recent cable advice from the Office of War Information representative 3 in Moscow indicates a slight softening in the Soviet attitude against multilateral control of propaganda for Germany. The opinion was expressed by an official of the Soviet Information Bureau that “the Berlin accord 4 will make it possible now to take steps for propaganda coordination.” Since the Russians have their

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3 Joseph B. Phillips.
4 The reference is probably to the quadripartite statement of June 5, 1945, on control machinery in Germany. Text in Department of State Bulletin, vol. xii, p. 1054.

[No. 335]
own communistic ideological propaganda line it is considered that it will be difficult to obtain agreement in this connection.

b. France—There is no available evidence that the French would object to participation in multilateral control of propaganda for Germany. However, the French propaganda line is different from our own and might be difficult to reconcile. Very little French propaganda has been directed at Germany. Rather, the principal part has been directed at the Allies, attempting to justify the French position regarding the Saar and Rhineland areas.

c. Great Britain—There is no evidence to indicate any change in the British attitude from that inferred in a statement of Supreme Headquarters, Allied Expeditionary Force Psychological Warfare Division on 24 April 1944, to the effect: "As a result of the experience with Psychological Warfare in the Mediterranean Theater, there is wholehearted agreement that even though there may be separate U.S. and British zones of military occupation there should be a fully integrated Psychological Warfare organization...rather than a distinct national organization for each zone." Therefore, it seems possible that some arrangement could be obtained with the British regarding propaganda.

RECOMMENDATIONS

10. It is recommended:

a. At the forthcoming tripartite conference the U.S. should reasonably press for approval by the Heads of State of a propaganda policy along the lines of the present United States agreed policy now before the European Advisory Commission. Later agreement with France would then be necessary.

b. As to coordination of the implementation of any policy agreed by the four nations, the only available instrument appears to be the Control Council, and exploratory conversations might be conducted on the political level with a view to ascertaining the desirability of setting up a propaganda committee as part of the functioning organization of the Control Council.

c. The problem of United States propaganda policy towards Germany be reviewed by the State Department and the Office of War Information prior to the coming conference.

Ellipsis in the original.

No. 336

8424/6-1845

The Assistant Secretary of State (Clayton) to the Assistant Secretary of War (McCloy)

SECRET

[Washington,] June 18, 1945.

My Dear Mr. McCloy: In recent conversations with representatives of the War Department, officers of the Department have been informed that the War Department does not consider itself responsible for exports from Germany except to the extent that the goods ex-
ported serve to meet some direct military use or responsibility. Consequently, in the judgment of these representatives, the War Department would not be able to finance the procurement of supplies needed to increase German production for export other than in the limited circumstances in which the military authorities have a direct interest in the goods exported.

The point came up in connection with a discussion of measures necessary to ensure the increased exportation of coal from Germany to the liberated countries of Northwest Europe. As I understand it, the War Department representatives recognized that an obligation rests upon the military authorities to see that coal is exported from Germany to these countries so long as SHAEF is responsible for the distribution of coal in Northwest Europe. However, once the period of military supply responsibility for Northwest Europe is terminated (as will soon occur), it was their view that the responsibility of the military authorities in Germany would be limited to ensuring the production only of the minimum amount of coal needed to prevent disease and unrest in Germany.

The expression of this narrow view of the responsibilities of the military authorities in Germany has caused considerable concern to the Department. It appears to me so clearly inconsistent with the directives which have been issued to the Commander-in-Chief of the United States Army Forces of Occupation in Germany,¹ that it seemed desirable to inquire whether it does in fact represent the considered view of the War Department. Under the directive to the Commander-in-Chief approved by the President on May 11, 1945 (IPCOG 1/4),² he is directed in his dual capacity as United States member of the Control Council and commander of the American zone of occupation to carry out certain basic objectives of United States policy. These include the provision of relief for the benefit of countries devastated by Nazi aggression, and the directive orders the taking of all feasible measures to facilitate the production of coal and, subject to certain limitations, other types of goods and services needed for this purpose. Since only the military authorities are in a position to implement this directive, it has seemed to us that the responsibility for determining what imported supplies are needed to make use of German resources for this purpose must be determined by the military, and that the responsibility for procurement of such supplies must rest with the military.

¹ General of the Army Dwight D. Eisenhower.
² This paper circulated the text (approved by Truman on May 11, 1945) of a "Directive to Commander in Chief of U. S. Forces of Occupation Regarding the Military Government of Germany". A slightly modified version of this text is printed in Department of State Bulletin, vol. xiii, p. 596.

[No. 336]
It is the State Department's view that for the period of Allied military government in Germany, the procurement and initial financing responsibilities of the military authorities with respect to imports are not limited to consumption of occupying forces, displaced persons, and such minimum consumption by German civilians as are necessary to prevent disease and unrest, such responsibility should include all imports which serve the purposes of the United States government in Germany. This responsibility, moreover, in the view of the Department, extends to the United States' share of any combined financing which may be undertaken in concert by the occupying powers. As you are aware, it has been decided as a matter of government policy that this Government will seek to make the reimbursement of all expenses incurred by it in importing supplies into Germany a first charge on German ability to make foreign payments.

I should very much appreciate receiving your comments on this matter at an early date.

Sincerely yours,

W. L. CLAYTON

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840.48/6-2145

The Assistant Secretary of War (McCloy) to the Assistant Secretary of State (Clayton)

SECRET

WASHINGTON, 21 June 1945.

DEAR MR. CLAYTON: I have your note of June 18th,¹ and I will see that the subject is discussed and given careful consideration in the Department. I will then advise you formally of our conclusions.

Pending this notification, however, I think that our chief difficulty arises from the fact that once we are in our separate zones, it is very difficult for us to justify expenditures for Army appropriations for the provision of civilian supplies in foreign occupied zones, the benefits of which would accrue to civilians of liberated areas. It is true that the Army in its zone and the Commander of the Army in his capacity as a member of the Control Council is an agent to carry out the policies of this Government, which include the utilization of German resources for the benefit of liberated areas.

We have heretofore justified our Army appropriations for civilian supplies on the basis of protecting our tactical operations against an enemy in the field. When those operations cease, it becomes, at least in respect of non-occupied territory, a matter for the relief and rehabilitation agencies of the Government to deal with and to finance. If this were not the case, I think we would have the rather anomalous

¹ Document No. 336.
situation of the Army determining the rehabilitation program of foreign countries. I do not believe that either the Congressional policy or the Administration policy encompass such an activity for the Army. The Army can supervise the work of the Germans in the production of German resources, but this is an entirely different function than financing the production of those resources, and some financing is needed. In other words, this is an expense of rehabilitation and not an expense of occupation. With every desire to be helpful in a situation, the acuteness of which we are all aware, I do not believe that we are taking a narrow point of view when we contend that the Army should not be called upon to produce these funds.

As I say, we will endeavor to give you a more formal reply to your letter. I am merely giving you my first reaction to it.

Sincerely,

John J McCloy

No. 338

740.00119 Control (Germany)/6-2745 : Telegram

The Political Adviser in Germany (Murphy) to the Acting Secretary of State

[Extract]

SECRET

Hoechst, June 27, 1945—8 p. m.

US URGENT—NIACT

62. Most Immediate.

2. I regret the insistence that the French accept southern Wurttemberg \(^1\) against their apparent desires since it involves the division and possible political obliteration of an important and historically liberal German federal unit.

It is noted that Ambassador Winant and Mr. Mosely have voiced objection to this solution which appears to us to be at variance with the directive to obtain the political decentralization of the Reich, the sound accomplishment of which would seem to depend on rebuilding and reviving the traditional federal units of Germany other than modern Prussia.

Sent Dept repeated to London as No. 10; copy to Paris.

Murphy

\(^1\) In the delineation of the French zone of occupation in Germany.

[No. 338]
The Political Adviser in Germany (Murphy) to the Director of European Affairs (Matthews)\(^1\)

SHAED, June 28, 1945.

A-63. Following considerations appear pertinent (top secret for Matthews) to our present policy of completely banning all political activity in Germany (supplementing my 3268 June 2, 2 p. m.\(^2\)).

Any or most political groups we permit to organize in near future seem likely to become anti-American-Military Government, particularly if as appears probable German people will suffer an adverse economic existence for some time to come. And once we lift present ban on political activity it would be extremely difficult to reintroduce it.

Our current policy is essentially negative and suppressive and results in a political vacuum which various groups will undoubtedly try to fill. If we continue ban too long, it may discourage the more democratic elements which begin to show signs, though these are faint and timid, of a desire to express themselves following years of Nazi suppression. Continuation of ban may well provide milieu for exploitation by totalitarian extremists of both Right and Left who are only too adept at disciplined underground activity. Relatively unorganized Social Democrats and Centrists might be inclined to obey our orders while Communists and Nazis advance their own organizations.

An added and most important consideration is that ban on political activity will not be in effect throughout Reich. There is good reason to believe that Free Germany Movement (see Morris’ memorandum no. 33\(^2\) for comprehensive analysis of present situation) is already being given administrative power on exclusive basis in Russian areas, with obvious future political implications.

Department has presumably already received Radio Monitoring Report of Berlin broadcast on June 10 giving Zhukov’s Order No. 2.\(^3\) Besides permitting establishment of free trade unions, this authorizes formation and activity in Soviet Zone of all anti-fascist parties to extent that they are aimed at exterminating fascist remnants and consolidating democracy.

The accompanying commentary broadcast suggests strongly that this order will lead to development of one party totalitarian political

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\(^1\) Sent to the Secretary of State ad interim.

\(^2\) Not printed.

system of type already established in eastern Europe and Balkans. The commentary calls for a strong democracy, not a democracy of the Weimar type, and emphasizes that the democratic forces must be united and not split up. It ends by warning that whoever tries to interfere with the unity of these democratic forces will be treated as an enemy of democracy.

The above will probably have as its net results placing political control in the Russian Zone completely in the hands of the Free Germany movement. Its activities will tend to overflow into our Zone, and when we finally raise the present ban on political activity, Communists may profit from a considerable head start as the only political group in Germany organized and active on a national basis. The possibility that they may be strongly supported by one of the four occupation powers will be an additional factor in their favor.

The Political Division has just submitted to General Clay a proposed directive to the American Military District Commanders for the implementation of JCS 1067 after the dissolution of SHAEF. The proposed directive covers paragraphs 9a and 9c of JCS 1067 dealing with political activity and parades. We have sought in an accompanying memorandum to give some guidance to Military Government officers in their handling of purely local political and quasi-political groups which have sprung up here and there. We have suggested the possibility of making some informal use of local non-political groups to assist in the handling of Military Government problems. We have particularly emphasized the possibility of using individual members of such groups as are democratic and represent more than extremist minorities. All of this has been based on the rule laid down in JCS 1067 that there shall be no political activity, except as may be authorized by the Theater Commander. So long as the ban continues absolute, as it has been hitherto, it will remain difficult to avoid stifling completely all democratic elements in our zone. It now appears however that General Clay is inclined to strengthen our memorandum in a positive sense and to make it an integral part of the directive when issued. This would mean in effect a modification for the first time of the absolute ban on political activity.

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4 Not printed.
5 J. C. S. 1067 was the first in a series of drafts and papers produced during the development of the directive to the Commander in Chief, United States Forces of Occupation in Germany, regarding the military government of Germany (text in Foreign Relations The Conferences at Malta and Yalta, 1945, p. 143). The reference throughout this paragraph, however, is actually to a later paper in the series, viz., the directive as finally issued in May 1945 (see Department of State Bulletin, vol. xiii, p. 590).
The problem is one to which we will undoubtedly have to give continuing serious attention and I would appreciate the Department's reactions.

Murphy

No. 340

740.00119 Control (Germany) 6-3045

The Political Adviser in Germany (Murphy) to the Secretary of State ad interim

TOP SECRET

[SHAPEF,] June 30, 1945.

No. 519

Subject: New State Organization in Western Germany

Sir: With reference to my telegram no. 3749 of June 21¹ regarding the proposal put forward by American officers in SHAPE for the constitution of a new German State (Land), I have the honor to inform the Department that Headquarters of the European Theater of Operation, United States Army (ETOUSA) has directed U. S. Twelfth Army Group, pending the definitive fixing of the French zone and establishment of the Western Military District, to proceed with the organization of the Western Military District for Military Government purposes on the basis of three German States (Laender), as follows:

Hessen-Nassau (including Provinces Kurhessen and Nassau), capital: Kassel

Hessen (North and South Hessen, excluding that portion of South Hessen West of the Rhine), capital: Darmstadt

N. E. Wurtemberg, (roughly north of a line drawn from Karlsruhe to Ulm), and N. Baden (including LKB [Landeskommisstrarbezirk] Mannheim and LKB Karlsruhe less the Kreise of Rastatt and Buehl), capital: Stuttgart

A copy of the pertinent instruction is enclosed herewith.¹

This provisional arrangement appears to meet, in substance, the very strong reservations which we entered to the original proposal for a single German State in the Western Military District, and which were approved by the Department in its telegram no. 12 of June 21, 7 p. m.¹ It affords the military authorities the framework for a coordination of the German regional administrations which they desired, yet does not commit us to an entity which would obliterate the larger traditional State units such as Wurtemberg. It will be noted that paragraph 6 of the ETOUSA instruction will

¹ Not printed.
permit the German authorities in each of the Laender to establish machinery to coordinate functional activities in such matters as food control, communications, and transportation. This provision meets the requirements of the U. S. economic authorities for an over-all control in the Western U. S. area which in large part were the motivating reason for the suggestion for the establishment of a single State in the military district comprising that part of the U. S. zone West of Bavaria.

For the Department's background information, the following papers are enclosed which throw an interesting light on the discussions that took place here with respect to the single State arrangement:

1. A memorandum\(^2\) submitting the proposal to General McSherry of SHAEF G-5;
2. A memorandum\(^2\) with supporting arguments drawn up by the proponents of the proposal;
3. My memorandum to General Clay requesting that action be suspended on the proposal and suggesting that certain arrangements might be made to meet urgent administrative necessities in the field of transport, food control and communications, etc. (See paragraph 2 of my telegram under reference).

It may be acknowledged that the supporting memorandum, attached as enclosure 3, presents some cogent arguments in favor of the proposed new State in the Western Military District. These arguments draw further weight from the conclusions of the German States Conferences (Laenderkonferenz) of 1928 which, seeking to counteract the dominance of Prussia, put forward a suggestion for the constitution of a similar State to be known as Rheinfranken, with the addition, however, of the Rhine Province.

The supporting memorandum also takes up several arguments against the proposed new State, but it may be held to dismiss some of them in too summary a fashion. The main argument which I stressed in discussions here and in my memorandum attached as enclosure 4, was that the proposal in any event was premature at the present stage of our occupation of Germany. Furthermore, we felt we did not yet possess sufficient knowledge of German public opinion to say with certainty that the proposal would meet with the support necessary to sustain it.

The following other reservations of a more long-range nature which suggested themselves in connection with the single State

\(^2\) Not printed.
proposal appear to have been in large measure taken into account in the arrangement for the three-State organization:

a. Whether it is desirable to dilute, by submergence in an arbitrarily created State, the desire for local autonomy of the populations of areas such as Württemberg and Baden which might be turned to advantage later in establishing a federative structure based on the historical German States;

b. Whether such a step taken now would not render difficult any decision which might eventually be agreed upon to divide Germany into independent, homogeneous units comprising either the Southern or Western areas;

c. Whether the suggested single State would command sufficient popular support and would be economically stable enough to withstand the pull toward Prussia or toward a nationalist German government, which would find it all the easier to take over an already highly centralized organism.

I trust the Department will find these considerations of interest and I would appreciate being kept informed of current thinking in the Department on the general problem of German government organization.

Respectfully yours,

ROBERT MURPHY

[Enclosure 4]

TOP SECRET

[SHAEF,] June 20, 1945.

MEMORANDUM

There are weighty arguments in favor of a proposal to combine the area of Hesse-Nassau and the parts of Baden and Württemberg into one Land. The chief argument however seems to be one of immediate expediency in the administration of food and transportation. The problem imposed by the food and transportation shortage is of the highest priority and there should be no hesitation in using new administrative procedures to cope with it.

On the other hand, there is the objective of political decentralization, the solution of which is not immediately urgent but which may be of the greatest eventual importance. While it is possible that the proposal may meet the needs of the decentralization policy later on, at the present time decentralization can only be started by emphasizing the traditional and existing governmental units. The early and arbitrary establishment of the new political unit would certainly seem to interfere with future decisions about the government structure of the Reich. A solution should be sought which will meet the present administrative and economic emergency but which will not prejudice future political development and policies which we are not yet able to foresee.
It is suggested that the economic emergency toward whose solution the present proposal is directed could be met by a special German economic administration for the western military district. This administration could handle distribution of food, rationing, transportation, communications, and such other economic problems as cannot be solved on the basis of the present political subdivisions of the district. To avoid giving it any political character the administration might be known, say, as “Economic Authority West”. The creation of such a special and non-political administrative organization would enable ETOUSA to confine its supervisory contacts to two units, Land Bavaria and the Economic Authority West. At the same time this would preserve the existing political divisions and local sentiment which exists and may be re-developed.

In any event it would seem inadvisable for us now in the absence of consultation with our Government to go beyond any arrangement such as the above in the direction of the constitution of new political entities within the Reich. The proposal would also have a bearing on decisions for the treatment of Germany as a whole which must be decided by Allied Control Council authority.

From recent developments in the negotiations concerning the boundaries of the French zone, it appears that practically all of Württemberg may remain in the American zone. Instead of dealing with fragments of the state of Württemberg therefore, we may have the opportunity of maintaining this historic state practically in its entirety. This state has a long history and has been one of the most democratic of the German regions.

No. 341

$40,48/0-2145$

The Assistant Secretary of State (Clayton) to the Assistant Secretary of War (McCloy)

SECRET

[WASHINGTON,] June 30, 1945.

My Dear Mr. McCloy: I have studied your preliminary reply of June 21¹ to my letter of June 18² regarding German financing. As you may be aware, the whole subject was extensively discussed in a meeting in Mr. Mason's office on June 25 which was attended by Colonel Davis and Lt. Colonel Foehl. At that meeting tentative agreement was reached on a proposal to be made to the British and Canadians later this week with respect to interim financing as related to the zonal issues.³

¹ Document No. 337.
² Document No. 338.
³ No evidence has been found in Department of State files to indicate that the anticipated conversations took place at this time.

[No. 341]
With respect to the type of imports to be financed, the Department believes that it is essential that a policy decision be reached at the highest level that the War Department should, for the reasons outlined in my previous letter, be responsible for all imports which serve the purpose of the United States Government in Germany.

There is attached a draft of memorandum covering both of these points.

Sincerely yours,

W. L. CLAYTON

[Attachment]

GERMAN FINANCE

1. It is the expectation of the United States Government that the Control Council for Germany will begin to function quickly in accordance with existing Allied agreements and that redeployment of Allied Forces in conformity to agreed zonal boundaries can be carried through without delay. The present combined command (SHAFAQ) will be discontinued on July 1, 1945 or shortly thereafter.

2. Formulation of the principles governing the procurement and financing of essential German imports should be an immediate task of the Control Council. If possible, an agreed supply program for Germany as a whole should be put into effect as soon as redeployment into zones has been completed. Such a program should include provision for equitable inter-zonal distribution of supplies available within Germany so as to minimize the net deficit for, and imports into, Germany as a whole. The sum necessary to pay for imports into Germany should be a first charge on all German exports from current production or stocks on hand. In the event, and to the extent, that the proceeds of exports are insufficient to pay for approved minimum imports, the necessary arrangements for interim financing should be made by the Allied countries concerned on a basis to be negotiated. Reimbursement for any net outlays made in connection with the provision of supplies for Germany should be sought from subsequent German exports. Claims for reimbursement of this type should rank above reparation.

3. The United States Government is not prepared to continue the present combined procurement and supply program and machinery beyond October 31, 1945.

4. Arrangements should be made effective August 1, 1945 for making records of all distribution of supplies into the three western zones.

4 i.e., the agreement signed at London, November 14, 1944, as amended by a further agreement signed at London, May 1, 1945. For texts, see Treaties and Other International Acts Series No. 3070; United States Treaty and Other International Agreements, vol. 5, pt. 2, p. 1062. Text of the agreement of November 14, 1944, also in Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 124.
The three occupying powers, the United States, U. K. and France, would be billed for supplies distributed to their respective zones after August 1. The amounts for which the three governments would thus become individually responsible as well as the amount arising out of deliveries to Germany prior to August 1, 1945 would of course be a first charge on German exports.

5. If the Control Council has not reached agreement on a supply program along the lines of paragraph 2 by October 31, 1945, each occupying power should, in the view of the United States Government, assume procurement and financing responsibility for the supplies required in its zone.

6. Since the Commander-in-Chief of the United States Army Forces in Germany in his dual capacity as United States member of the Control Council and Commander of the zone of occupation is entrusted with full responsibility for carrying out all objectives of United States policy in Germany, it is the Department's view that the War Department should assume procurement and initial financing responsibilities with respect to imports not only for the consumption of occupying forces, displaced persons, and such minimum consumption by German civilians as is necessary to prevent disease and unrest, but also all imports into Germany for which the United States Government assumes responsibility. In the view of this Department, moreover, the War Department's responsibility should extend to the United States' share of any combined financing which may be undertaken in concert with the occupying powers.

No. 342

The Secretary of War (Stimson) to the Secretary of State

SECRET

WASHINGTON, July 4, 1945.

DEAR MR. SECRETARY: I have given careful consideration to the points raised in the letter dated June 18, 1945 \(^1\) from the Assistant Secretary of State, Mr. Clayton, to the Assistant Secretary of War, Mr. McCloy, with respect to the responsibility in this Government for financing imports into Germany.

Mr. Clayton's letter was apparently written before the State Department had had an opportunity to consider my letter to the Acting Secretary of State dated June 14, 1945 \(^2\) in which I pointed out that no provision has been made by this Government to finance supplies which may have to be provided to Germany and Austria,

\(^1\) Document No. 336.
\(^2\) Not printed.

[No. 342]
from U. S. sources, beyond the limited provision the War Department is making to meet our strictly military obligation. As no funds have been appropriated for the purpose of financing imports to Germany beyond those necessary for purely military purposes, recourse to the Congress will be necessary. In my opinion, any approach to Congress for the purpose should be based upon an agreed governmental policy approved by the President.

General Eisenhower, during the period of the military government of Germany, will act in a dual capacity. As the Commanding General of U. S. forces in Germany his responsibility is purely a military one. In this connection he is responsible for the care, maintenance, and security of the troops under his command. The funds necessary to permit him to discharge this military responsibility, i.e., funds required to finance supplies for U. S. troops and for sufficient provision to civilians to assure the security of such troops in the zones which will be occupied by U. S. forces, have been included in the War Department budget estimates for 1946.

In addition to his purely military capacity, General Eisenhower will act as the U. S. member of the Control Council for Germany. In carrying on the military government in the U. S. Zone in Germany, General Eisenhower acts not merely as a soldier in accomplishing a military mission but as the representative of our Government in implementing the Government's foreign policy with respect to Germany.

As a member of the Control Council General Eisenhower is also responsible equally with other governmental representatives on the Control Council for the government of the zones of Germany which our troops do not occupy. In this latter capacity the General will serve not as a military commander but exclusively as the representative of his government.

As Mr. Clayton states, directives have been given to General Eisenhower "in his dual capacity". Such directives are transmitted through the Joint Chiefs of Staff. As is stated in Mr. Clayton’s letter, however, the directives represent "the basic objectives of United States policy". They do not reflect the views or responsibilities of any single department but represent the policy of the Government as a whole. It follows that responsibility for their implementation is a governmental responsibility and not merely a departmental one.

I recognize the validity of the statement in the letter from the Assistant Secretary of State to the Assistant Secretary of War that "it has been decided as a matter of governmental policy that this Government will seek to make the reimbursement of all expenses
incurred by it in importing supplies into Germany a first charge on German ability to make foreign payments’. At the present time, however, the stated policy has not been agreed by all of the governments who will be responsible for the government of Germany. Moreover, even if their agreement is obtained a substantial period of time will have elapsed before the expected reimbursement can be accomplished. In the meantime we are confronted with the problem of initial financing of German imports.

German imports during the period of military government will fall into the following categories:

1. Imports into the zone occupied by U. S. forces for the purpose of maintaining and protecting our troops.
2. Imports into the zone occupied by U. S. forces to implement the political policy of our Government.
3. Imports into the zones occupied by forces of the other occupying powers, either from abroad or from the United States Zone in Germany, for the maintenance and protection of their troops or to accomplish the political policy of the U. S. or of the other occupying powers.

It is probable that imports for the zone occupied by U. S. forces will be required not only from the U. S. but from other sources of world supply. It is also probable that the necessary imports for zone[s] occupied by the forces of our Allies cannot be met completely from their sources, and that imports will have to be procured in the U. S. for introduction into zones which we do not occupy.

After full consideration of the factors involved it is the view of the War Department that, in the absence of an authoritative governmental policy to the contrary, its responsibility, as a military department, should be limited to providing the initial financing necessary to maintain the flow of supplies for U. S. troops and sufficient supplies for civilians in the zone occupied by U. S. forces to assure the security of our troops. If the War Department is to finance additional supplies for import into Germany, it should do so only pursuant to policy established on a governmental basis and approved by the President.

In summary, it seems to me that the foregoing analysis discloses the necessity for determining the answers to the following questions:

1. For what areas in Germany, for what purposes (production for reparations, to meet British or Russian military needs, for European relief, etc.) will our Government initially finance supplies (a) procured in the U. S. and (b) procured from non-U. S. sources?
2. To what agency of the Government should Congress be requested to appropriate the necessary funds to implement policy determined in answer to the preceding question?

The questions raised above are applicable to Austria as well as to Germany.
In my letter of June 14, 1945 to the Acting Secretary of State I stated my conviction that steps should be taken to centralize the administration of our assistance to Europe and that, as a prerequisite to our continued help, the European nations themselves should be induced to integrate the consideration of their own basic problems, such as coal and transportation. The question of how our Government will finance German and Austrian imports is merely one phase of the overall question as to what shall be our economic policy in Europe.

As I believe formulation of definite governmental policy on these questions is urgently required I renew the suggestion, made in my letter of June 14, that you or your representative call together Mr. Forrestal, Mr. Morgenthau, and Mr. Crowley, or their appropriate representatives, with Mr. McCloy and Judge Rosenman for the purpose of making recommendations to the President.

Sincerely yours,

HENRY L STIMSON

740.00119 Control (Germany)/7-445

The Assistant Secretary of State (MacLeish) to the Secretary of State

TOP SECRET  [WASHINGTON,] July 4, 1945.

You asked me at the Staff Committee meeting this morning to submit a paper on the Department's efforts to prepare a long-range policy for German reeducation. The paper is attached.


[Enclosure]

The Assistant Secretary of State (MacLeish) to the Secretary of State

TOP SECRET  [WASHINGTON,] July 4, 1945.

Subject: Long-Range Policy for German Reeducation.

The Present Status of the Problem.

The War Department has repeatedly requested the Department to prepare a long-range policy directive on German reeducation for the guidance of its representatives in Germany. Since the problem is one of the greatest difficulty, the Department invited a group of citizens distinguished and experienced in the field of education to advise with it. The Chairman of the Committee was President Edmund E. Day of Cornell. Members were: President George Shuster of Hunter College, President Frank Graham of the University of North Carolina, President John Milton Potter of Hobart College, Dean Martin
McGuire of the Graduate School of Catholic University, Professor Eduard C. Lindeman of Columbia University, and Professor Reinhold Niebuhr of Union Theological Seminary. Not all members attended all meetings.

The Committee met on two occasions in May and June, its sessions covering two days in each case. Its recommendations were subsequently submitted to, and approved by, the Coordinating Committee of the Department of State and the Secretary's Staff Committee, certain changes being made by both Committees. The recommendations as approved were subsequently discussed by President Frank Graham with Assistant Secretary of War McCloy and General Hilldring, Director of the Civil Affairs Division of the War Department. Mr. McCloy and General Hilldring expressed informal approval. To avoid undue delay in IPCOG, the approved statement was discussed by me directly with Secretary Morgenthau who undertook to communicate his reactions promptly.

**Assumptions Underlying Proposed Statement of Policy.**

The Advisory Committee and the Departmental Committees which formulated the proposed policy stated that their proposals were based upon certain assumptions as to the character of the military occupation of Germany, the economic reorganization of Germany, the transformation of the German social structure, the political and cultural structure of Germany following the occupation, and the long-range objectives of American foreign policy as they affect [affected] Germany. The Advisory Committee has pointed out that an educational program cannot be devised in an economic, social, and political vacuum. The reeducation of the German people should be an integral part of a comprehensive program of rehabilitation which would eliminate Nazi and militaristic influences and convince the German people of their defeat in the war and their responsibility for the inhuman manner in which it was conducted. The specific assumptions made by the Committees were listed by them as follows:

1. **Character of the Military Occupation of Germany.** The Committee assumes that the military occupation of Germany will be of such a character as to eradicate from German public life and from German schools Nazi and militaristic personnel and propaganda materials, and to offer the German people present and tangible evidence that Germany lost the war, that Germans individually and through national organizations were responsible for brutalities and inhumanities in the prosecution of the war for which punishment is due, and that the constraint of the German people during the period

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1 In a letter to Byrnes dated July 13 (file No. 862.42/7-2845) MacLeish stated that this paper had been approved informally by Under Secretary of War Robert P. Patterson as well as by McCloy and Hilldring.
of occupation is a direct and necessary consequence of Germany's fanatical conduct of the war.

(2) Economic Reorganization of Germany. The Committee assumes that the economic reorganization of Germany, while impressing upon the German people the consequences of their responsibility for the war, will permit them to survive as a nation and to participate creatively in the economic life of their time.

(3) The Transformation of the German Social Structure. The Committee assumes that a fundamental transformation of the German social structure will be necessary to eliminate permanently the Nazi and militaristic elements, that the Germans themselves will attempt to carry through this change in a democratic direction, and that the occupation authorities should encourage these efforts.

(4) The Political and Cultural Structures of Germany Following the Occupation. The Committee assumes that no partition of Germany is intended, that the division of Germany into zones of occupation is a temporary division and that, following the occupation, Germany will emerge, with whatever territorial alterations are determined upon, as a political and cultural entity.

(5) Long-Range Objectives of American Foreign Policy as They Affect Germany and the German People. The Committee assumes that it is the policy of the United States Government, while avoiding interference in the domestic affairs of other nations, to encourage the self-government of peoples on the ground that tyrannies have been demonstrated to be dangerous to the security of the world and that nations in which the people govern themselves are more likely to keep the peace and to promote the common interests of mankind. It is therefore the assumption of the Committee that the Government of the United States wishes to see Germany emerge from the period of occupation as a self-governing nation in which individuals are responsible for the conduct of the state, rather than as a totalitarian nation in which the state exercises responsibility for the individual citizens.

Reasoning Behind Proposed Statement of Policy.

The Advisory Committee, throughout its deliberations, was much impressed by the need for a common educational policy as among the occupying powers. It was recognized that a basic policy directive in the field of education would be applicable not only to formal education in schools and universities but also to programs of adult education through mass media and otherwise. The Committee was acutely conscious of the danger that, unless the occupying powers agreed among themselves, Germany might be turned into the cockpit of an ideological war with serious future implications. It was felt, therefore, that every effort should be made to discover a common denominator of policy in this field which would be acceptable to all the occupying powers.

While recognizing fully the extraordinary difficulty of the problem, the Committee felt that such a common denominator could be found. It believed that here as in other areas the most effective common denominator on which to base common action by peoples with different
political systems was opposition to the common enemy—in this case to the ideas and practices of the common enemy. Specifically, it was the opinion of the Committee that certain principles, diametrically opposed to the practices of Nazism offered common ground for a program of reeducation intended to undo the evil which the Nazi system of education had perpetrated. These principles, as the Committee saw it, are the “universally valid principles of justice”. The policy they recommend, therefore, is a policy based upon the inculcation of these principles. It is worthy of note that it is not a policy based upon the inculcation of specific political ideas associated with the form and practices of government of any one of the Allied powers. On the contrary, universally valid principles of justice are postulated. The inconsistency with these principles of prevalent Nazi practices is pointed out. And conclusions are drawn as to the educational operation recommended.

The recommended long-range policy statement for German reeducation follows. I have omitted two introductory paragraphs in which the assumptions of the Committee as to the place of the reeducation program in a comprehensive program for rehabilitation, and the responsibility of the military occupation for the elimination of Nazi and militaristic doctrines and practices, are stated.

Statement of Policy.

(1) The political and moral reeducation of the German people will foster the reestablishment of universally valid principles of justice.

(2) The German people must come to understand that the Nazi repudiation of these principles destroyed all individual rights in the Nazi state, made the effort at world tyranny inevitable and brought Germany to its present disaster. They must come to understand that the present control measures over Germany are not prompted solely by the German violation of the rights of other peoples. They are also made necessary by the political chaos in Germany, which is the direct consequence of the Nazi denial of all political rights and the destruction of all alternative organized forces within the nation.

(3) The primary principles of justice, basic to the program of reeducation, are:

(a) That men and nations owe obligations to each other; and that these responsibilities are not, as Nazism maintained, limited to a single race, nation or group.

(b) That the dignity and integrity of the individual must be respected by society and other individuals; and that the individual is not, as Nazism maintained, merely a tool of the state.

(c) That citizens bear their share of responsibility for public policy and that they have the right and duty to participate in government resting on the consent of the governed.

[No. 343]
(d) That the untrammeled pursuit of truth is a prerequisite for the maintenance of justice; and that free communication between individuals, groups and nations is a necessary condition for national and international understanding. Experience with Nazism proves what evil consequences flow from the suppression and corruption of the truth.

(e) That toleration between diverse cultural and racial groups is the basis of national and international tranquility; and that coerced unity of culture, after the manner of Nazism, is the source of both tyranny and anarchy.

(4) To be effective, the program of German reeducation must make use of those native resources of German civilization which offer promise of the peaceful development of new ideals and institutions. The collapse of centralized authority in Germany is conducive to the assumption of local and regional initiative and responsibility for such civic enterprises as schools, literary societies, libraries, social agencies and hospitals. But in addition to the mobilization of healthy cultural influence in the locality and in the region, it is essential that the cultural revival be allowed on a national scale. A potential basis for German self-respect is the justifiable pride of Germans in their former great literary, artistic, scholarly, scientific and religious contributions to civilization.

(5) The occupation authorities will bear in mind that permanent cultural changes can be effected only as they are developed and maintained by the Germans themselves. Having first eliminated the Nazi elements, they will seek to effect the progressive transfer of authority in reeducation to responsible Germans as rapidly as conditions permit. The most obvious evidences of anti-Nazi resources will be found in specific religious, intellectual, trade union and political resistance to Nazism. A further source of anti-Nazism should be considered: that springing from the resistance of the family, particularly of the women, to the Nazi state. Similar resources must also be looked for in members of welfare and teaching organizations who remained unpolitical and thus possibly avoided the taint of Nazism. The occupation authorities will encourage the revival of educational and other cultural activities of those groups and organizations (such as the family, the churches, trade unions and welfare organizations) many of which have suffered under Nazism and which form a natural basis for the realization of the principles formulated above.

(6) During the Nazi epoch, Germany was virtually cut off from outside cultural influences and a perverted German culture was deliberately used both at home and abroad as an insidious political weapon. Under no circumstances must this be permitted to happen again. The best way to prevent it, after the occupation authorities have taken the necessary measures of control, and subject to the
willingness of individuals and cultural communities outside of Germany, is to encourage a resumption of carefully selected activities in the field of cultural relations between other nations and non-Nazi elements in Germany.

ARCHIBALD MACLEISH

2 The signature on the enclosure is typed.

No. 344

740.0019 Control (Germany)/7-445

The Director of the Office of War Information (Davis) to the President

CONFIDENTIAL

WASHINGTON, July 4, 1945.

DEAR MR. PRESIDENT: While the subjoined suggestion proposes action which would not be taken until after the Berlin conference, it might perhaps usefully be borne in mind during the discussions.

The central problem of Germany is the reeducation of the German people, without which our other measures may be no more than temporary palliatives. I suppose that what we all want is a Germany which will no longer be dangerous to its neighbors; but how best to attain that objective is a problem that calls for the best intelligence available in the world. The problem is of course far beyond the competence of OWI, as the execution of the program will far outlast our lifetime; yet the information which the OWI–Army news team is now providing the Germans, through newspapers, the radio, and newsreels, cannot help being the actual beginning of that reeducation. We plan it as well as we can; but we cannot see very far ahead, and we could make a better beginning if we knew more about the ultimate goal.

Ideally, it may be hoped that the four occupying powers will agree on the general outline of a reeducation program; but if they should fail to do so we shall still have an education problem in our own occupation zone. Somebody, whether well equipped or not, whether sure of his objective or not, will have to start doing the job pretty soon; and it seems to me clearly to our interest to have it done as well as possible.

I venture to suggest, therefore, that on your return you appoint a commission of the ablest educators obtainable, plus representatives from the State and War Departments, to recommend for your consideration a program of both objectives and methods for German reeducation; and that one or more of the members of that commission be placed in charge of its execution for so long as the United States government may be involved in the responsibility. An OWI representative, I think, might usefully participate in the deliberations of

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the commission; though we shall pass out of existence before the 
execution of the program has much more than begun.

Bearing on a more immediate problem, I enclose a memorandum on 
the coordination of propaganda, the principle of which has been 
approved by the State and War Departments.

Very respectfully,

ELMER DAVIS

1 Not attached to the original covering letter in Department of State files.

No. 345

Department of the Army Files: Telegram

The Deputy Military Governor, United States Zone in Germany (Clay) 
to the War Department

SECRET

PRIORITY

Ref number CC 13081 to WarCAD from US Group CC signed 
Clay.

1. Following preliminary political report on conditions in Germany has 
been prepared in consultation with Ambassador Murphy. Similar 
reports are expected to be made periodically in future covering 
developments of a political nature. This report is based on intelli-
gence received to the end of June. It is not an exhaustive review 
but covers some of principal topics which have political implications 
at present moment.

2. Denazification. Denazification program as it relates to removal 
of Nazis from public office is proceeding with varying degrees of 
r rapidity. In some areas such as Aachen and Cologne screening 
process is virtually complete[;] less progress has been made in Wuert-
temberg and Bavaria, while program is slowest in SHAEF occupied 
areas of Soviet Zone. No reliable information received as to Soviet 
denazification program. Scattered reports indicate French are im-
plementing removal directives reasonably well in their area.

It is reported that about 75,000 persons have been detained to 
date on basis of black list and arrest directives. Size and admin-
istrative complexity of task may be illustrated by facts that admin-
istrative and executive personnel of police have generally been found 
100% Nazi, while 60% of rank and file of criminal police and 40% 
of all other police were Nazi. In Frankfurt 50% of 326 bank per-

1 Cf. telegram No. 137 from the Political Adviser in Germany (Murphy) to 
the Acting Secretary of State (file No. 740.00119 Control (Germany))/(7-1045): 
"The Department will wish to see US group CC signal No. CC-13081 . . . to 
War Dept. Signal in question is summary of more important factors in present 
political situation in Germany and was prepared by my office. . . ."
sonnel examined were dismissed as Nazis. Program of arrest and removal has suffered from past lack of trained personnel but is being speeded by shift from combat to occupational phase, by steps under way to train reliable German personnel to assist in screening program and by issuance of clarified removal directive in US Zone after SHAFF dissolution. New directive on political activity also being drafted to permit use of anti Nazi prodemocratic groups which are eager to assist in denazification.

Report forms now being distributed to field will assist in supplying statistical information in future.

3. Political activity. No general pattern of political feeling or activity has emerged. SHAFF area continues dormant partly under influence of ban on political activity and partly because German masses seem totally apathetic and primarily concerned with everyday problems of food, clothing and shelter. Local groups of varying types have been formed in some places, chiefly larger communities. In some places they are joint groups of all former Center and Leftist parties. In other places they represent new groups such as Bavarian Freedom action in Munich or Anti-Fascist League in Bremen. In some places chief stirrings are by some one of former parties such as Social Democrats in Kassel or Communists in Leipzig. All organizations carrying on political activity have been dissolved. This does not prevent subsequent underground activity especially by better organized Communists. Field reports stress foregoing point. This situation is being carefully watched. All nascent groups seem small in numbers and no groups appear to have more than local ramifications or leaders as yet except Communists. While there is no evidence of mass Communist movement, Communist groups are widely scattered, active, and well organized. There are some indications of outside guidance.

There is no evidence of an attempt to organize a Nazi underground.

We are carefully studying the potential political danger which exists. Fact [exists in the fact?] that people in urban areas are largely idle. The entire absence or low level of industrial activity is unavoidable result of war and directives of course prohibit us from maintaining or strengthening German economy. Reactivation of industries necessary to occupying forces will somewhat ameliorate situation. Children are idle because of school closing but program of reopening schools has already begun in Aachen and certain other places.

Separatist sentiment is not apparent anywhere though some desire is expressed to regain lost local rights and recreate former Federalism. This desire finds most expression in Bavaria and to lesser extent in Wuerttemberg. The continued split of latter state between US and French Zones may damage chances of stimulating this local feeling.

[No. 345]
No general feeling of war guilt or repugnance for Nazi doctrine and regime has yet manifested itself. Germans blame Nazis for losing war, protest ignorance of regime's crimes and shrug off their own support or silence as incidental and unavoidable. They are however generally cooperative with military government, whose courts in US Zone have handled 12,000 cases, mostly of minor violations, with only 18 serious cases in entire Zone to date.

Except for disciplined Communists most Germans in SHAEF area still appear under influence of Nazi anti-Bolshevik propaganda and fear Soviet occupation. More recently there is some evidence of paradoxical feeling of envy of conditions in Soviet Zone under influence of optimistic friendly broadcasts from Berlin radio.

New directive on political activity referred to above will generally continue ban on political party activity for time being but will permit and encourage use of organizations eager to help solve food and housing problems as well as to assist denazification program. This step is intended to encourage most clearly Democratic elements to assert themselves for constructive purposes.

4. Political aspects of coal problem. In connection with paramount problem of coal production it may be noted that German management has remained in control in Saar Basin but not in Ruhr where Rhine coal control organization of US and British engineers has taken over top management. Saar miners have agitated against managers on ground they are Nazis but this maneuver may be inspired as prelude to return of former French managerial staff after French take over Saar. Mine owners in Ruhr charge miners with Communism and assert Communists use reemerging trade unions as vehicle for political activity. Clear evidence lacking except that handbills are circulating among Ruhr miners comparing ample rations of 4,000 calories assertedly received by miners in Soviet Zone with 1,100 calories allegedly received in Ruhr. Fact is Ruhr miners now beginning to receive 2,800 calories and even 3,500 calories in some cases.

It appears that desired production of coal for overall European purposes can be achieved only if general economy of Ruhr and Saar areas is revived to minimum extent necessary to provide miners with sufficient food, clothing and services to maintain their strength and willingness to cooperate. Under such circumstances adverse political propaganda will not be effective. Intermingled political and economic importance of these special areas cannot be overestimated.

5. Information control. In realm of information control, there has been conscious policy of "austerity" in fields of press, radio, films, and music while encouraging Germans to assume self-administration as rapidly as they showed the desire, ability and proper mentality. Thus one newspaper has been licensed at Aachen for production by
a German under SHAEF supervision, and others will soon be licensed at Frankfurt and Munich, and I am activating entire program of reestablishment of German directed publications.

Germans in Frankfurt area are being allowed to reestablish symphony orchestra as rapidly as they can assemble musicians and instruments and tendency is to encourage same thing elsewhere.

Policy is to make fully and frankly known to press correspondents the facts of organization, activities, problems, and results of work of US Group CC in Germany.

No. 346

800.515.7-545

The Secretary of State to the President

[WASHINGTON,] July 5, 1945.

MEMORANDUM FOR THE PRESIDENT

Subject: German Interim Financing

1. There is full agreement among the Department of State, the Treasury Department, the War Department and the Foreign Economic Administration regarding proposals which should be made to the British, the French and the Soviets with respect to procurement and interim financing of essential German imports. Such proposals would, of course, state that the sum necessary to pay for imports into Germany should be a first charge on all German exports from current German production or stocks on hand. These proposals, as recently advanced to the British, are contained in the attached memorandum.

2. In recent discussions the War Department has pointed out that up to the present its financial responsibility for supplies for Germany has not included imports necessary to meet all of the objectives of the Government of the United States included in the directive to General Eisenhower. In particular, the War Department has confirmed its financing to imports for the consumption of occupying forces, displaced persons, and such minimum consumption by German civilians as is necessary to prevent disease and unrest. This would exclude imports necessary to effectuate approved programs of reparation, restitution and relief of Allied countries, and imports made necessary by reason of the elimination or restriction of particular German industries for disarmament purposes.

1 Printed from the copy forwarded to Clayton and Byrnes as an attachment to document No. 854 (see vol. ii, p. 779).

[No. 346]
3. The War Department has not indicated any unwillingness to accept any of these responsibilities but is of the view that it should do so only under explicit instruction from you.

4. Since the Commander-in-Chief of the United States Army Forces in Germany in his dual capacity as United States member of the Control Council and Commander of the zone of occupation is entrusted with full responsibility for carrying out all objectives of United States policy in Germany, it is the Department's view that the War Department should assume procurement and initial financing responsibilities with respect to all imports into Germany for which the Government of the United States assumes responsibility. In the view of this Department, moreover, the War Department's responsibility should extend to the United States' share of any combined financing which may be undertaken in concert with the other occupying powers.

J[AMES] F. B[YRNEs]

[Attachment]

GERMAN FINANCING

1. It is the expectation of the United States Government that the Control Council for Germany will begin to function quickly in accordance with existing Allied agreements and that redeployment of Allied Forces in conformity to agreed zonal boundaries can be carried through without delay. It is expected that the present combined command (SHAESF) will be discontinued on July 1, 1945 or shortly thereafter.

2. Formulation of the principles governing the procurement and financing of essential German imports should be an immediate task of the Control Council. If possible, an agreed supply program for Germany as a whole should be put into effect as soon as redeployment into zones has been completed. Such a program should include provision for equitable inter-zonal distribution of supplies available within Germany so as to minimize the net deficit for, and imports into, Germany as a whole. The sum necessary to pay for imports into Germany should be a first charge on all German exports from current production or stocks on hand. In the event, and to the extent, that the proceeds of exports are insufficient to pay for approved minimum imports, the necessary arrangements for interim financing should be made by the Allied countries concerned on a basis to be negotiated. Reimbursement for any net outlays made in connection with the provision of supplies for Germany should be sought from subsequent German exports.

3. The United States Government is not prepared to continue the present combined military procurement and supply program and machinery beyond October 1945 loadings.
4. Arrangements should be made effective August 1, 1945 for making records of all distribution of supplies into the three western zones. The three occupying powers, the United States, U. K. and France, would be billed for supplies imported into Germany distributed to their respective zones after August 1. The amounts for which the three governments would thus become individually responsible as well as the amount arising out of deliveries to Germany prior to August 1, 1945 would of course be a first charge on German exports.

5. Each occupying power should, in [the] view of the United States Government, assume procurement and financial responsibilities for the supplies required in its zones with November loadings unless prior to that time the Control Council has established in effective operation a supply mechanism along the lines of paragraph 2.

No. 347

740.00119 Control (Germany)/7-745

The Political Adviser in Germany (Murphy) to the Secretary of State
[Extracts]

SECRET

No. 576

FRANKFURT, July 7, 1945.

Subject: Report on Denazification

Sir: I have the honor to transmit herewith the following report on denazification matters.

Some time ago Lt. General Clay considered the question of holding a press conference on denazification and requested the Political Division to prepare necessary basic information on which such a press conference could be conducted. The question of the advisability and also of the nature of such a press conference was discussed at the informal Denazification Interdivisional Committee meetings, the results of which were reported to the Department in my confidential despatch no. 535,\(^1\) referred to immediately above. In accordance with the suggestions made at these committee meetings, a series of basic questions and a statement of fundamental elements of the denazification program was prepared and are transmitted herewith in enclosure no. 3.

Respectfully yours,

ROBERT MURPHY

\(^1\) Not printed.

[No. 347]
SECRET

INFORMATION FOR PRESS CONFERENCE ON DENAZIFICATION

1. Denazification as War Aim. One of the principal objectives of the war is the denazification of Germany. The announcement of the Crimea Conference states that the aim of the three Powers is “to destroy German militarism and Nazism” and “to remove all Nazi and militarist influences from public offices and from cultural and economic life of the German people.”

2. Objective of Denazification Program. The denazification program embraces the following: a. Arrest and detention of Nazi leaders and influential Nazi supporters and any other persons dangerous to the Allied occupation or its objectives; b. Removal and exclusion from public office and from positions of responsibility and importance in quasi-public and private enterprises of members of the Nazi Party who have been more than nominal participants in its activities, active supporters of Nazism, and other persons hostile to Allied purposes; c. Eradication of Nazism from German legislation and decrees; d. Liquidation of the Nazi Party, together with its affiliated and subsidiary organizations, and the prevention of their revival; e. Elimination of Nazi symbols, anthems, flags, and insignia; f. Prevention of Nazi propaganda in any form and the removal of Nazism from German information services, education, and religion.

3. Quadripartite Program. This program will be discussed and if possible coordinated on a quadripartite basis. Pending such quadripartite discussion and decision, however, the US Group CC is proceeding with its own plans to effect this program in the American Zone of Occupation.

4. Staff Responsibility within US Group CC. The staff responsibility within the US Group CC for the planning and implementation of this program devolves upon the following Divisions and Branches:

- a. Political Division: over-all denazification policy coordination.
- b. Legal Division: elimination of Nazism from German legislation and decrees, courts, and legal institutions.
- c. Counter Intelligence Branch: dissolution of the Nazi Party and its affiliated and subsidiary organizations, arrest and detention of Nazi leaders and influential Nazi supporters, and prevention of Nazi underground.
- d. Information Control Services Branch: denazifying German information services.
- e. Education and Religious Affairs Branch: denazifying German education and religion.

2 The draft questions to which this statement is responsive, which questions were also part of enclosure 3, are not printed.
f. Local Government Branch: applying denazification to German street names and memorials.

g. Finance Division: denazifying financial institutions and blocking Nazi financial holdings.

h. Economics Division: denazifying economic and industrial concerns.

i. Manpower Division: denazifying German labor organizations and labor reserves.

j. Property Control Branch: custodianship of the property of the Nazi Party and its members.

The Staff Divisions/Branches are responsible for seeing to it that denazification is given appropriate priority and that denazification policy and directives are applied in the field by Military Government Detachments.

5. Liquidation of Nazi Party and Organizations. The dissolution of the Nazi Party is required by Military Government Law No. 5,\(^3\) which declares illegal some 50 Nazi Party offices and organizations and prohibits their activities. The same is true of the Party paramilitary organizations, including the SA (Sturmabteilung), the SS (Schutzstaffel), HJ (Hitler Jugend), and the Organisation Todt. Military Government Law No. 5 is posted in every occupied community and violators are subject to arrest and conviction by Military Government Courts. At present, reports indicate that there is no organized effort to create a Nazi underground.

6. Arrest Program. The arrest program is enforced by Counter Intelligence officers in the field. Plans call for the detection and detention of the following two groups: those who are included in prescribed arrest categories and are arbitrarily to be arrested by virtue of the positions they held in the Nazi Party or the German government, and those who are included in the Blacklist and are individually sought out by name.

   a. More specifically, automatic arrest of the following groups is required:

   (1) All persons who have held office in the Party administration, down to a low level.

   (2) All persons who have held Party ranks, down to a low level.

   (3) All persons who have held commissions, down to and including the equivalent rank of major, in the para-military organizations.

   (4) All officials in the higher ranks of the German Civil Service.

   (5) All officers and senior NCOs in the SS.

b. Although accurate information as to the arrests made to date is not yet possible, because reporting through channels is apt to lag, nevertheless, it is estimated that to date upward of 40,000 persons

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\(^3\) *Military Government Regulations* (Frankfurt, Office of Military Government for Germany (U. S.), 1947), sec. 23–204.
have been arrested. This figure is for the entire SHAEF area and it includes war criminals and other persons on the Black List and also those to be arrested on the basis of the arrest categories.

c. In addition, when German Prisoners of War are released, they are screened in order to weed out those Nazis who fall within either the Black List or the arrest categories. Thus, a sizeable number of such Nazis are already under detention and when screened will be transferred directly from Prisoner of War cages to arrestee detention camps.

7. Removal from Office Program.

a. It is not intended to remove all members of the Nazi Party from all jobs. Plans rather call for the removal and exclusion from public office and from positions of importance in quasi-public and private enterprises of active members of the Nazi Party, active supporters of Nazism, and persons hostile to Allied purposes.

b. Mandatory removal from office is required for former officials and officers of the Nazi Party and Party members who have been more than nominal participants in its activities; certain categories of officials and officers of the various Nazi Party formations, and affiliated, supervised and other organizations; Germans who received certain Nazi Party decorations; and certain officials in the German Government and Civil Service. Such mandatory removals will embrace the upper levels of Nazi leadership, and will affect a broader group than those subject to the arrest program.

c. In addition, other groups are subject to removal from office at the discretion of the Military Government Detachments. Such groups include those individuals who did not per se constitute Nazi leadership and therefore are subject to removal on the basis of their individual acts.

d. As far as private enterprise is concerned, plans call for the removal of individuals in policy making and executive positions and personnel officers in important industrial, commercial, agricultural, and financial institutions. Such institutions include all those directly supervised, utilized, or controlled by Military Government and industrial, mining, public utility and commercial enterprises, combines and cartels which by virtue of their capitalization (more than RM 1,000,000), number of employees (more than 250), type of products produced or services rendered—are important factors in the German economy or in the economy of the region or community in which they operate. In the discretion of the Military Government detachments, the removal of Nazis from less important industrial, commercial, agricultural, and financial institutions is authorized.

e. The removal procedure is founded upon a system of vetting and screening. All persons used by Military Government in public office
or in positions of importance in quasi-public or private enterprises are required to fill out a detailed six-page personnel questionnaire called the Fragebogen, prepared by the Public Safety Branch. The purpose of this Fragebogen is to obtain information which will enable Military Government officers to determine whether a person should be removed or excluded from the position he held or seeks to hold.

f. The Fragebogen includes questions intended to make the person reveal his personal history; secondary and higher education; professional and trade training; record of full time employment, experience and military service; membership and role in all types of organizations before and after the Hitler regime, especially the Nazi Party and its organizations; writings and speeches since 1923; income and assets since 1 January 1931; and travel and residence abroad.

g. When the Fragebogen has been filled out the person signs and certifies that the answers are true and that he understands that he will be prosecuted in a U. S. Military Government Court for falsification. The Fragebogen is then evaluated, in close cooperation with the Counter Intelligence Corps by a Special Branch Section of the U. S. Public Safety Division of US Military Government Detachment. Answers are checked against all available police, civil service, Nazi Party, intelligence and other records. Military Government officers have prosecuted cases of falsification and offenders have been sentenced from two to five year imprisonment by Military Government Courts. Publication of the results has served to keep violations to a minimum.

h. Vetting is not a mere arbitrary process. Careful screening must be done. A process is being established that safeguards the purely nominal member of the Nazi Party who was forced to join in order to retain his position of livelihood or escape the concentration camp. Under approved directives and procedures, however, not even a nominal party member may be hired without additional screening and evaluation, and then only upon approval of the Supreme Commander of U. S. Military Government.

i. Valuable service is rendered by reliable Germans who are used by Special Branch/Section of Public Safety in evaluating Fragebogen and for field investigation to verify information contained in the Fragebogen. Such Germans are not used, however, in making actual decisions as to removal or retention of an individual. That is done by Military Government officers.

8. 

**Denazification of German Law.** Nazi ideology and concepts are to be eliminated from German law. To this end, according to Military Government Law No. 1, certain specified fundamental

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laws enacted since 30 January 1933, with all subsidiary and carrying out laws, decrees, and regulations, are to be abrogated. Furthermore no German law is to continue in force if it either (a) discriminates against any person by reason of his race, nationality, religious beliefs, or opposition to the Nazi Party or its doctrines, or (b) favors any person because of his connection with the Nazi Party or its affiliated or subsidiary organizations.

9. Denazification of Education. The purely Nazi schools such as the Adolf Hitler Schulen (AHS), National-politische Erziehungsanstalten (NAPOLAS, or National Political Education Institutes), Ordensburgen (or Nazi Leaders Colleges), and other Nazi schools, are to be liquidated. Ordinary schools and educational institutions gradually will be opened, but only after objectionable courses of instruction are eliminated, the teaching staffs have been screened, and the textbooks revised. The teaching program is to be oriented towards (a) the eradication of Nazi and militaristic influences or doctrines, especially instruction giving support to the "Führer" principle, aggression, nationalism, militarism, and the right of world domination, and discrimination on the basis of race and religion; and (b) encouraging the inculcation in the German people of democratic and humanitarian principles and values.

10. Denazification of Religion. In the field of religious affairs the denazification program is largely a matter of removing Nazi restraint on the freedom of religion and establishing the protection of freedom of religious belief and worship, and the abrogation of Nazi laws and decrees directed against any particular religious group as such; and upon the use of religious groups and leaders in the reeducation of Germans through emphasis on moral values.

11. Elimination of Nazi Ideology. The problem of eliminating Nazi ideology from public information media is one of the important aspects of the program. German information services, including the radio, press, books and periodicals, films, theaters, operas, concerts, and the like, are to be controlled in order to eliminate the dissemination of Nazi propaganda and to regulate the nature and substance of information made available to the Germans. This program is to eliminate information media which:

a. Propagate Nazi or related "völkisch" ideas including racism and race hatred.

b. Propagate Fascist or anti-democratic ideas.

c. Constitute an incitement to riot or disorder, or interfere in any way with the process of Military Government.

As conditions permit, fuller scope for self-expression is to be permitted to reliable Germans, but not until we are certain that the information services will not be used for Nazi and militaristic purposes.

a. No German parades, military or political, are permitted in Germany, and no Nazi anthems may be played or sung in public or before any groups or gatherings.

b. Public display of Nazi flags and other paraphernalia of the Nazi Party is prohibited.

c. Names of parks, streets and public ways, institutions and buildings named after persons or things associated with Nazism are to be removed from display and use and will be replaced by more suitable names. Movable monuments and statues associated with Nazism will be removed. Emblems, insignia, or symbols of Nazism will be removed from such statues, monuments or edifices which are not amenable to removal, and the eventual disposition of such statues, monuments, and edifices will be decided upon later. This program is to be carried out by Germans themselves under the direction of the Military Government Detachments.

13. Nazi Property and Finances. Property, owned or controlled by the Nazi Party will be seized and held. The same is true of the property of leading members and officials of the Nazi Party.

No. 348

United States Delegation Working Paper¹

[On board the U. S. S. “Augusta”,
July 12, 1945.]

German Import Program

It is proposed that the U. S. S. R., the U. K. and the U. S. instruct their respective Commanders to recommend in the Control Council the immediate formulation of a single program of minimum required imports for Germany as a whole. Such a program shall include provision for equitable inter-zonal distribution of supplies available within Germany, so as to minimize the net deficit for, and imports into, Germany as a whole. Ration scales, and the standards for the determination of minimum requirements, shall be uniform among the several zones. Procurement and financing responsibility with respect to imports for Germany as a whole shall be shared on a basis to be negotiated in the Control Council. Reimbursement for any initial net outlays made in connection with the provision of supplies for Germany shall be made from subsequent German exports, and payment for imports shall constitute a first charge on German exports from current production or stocks.

¹This paper appears as an annex in a variant copy of document No. 214. Cf. vol. ii, document No. 852, footnote 9.

[No. 348]
Memorandum by the Central Secretariat

TOP SECRET

SC-145

PROPOSED COMMUNICATION TO THE SECRETARY AT THE BERLIN MEETING ON THE OBJECTIVE OF THE UNITED STATES GOVERNMENT IN THE OCCUPATION OF GERMANY

It is suggested that the Staff Committee forward to the Secretary for his possible use in connection with the Big Three meeting, a statement of views on the clearer definition of the objective of this Government in the occupation of Germany. The reason for such a communication is indicated in the attached draft prepared and submitted by Mr. MacLeish.

[Annex]

Subject: Objective of the United States Government in the Occupation of Germany

(1) There are indications that common agreement as to the American purpose in the occupation of Germany does not exist. No comprehensive definition of purpose is to be found in existing documents. Directives to cover the various phases of the occupation are not based upon explicit statements of the objective to be achieved.

(2) It is essential to the proper planning and administration of the program for occupation that the end purpose of the occupation should be explicitly declared.

(3) It is submitted that the purpose of the occupation can be stated by reference to the factual situation as it now exists.

(4) There were three logical possibilities open to the Allies at the moment of the German surrender. They were determined, in part, by the unconditional surrender of the German Government; in part by the past conduct of the German nation[;] and, in part, by the fact that weapons have become increasingly deadly with scientific advance and that access to such weapons, by a scientifically-minded nation which cannot be trusted with their possession, is, and will increasingly be, a danger to mankind. The three possibilities were:

(a) To destroy the German nation as a nation which had proved itself to be criminal and which could not be trusted to continue to exist in the modern scientific world with its scientific means of destruction.

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1 Circulated to the Secretary's Staff Committee (a body comprising the officers of the Department of State of the rank of Assistant Secretary or above, or their deputies). For the revision of this paper actually forwarded to Byrnes at Babelsberg, see vol. ii, document No. 855.

2 Printed from the unsigned hectographed copy circulated to the Secretary's Staff Committee.
(b) To condemn the German nation to be forcibly and permanently deprived of the means to make war, including the industrial and scientific means which can be readily converted to warlike use.

(c) To attempt to change the character of the German nation by changing the mentality of the German people to the end that Germany might be permitted to continue to exist as a nation and might eventually be permitted to live without surveillance and control.

(5) The third of these three possibilities has, in fact, been adopted, although certain public statements imply that the second choice has been made by this Government and its Allies.

(a) The first of the three possibilities was never considered. The destruction of the German nation was unthinkable, at least to the people of the United States.

(b) The second possibility has, in fact, not been adopted, whatever forms of language may have been used. The fact that we propose to destroy the German war potential during the period of occupation does not mean that we have thereby destroyed the German war potential for good. It is clear, from the history of Germany itself over the past twenty-five years, that, if the safety of the world, so far as Germany is concerned, is to be entrusted to the occupation of Germany and the policing of Germany to prevent her from rearming or preparing to rearm, the policing and occupation must be permanent. Permanent occupation of Germany by the Allies, and particularly by the United States, is inconceivable.

(c) There remains the third possibility. If we are not prepared to destroy the German nation, and if we are not prepared to occupy or police Germany permanently, we have no choice but to attempt to change the German character in such a way that the German nation, when finally freed of occupation and surveillance, will be a nation which can be trusted with access to modern industry and modern science, and therefore to modern weapons of destruction.

(6) The real objective of the German occupation can therefore be stated as follows: we are occupying Germany for the purpose of changing the inward character of the German nation and the German people to such an extent that Germany can be trusted at some future time with independent existence as a nation in a world in which weapons will be more destructive and more difficult to control than they are today.

(7) It should be noted that this objective conforms to the objectives of the United Nations Organization and to the situation which the establishment of that Organization will create. A peaceful and peace-loving Germany could be introduced at some appropriate time into the United Nations where the measures of the Organization for security and for peace could be brought to play affirmatively rather than negatively.

(8) The explicit recognition of the purpose defined above would enable us to plan the various measures of occupation more intelligently.
and to administer them more effectively than we can today. At the present time, there is a tendency to make a distinction between political, economic, and military measures for Germany, on the one hand, and measures for the reeducation of the German people, on the other. Measures for reeducation have been treated as though their objective differed from the objectives of economic and political and military measures. Actually, if the above analysis is correct, all aspects of the occupation, whether military or economic or political or social, have one ultimate objective, which is largely psychological: to create a Germany which can be trusted to exist without continuing occupation and surveillance in the modern scientific world. All measures taken in the occupation, including measures for the destruction of the present German power to make war, are measures of "reeducation" in the sense that their success should be judged not by their immediate consequences but by their ultimate effect upon the German mentality and the German national character.

(9) If, however, the true purpose of the occupation is the purpose stated above, then something more is required than its explicit declaration. The purpose must also be warmly approved and not shamefacedly admitted. In the past, the American position has been too frequently expressed in "realistic" terms which represented entirely unrealistic thinking. We have played down any serious intention to reeducate the German people, protesting that our real purpose is merely to destroy their power to make another war. As a matter of realistic fact, we cannot destroy the German power to make another war unless we are prepared to (a) destroy Germany, or (b) occupy Germany permanently. Since we are not prepared to do either, we are remitted to the "reeducation" of the German people as our sole effective means of preventing Germany from waging another war. Moreover the reeducation we must bring about is not reeducation in the academic or educational sense alone. It is reeducation by the use of every means which can produce the change in German thinking and German beliefs and German psychology and German character which we desire.

(10) Furthermore, we must be clear in our own minds, not only as to the Germany we wish to change but as to the Germany we wish to put in its place. The soul of man abhors a vacuum quite as much as nature abhors one. You cannot replace something with nothing in the mind of an individual or the mind of a nation. The Russians have no difficulty on this point. They propose to substitute Communism for Nazism. They believe that a Germany converted to Communism will be a Germany no longer dangerous to them. We presumably believe that a Germany converted to respect for the worth and dignity of human beings and a belief in basic principles of
justice and in the right of men to govern themselves would be a Germany which we could trust. If this, however, is our purpose, we must recognize it and pursue it consciously. We must play again the role we played at the beginning of our history. We must be ready and willing to propagate ideas of liberty and justice and human dignity.

(11) It has been pointed out in a paper delivered to the Secretary on the subject of German reeducation that it is highly desirable that the occupying powers should reach an understanding as to the common denominators of a policy for reeducation in order that Germany may not be turned, under the occupation, into an ideological cockpit. If, however, no such understanding can be reached, it is essential to the success of the American occupation that we should be clear in our own minds as to the beliefs we wish to see adopted by the German people in the interest of peace and security.

3 Document No. 343.

No. 350

740.00119 Control (Germany)/7-1745

The Deputy to the Assistant Secretary of State for Economic Affairs (Thorp) to the Assistant Secretary of State (MacLeish)

TOP SECRET [WASHINGTON,] July 14, 1945.

In accordance with our brief conversation, and in view of the fact that I cannot attend the Secretary's Staff Committee meeting on Monday, this is an attempt to put down on paper some of my reactions to your proposed memorandum to the Secretary on the Objective of the United States Government in the Occupation of Germany. The present directives and the immediate handling of various problems in connection with the occupation do not appear to recognize any single basic objective. We seem to have a series of objectives, some immediate and some long-run, and many of which may be, from time to time, in conflict with each other. The following is a partial list of these objectives:

1. The reform objective to which you refer.
2. The removal or destruction of a considerable part of the industrial base of German military might.
3. The prevention of starvation and epidemic disease.
4. The satisfaction of reparation and restitution claims against Germany, and the use of German output for the relief of liberated countries.

1 Printed from an unsigned carbon copy forwarded to Assistant Secretary of State William L. Clayton at Babelsberg.
2 Annex to document No. 349.
5. The satisfaction of American public opinion and of public and official opinion in other countries where we have important political interests.

6. The development of friendly and harmonious relations with the Soviet Union.

It is obvious that these objectives are likely to conflict with each other at many points. Examples may serve to clarify this point. The use of German output for the relief of liberated areas (a purpose not related to the question of German aggression) may increase the acute economic distress in Germany in the near future. It now appears that Germans will be cold next winter because German coal will be used to provide heat in the countries of Western Europe. It will not be a free choice by the German people or producers that this shall happen. Unhappily, the creation of economic distress in Germany is not a policy which would be chosen if our sole interest were to convert Germany to our values and our outlook. It is apparently felt to be less important that a good start be made immediately in the reeducation of the German people than that the people of the liberated countries be warm this winter.

The same conflict appears in connection with our longer-range economic policy. Germany’s military potential is to be destroyed. Her standard of living is to be held down to that of neighboring countries. She is to have no credit and little assistance in reconstruction. Substantial reparations are to be collected. Her imports and exports are to be completely controlled. Any technological and scientific eminence is to be destroyed. To accomplish this, the occupation must last for a substantial period. Parenthetically, it is the thought of those who have emphasized this objective, that permanent security can be obtained if Germany is reduced to a low economic level in contrast to other states,—that she cannot possibly recover from such a condition ever again to be a world threat. However, the point to be made here is that the steps involved in pursuing this objective do not encourage the concepts of the rights, dignity and freedom of individuals, or the limited authority of the state.

A third important example relates to the question of our relations with the Soviet Union. It is by now a commonplace that Germany cannot commit another aggression so long as the Big Three remain united. Occupation policies designed to cement our alliance with the Soviet Union could thus be considered as serving indirectly the purpose of overcoming the threat of another German aggression. Yet the policies which may be chosen to serve this objective seem certain to make impossible the adoption of a clean-cut pattern of policies related to the reeducation of Germany. It seems highly unlikely that the best program that we could devise for the reeduca-
tion of Germany, from our viewpoint, would be acceptable to the Russians. We should then have to face the choice of agreeing to an unsatisfactory compromise, or jeopardizing one of the basic principles of the occupation by adopting a unilateral policy in our zone. If and when this choice has to be made, I do not know how we shall decide; but I know that we shall be very reluctant to acknowledge the failure of the Control Council to agree on uniform policies in the various zones.

In brief, while I certainly do not wish to argue against giving explicit recognition to the reeducation aspect of the occupation, I find it difficult to regard that as the real, or true, or basic, or fundamental purpose of the occupation. This would imply that other objectives, when conflict occurs, should be overridden by the reeducation objective. Rather, we are in the state, which is perhaps the more usual one, of having multiple objectives and of being required to make policy decisions in the light of a number of goals.

A word as to procedure. Mr. Clayton, as Chairman of IPCOG, was instrumental in developing the compromises which are apparent in its directives. I am sure that he endeavored to achieve as much clarification as possible. I am, therefore, not sure as to the propriety of formal action in his absence which might be interpreted as reopening the whole issue of the objective(s) of the occupation.

No. 351

740.00119 Potsdam/7-1445

The Assistant Secretary of State (Dunn) to the Secretary of State ¹

[Extracts ²]

SECRET

Potsdam, July 14, 1945.

MEMORANDUM FOR THE SECRETARY

Sir Alexander Cadogan, Permanent Under-Secretary at the Foreign Office, called this afternoon and discussed for two hours in a preliminary way a number of matters on the agenda of the Conference.³

3. Creation of German Central Administrative Agencies.

Sir Alexander referred to a memorandum,⁴ presented by Field Marshal Montgomery and approved by the Prime Minister, urging the necessity for reestablishing central German "ministries" in order

¹ Printed from a carbon copy on which there is an uncertified typed signature.
² For other extracts from this memorandum, see documents Nos. 140, 218, 234, 258, 319, 379, 404, 470, 519, 635, 645, 678, and 708.
³ For a list of persons present at this meeting, see document No. 234, footnote 3.
⁴ Not found in United States files.

[No. 351]
to enable the Control Council to cope with the problems affecting Germany as a whole. He expressed some doubt as to whether Berlin could offer sufficient accommodation for these agencies. I stated that we favored developing German control [central] administrative agencies, under some less imposing title than that of “ministries.”

5. Financing of German Imports.

Coulson, Cadogan’s assistant, felt that Germany might need a considerable volume of imports in excess of exports before it can begin to provide substantial exports on reparation account. He felt a US–UK–French agency to regulate the foreign trade of the three western zones was necessary as a stop-gap to carry through the handling of combined supplies already allocated, pending establishment of four-power control over German exports and imports. Mr. Clayton and I felt that any such three-power arrangement should be avoided until we had explored the possibility of four-power arrangements to deal with this problem for Germany as a whole.

Mr. Clayton pointed out that if the Control Council agrees on the financing of German imports by exports, this will promote freer interzonal movement of goods within Germany since each zone would prefer to give available goods to other zones rather than provide exports to cover imports. Coulson felt it was difficult to plan a four-power policy on imports into Germany in the absence of agreement on what to do with German industry and that conflict over available supplies and shipping would arise between requirements for Germany and those of liberated countries.

7. German Political Activity.

Sir Alexander agreed that it was time to drop the SHAEF policy of forbidding political activity in Germany and read from a British memorandum which favored free political activity.

Sir Alexander stated that his delegation would bring up the question of coordinating propaganda in the different zones, in the hope that some provision might be made for regular consultation, which in turn might result in applying some restraint to Soviet propaganda. He expressed skepticism regarding the possibility of achieving much in this field, but felt that some provisions should be made for exchanging views in order to have some consistency in the various zones.

JAMES CLEMENT DUNN

5 Not printed.
Germany

Reparations, Restitution, and War Booty

No. 352

740.00119 (Potsdam)/5-2446

Briefing Book Paper ¹

[Extract ²]

Top Secret

Policy Toward Germany

Agreement on German Exports Prior to a Reparation Settlement

This Government recognizes that it may be necessary for each of the occupying powers to make available to the countries for which they have some supply responsibility German goods and equipment urgently needed for relief and rehabilitation. In many cases, it will be impossible to await the conclusion of formal agreements on reparation before undertaking such exports from Germany. This government, however, would like to obtain agreement among the occupying powers, (1) that such exports should be confined to goods and equipment which are urgently needed for the relief and rehabilitation of liberated countries, with special emphasis on railroad rolling stock, coal, and textiles, and (2) that a complete record be kept of all goods and equipment taken out of Germany for this purpose and that this record be made available promptly to the Control Council.

[Appendix A—Extracts]

Top Secret

Draft Agreement on Treatment of Germany in the Initial Control Period

9. Allied controls shall be imposed upon the German economy but only as may be necessary:—

(a) to carry out programmes, as prescribed by higher authority,³ of industrial disarmament and demilitarisation, of reparations, of relief for liberated areas and of other supplies as may be notified;

¹ Annex 2 to the attachment to document No. 177.
² For the full text of this paper and its appendix, see document No. 327.
³ The words “as prescribed by higher authority” have been stricken from the draft in Byrnes’ and Matthews’ copies of the Briefing Book.

[No. 352]
10. No action shall be taken in execution of the reparations programme or otherwise which would tend to support basic living standards in Germany on a higher level than that existing in any one of the neighboring United Nations.⁴

11. The first charge on all approved exports for reparations or otherwise shall be a sum necessary to pay for approved imports.⁵

12. Recurrent reparations should not by their form or amount require the rehabilitation or development of German heavy industry and should not foster the dependence of other countries upon the German economy.⁶

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The following manuscript notation appears in the margin of Byrnes' copy of the Briefing Book opposite this paragraph: "out". In Matthews' copy this paragraph has been stricken from the draft.

In Matthews' copy this paragraph has been marked to be stricken from the draft.

In Matthews' copy this paragraph has been stricken from the draft and the following manuscript substitute written in the margin: "12. The principles governing the exaction of reparations from Germany are set forth in Annex 1 to this agreement."

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No. 353

Truman Papers

Memorandum by the Joint Civil Affairs Committee of the
Joint Chiefs of Staff

TOP SECRET

[Undated.]

RELATIONSHIP BETWEEN REPARATIONS COMMISSION AND CONTROL COUNCIL

DISCUSSION

1. The United States policy with respect to the relationship between the Reparations Commission and the Control Council has been set forth for Mr. Pauley's guidance. His instructions contain the following provision:

"The occupation authorities should be responsible for the execution of the [reparations] plan within Germany. In the execution of the plan, the Control Council should have the authority to withhold from transfer as reparations specific items the removal of which in its judgment would reduce the available economic means below the minimum required to meet the other purposes of the occupation. After review by the Control Council and in the absence of agree-

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¹ This memorandum was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: "These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff." Leahy subsequently passed it to Truman.

² Not printed as a whole.
ment, the zone commander if he believes that any specific item should be retained within his zone may with the specific determination of his government that such item is essential for the purpose of the occupation withhold the removal of such item. The zone commander may, of course, withhold the removal of such items pending such determination."

RECOMMENDATION

2. In the interest of the efficient operation of the quadripartite military government, it is recommended that efforts be made to have the above-stated policy agreed to at the conference. Because the problem involves the inter-relationship of the Control Council and the Reparations Commission, its solution must be found at a level above that of either one of the two organizations.

No. 354

Truman Papers

Memorandum by the Assistant to the President’s Naval Aide (Elsey)

TOP SECRET

[Undated.]

Occupation of Part of Germany by the Netherlands and Belgium as Reparation for Damages Inflicted by the Germans

In a plenary session at Yalta on 5 February, President Roosevelt said during a discussion on the occupation of Germany “that as a result of the deliberate German destruction of the dikes large sections of Dutch farm land had been inundated by salt water and that it would be necessary to give the Dutch farmers compensation for a temporary period from German territory. He said that he understood that it would be at least five years before the flooded lands would be suitable for cultivation. If this were done, and he personally felt that it should be done, the Dutch might well claim a voice in the control machinery for Germany.”

The President did not elaborate on his views, nor refer to this subject again at Yalta. When Molotov asked if Great Britain and the United States wanted the Belgians or the Dutch to have a zone of occupation in Germany, President Roosevelt did not comment. Both Churchill and Eden assured Molotov that they had no intention of giving the Belgians or the Dutch a zone.

Occupation of part of Germany by the Belgians and Dutch was not

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1 Submitted to Leahy July 1 and subsequently forwarded to Truman.

[No. 354]
referred to in the Reparations Protocol signed at Yalta\(^3\) nor in the discussions concerning reparation.

The subject has not been referred to since Yalta in President Roosevelt's or President Truman's correspondence with Churchill and Stalin, nor was it mentioned during Mr. Hopkins' meetings with Stalin in Moscow.\(^4\)

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\(^3\) See vol. ii, document No. 1416, section v.
\(^4\) See ante, pp. 24–60.

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**No. 355**

*Note by the President's Chief of Staff (Leaky)*\(^1\)

[Undated.]

**Flooded Lands in Holland**

Propose that the Reparations Commission be directed to recommend the temporary occupation by Holland of an acreage of contiguous agricultural land equal in area to the agricultural land inundated by salt water by German action during the occupation of Holland by German forces.

\(^1\) Printed from the ribbon copy, which is unsigned.

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**No. 356**

740.00119 EW/8-1945 : Telegram

*The Representative on the Allied Commission for Reparations (Pauley) to the Secretary of State*

**TOP SECRET**

Moscow, June 19, 1945—8 p. m.

2165. Top secret for the Secretary from Pauley.

In numerous informal conversations with Mr. Maisky, he keeps coming back to the 20 billion dollar sum that was discussed at Yalta\(^1\) of (sent to Dept as Moscow's No. 2165) which the Soviet Union would receive 10 billion or 50\%, the British and the US 8 billion or 40\% and all others 2 billion or 10\%. Inasmuch as Roosevelt, Stalin and Churchill agreed at Yalta to use this as a basis of discussion, I have not officially resisted this basis. At this moment, however, I am strongly of the opinion that:

1. It is too early until at least a preliminary survey of German ability to pay is determined to discuss an exact amount of dollar value.

\(^1\) See vol. ii, document No. 1416, section v.
2. Until other countries entitled to reparations are considered we should not fix any total figure in advance of hearing their claims.

3. That a formula [should be adopted which will emphasize percentages, rather than dollars, and which will bring]⁴ Russia into partnership with US and UK in relinquishing reparations to be assigned to other Allies.

In explanation of this last point, disregarding the amounts of money involved, the formula discussed at Yalta expressed in percentages was: USSR 50%, Great Britain and the US 20% each (assuming Great Britain and the US divided equally the 40% allocated to them), all others 10%.

In order that the three powers now meeting may share together on a proportionate basis, whatever benefits or burdens may arise from the allowance or disallowance of the claims of other nations to reparations, I propose to suggest that, in so far as the Big Three are concerned, they shall divide whatever reparations may become available to them as a group as follows: USSR 55%, Great Britain 22½%, USA 22½%. But this agreement among the Big Three as to the initial division as between themselves shall be accompanied by their publicly proclaimed willingness to bring all other nations in, hear their claims and give up proportionately to meet such claims as appear justified. This would:

1. Keep all of the Big Three together.
2. Keep other nations from believing that the Big Three have prejudged the amounts of their claims.
3. Give time for full consideration of (a) dollar value of immediate removables (war factories, plants, machine tools and other capital equipment); (b) what is left to take from Germany in the form of deliveries of natural resources, current manufacture, and other items to be produced over a period of time set by the Reparations Commission.

We must claim all we can accept. The US might well demand more reparations except that we are limited as to the kind and type of thing we can take. We cannot use plants, machinery and labor. But we can take and should assert to the fullest extent our demand for gold currencies, foreign assets, patents, processes, technical know how of every type. Also we may desire to reduce our percentage to conform to what we may be able practically to accept.

Ambassador Harriman shares and endorses the views above set forth.

⁴ This word, which is missing in the Department of State file copy, has been supplied from a copy in the Moscow Embassy Files (file No. 711.9 Reparations Commission).
No. 357

Memorandum by the Acting Secretary of State

[Extract 1]

[WASHINGTON,] June 25, 1945.

MEMORANDUM OF CONVERSATION

Subject: United States–French Relations
Participants: The French Ambassador, Mr. Henri Bonnet; Acting Secretary, Mr. Grew.

The French Ambassador called on me this morning and took up first the request of his Government, presented in the appended aide-mémoire,2 that we instruct our Ambassador in Moscow to keep the French Ambassador3 informed of developments in the work of the tripartite Reparations Commission. The Ambassador pointed out once more the interest of France in the whole subject of reparations and the feeling of his Government that a French representative should have been included in the Commission especially in view of the great sufferings which France had endured during the war. I said to the Ambassador that I would immediately give consideration to his request and that in the meantime he was well aware of the position we had taken that we would like to have France included in the Commission and that our position in principle had not altered.

J[oseph] C. G[rew]

1 For other extracts from this memorandum, see documents Nos. 99, 616, and 637.
2 Not found.
3 General of the Army Georges Catroux.

No. 358

740.00110 EW/6-2545 : Telegram

The Representative on the Allied Commission on Reparations (Pauley) to the Secretary of State 1

TOP SECRET

Moscow, June 25, 1945—8 p. m.

2262. TopSec from Pauley for Secretary.

Supplementing my wire of June 19 2 relating to allocation formula for reparations between the Big Three, after conferring with rep of the

1 Sent to the Acting Secretary of State over the signature of Harriman.
2 Document No. 356.
UK.\(^3\) I would now propose that in addition to public statement that Big Three will give up proportionately to other nations as may appear justified, it shall also be understood between the Big Three that unless all of the Big Three ultimately agree on the actual amounts to be allowed other nations and do in fact make such amounts available on the basis of 55, 22\%, and 22\% percent respectively, then the whole question of distribution of reparations between the Big Three themselves shall be reopened.

\(^3\) Sir Walter Monckton.

**No. 359**

740.00119 EW/8-2645 : Telegram

*The Acting Secretary of State to the Representative on the Allied Commission on Reparations (Pauley)*

**SECRET**

WASHINGTON, June 26, 1945—4 p. m.

**US URGENT**

1420. For Pauley.

Following message sent to Eisenhower from JCS at President’s request, June 23, 1945. Refer to our 1407, June 23.\(^1\)

“The President has approved a recommendation made by Ambassador Pauley that any removals of property from territories under the control of US forces in Germany and Austria for the purpose of restitution should first be submitted by you for the approval of the US Representative on the Reparation Commission. Such coordination is essential because of the close relationship between restitution and broad questions of reparation policy.

However, the President has expressed the view that such coordination with respect to restitution should not operate to delay unduly (1) the return of works of art to the countries from which they were obtained, or (2) the removal from Germany, as restitution or otherwise, of goods urgently needed for the economic restoration of Allied countries. To assure efficient coordination, the President has instructed Ambassador Pauley to make available to you a member of his staff with authority to act promptly on matters submitted by you.”

GREW

E[mile] D[esper]

\(^1\) Not printed.

[No. 359]
The Representative on the Allied Commission on Reparations (Pauley) to the Supreme Commander, Allied Expeditionary Force (Eisenhower)\(^1\)

**TOP SECRET**

Moscow, June 27, 1945—9 p. m.

For General Eisenhower from Pauley.

The President has approved as requisite to effective coordination my recommendation that matters of restitution or the transfer of property as restitution shall be made subject to the approval of the Allied Commission on Reparations. The President has also approved my recommendation that Gen Eisenhower first present for my approval as theater rep on the Allied Commission on Reparations any contemplated removals of property for the purpose of restitution from the Amer controlled regions in Germany and Austria. The President desires however that the required coordination between reparations and restitution shall not act to retard unnecessarily (1) the withdrawal from Germany in the form of restitution or any other form of supplies badly needed by Allied Nations for their economic reconstruction or (2) the return of works of art to those nations from which they were taken.

The President suggests that in order to achieve effective coordination and prompt decisions I assign a rep to Gen Eisenhower authorized to act on these matters as presented by him.

In accordance with the President’s request Mr Frank Adams of my staff who is now in Frankfurt is hereby designated as my rep to Gen Eisenhower and authorized to take prompt action on such specific cases of the foregoing character as may be presented by Gen Eisenhower.

In carrying out the duties hereby assigned my rep will be guided as follows:

1. Approve the return of works of art only to the govt of an Allied Nation and not to private persons and only if evidence submitted to my rep conclusively establishes identity of particular works of art. Prior to each and every delivery of an art object to any Allied Nation a proper statement shall be sent to the appropriate national authorities to the effect that the value of the art object returned may or may not be included in the final reparations accounting for such nation depending upon policies to be determined by the Allied Commission on Reparations and the circumstances and conditions under which each particular art object was taken or removed.

2. In order to avoid abuses by and unwarranted preferences to particular nations and private interests no withdrawals of supplies or

\(^1\) Printed from the text repeated to the Acting Secretary of State as telegram No. 2298.
property in the form of restitution in kind shall be approved. With- 
drawals of supplies or property from Germany by Allied Nations for 
their economic reconstruction may be approved provided the proper 
authorities in the receiving nation are notified in advance that the 
question of whether any or all of the supplies or property delivered 
shall be deemed to be reparations restitution or exports for which 
payment must be made in acceptable currencies remains to be de- 
termined by the Allied Commission on Reparations and that the 
acceptance of the supplies or property by the govt of the receiving 
nation constitutes an agreement of such govt to the foregoing condition. 

3. In order that proper future accounting may be made both in the 
case of art objects and in the case of property and supplies, accurate 
and detailed descriptions and records of all such objects property or 
supplies delivered or withdrawn shall be kept and maintained and 
copies forwarded to me immediately. Also in the case of art objects 
the detailed records and sworn statements shall be required showing all 
of the conditions and circumstances under which such objects were 
acquired or removed by the Germans.

I have every confidence in the care which I know Gen Eisenhower 
and his staff will exercise in the withdrawal or delivery from Germany 
of any art objects, property or supplies. I am most anxious that our 
policies and records shall be so clearly defined and maintained that 
nothing question of consistency may arise in our forthcoming 
reparations negotiations.

Pursuant to instructions received from the President, I have sent 
the preceding wire to Captain Faigle and Mr Frank Adams as my 
representatives in Frankfurt.

No. 361

Report by the Combined Administrative Committee of the Combined 
Chiefs of Staff

SECRET

(WASHINGTON,) 28 June 1945. 
C. C. S. 706/11

DISPOSAL OF ENEMY WAR MATÉRIEL IN GERMANY AND AUSTRIA 

THE PROBLEM

1. As a matter of priority to draft a reply to SCAF 447 (Appendix 
"D," page 6), in which the Supreme Commander, Allied Expeditionary 
Force (SCAEF) requests authority to:—

a. Fill London Munitions Assignment[s] Board requirements from 
war material in Germany and Austria.

1 Considered by the Combined Chiefs of Staff at their 197th Meeting, July 20. 
See vol. ii, p. 162.

2 The pages mentioned in this document refer to the original pagination.
b. Render surplus enemy warlike equipment unserviceable and dispose of it as scrap.

**FACTS BEARING ON THE PROBLEM**

2. See Appendix "C" (page 5).

**DISCUSSION**

3. Informal discussions are taking place on governmental levels as to the disposal of enemy equipment. It has been indicated informally that some nations desire the distribution of enemy war matériel among the United Nations, and are directly opposed to widespread destruction of German warlike equipment.

4. Because it appears that there will be considerable delay prior to the formulation of an intergovernmental policy on this subject, it appears necessary to make available a means by which enemy war matériel, captured or surrendered, which might be used profitably in the war against Japan, could be obtained immediately by those nations now actively engaged in the Japanese war.

**CONCLUSIONS**

5. Until a policy of disposal, agreed upon by the nations represented on the European Advisory Commission, has become effective, the London Munitions Assignment Board should be empowered to assign captured or surrendered enemy matériel in the hands of forces under U. S. or British command in Germany and Austria to the forces of those nations employed in furtherance of the agreed strategy in the war against Japan.

6. Because of the imminent dissolution of Supreme Headquarters, Allied Expeditionary Force, instructions relative to the destruction of enemy matériel surplus to the needs of the military forces and those of the London Munitions Assignment Board are a matter for consideration by the respective United States and British Chiefs of Staff rather than the Combined Chiefs of Staff.

**RECOMMENDATIONS**

7. That the message in Appendix "A" (page 3) be dispatched to the Supreme Commander, Allied Expeditionary Force, and the Supreme Allied Commander, Mediterranean.\(^3\)

8. That the message in Appendix "B" (page 4) be dispatched to the London Munitions Assignment Board.

\(^3\) Field Marshal Sir Harold Alexander.
SECRET

DRAFT

MESSAGE TO SUPREME COMMANDER, ALLIED EXPEDITIONARY FORCE
AND SUPREME ALLIED COMMANDER, MEDITERRANEAN

The London Munitions Assignments Board is being authorized to assign surrendered or captured enemy matériel in the hands of British- or American-commanded forces in Austria and Germany to the forces of those countries employed in furtherance of the agreed strategy in the war against Japan. After the dissolution of Supreme Headquarters, Allied Expeditionary Force, the respective Chiefs of Staff will issue instructions to the commanding officers of the British and United States zones of occupation with respect to treatment of enemy matériel which is in excess of the requirements of the military commanders and in excess of the matériel needed to fill the requirements of the London Munitions Assignments Board.

The above message is in reply to SCAF 447, which is being repeated to the Supreme Allied Commander, Mediterranean, today.

[Appendix B—Paraphrase]

SECRET

DRAFT

MESSAGE TO THE LONDON MUNITIONS ASSIGNMENTS BOARD

Until the countries which are members of the European Advisory Commission have agreed upon a disposal policy, and until such an agreed policy is implemented, the London Munitions Assignments Board is authorized to assign surrendered or captured enemy matériel in the hands of British- or American-commanded forces in Austria and Germany to the forces of those countries which will use such matériel in furtherance of the agreed strategy in the war against Japan.

[Appendix C]

SECRET

FACTS BEARING ON THE PROBLEM

1. FACS 159—FAN 507\(^4\) authorized the destruction of captured enemy war matériel in Germany and Austria, which was surplus to the requirements of the Supreme Command and the London Munitions Assignment Board, such authority to remain in force until cessa-

\(^4\) Not printed.
tion of hostilities or until superseded by a later directive (page 4 of C. C. S. 200/5 as amended by C. C. S. 200/6 6).

2. Present handling of captured and surrendered war matériel in Germany and Austria is based on FACS 149—FAN 500 (page 3 of C. C. S. 706/7 6) and FACS 109—FAN 453 (page 3 of C. C. S. 706/2 6) by which surplus enemy war matériel is being safeguarded, inventoried, and pooled as the property of the United Nations pending multipartite agreement as to disposal by the governments represented on the European Advisory Commission.

3. SCAEF states in SCAF 447 (Appendix “D”) that long-term guarding and maintenance of warlike equipment constitutes a heavy burden on occupational forces and is considered impracticable particularly in view of the redeployment program.

4. The Military Advisor, European Advisory Commission,7 writing on behalf of the Joint Advisors, U. S. Delegation, European Advisory Commission (EAC), states that it is doubted whether EAC will be in position to consider question of disposal of enemy matériel in the near future.

5. In C. C. S. 706/7, the Combined Chiefs of Staff agreed that if, at the time of the defeat of Germany, there was no prospect of a speedy agreement on policies for the disposal of enemy war matériel, action should be taken to seek the agreement on a governmental level of the authorities of the nations represented on the EAC for the immediate disposal of war matériel in Germany and Austria required for the war against Japan.

[Appendix D—Paraphrase]

The Supreme Commander, Allied Expeditionary Force (Eisenhower) to the Combined Chiefs of Staff

SECRET

11 June 1945.

SCAF 447. FWD 24508. The guarding and maintaining of war matériel over a long period of time imposes a heavy burden on the armies of occupation. This is especially true in the light of the redeployment program, and it is considered to be impracticable.

Our present policy, based upon FACS 109 and 149,5 is to inventory, safeguard, and pool surplus enemy war matériel in Austria and Germany as the property of the United Nations, pending a multilateral agreement on the part of the member governments of the European Advisory Commission as to its disposal.

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5 Neither printed.
6 Not printed.
7 Brigadier General Vincent Meyer.
The destruction of such matériel, in so far as it exceeds the needs of the London Munitions Assignments Board and the Supreme Command, was authorized by FACS 159. This authorization was made effective until hostilities ceased or until it was superseded by a new directive.

I request authority, unless a new directive is to be issued in the near future, to fill from war matériel in Austria and Germany the requirements of the London Munitions Assignments Board, to render unserviceable any excess enemy war matériel, and to dispose of such surplus equipment as scrap.

8 Not printed.

No. 362

740.00119 EW/9-2645 : Telegram

The Representative on the Allied Commission on Reparations (Pauley) to the President 1

[Extract 2]

TOP SECRET

Moscow, June 29, 1945—8 p. m.

2325. Top sec from Pauley to the President.

I am bending every effort to have a proposed reparation plan to submit to you and the heads of Great Brt and Russia at your forthcoming meeting. . . .

1 Sent to the Secretary of State ad interim over the signature of Harriman.
2 For the full text of this message, see document No. 110.

No. 363

740.00119 EW/9-2645 : Telegram

The Secretary of State ad interim to the Representative on the Allied Commission on Reparations (Pauley)

SECRET

[WASHINGTON,] July 2, 1945—9 a. m.

1488. For Pauley from the Acting Secretary.

1. Reurtel 2165, June 19 1 and 2262, June 25, 2 the Department is not opposed to the discussion of an amount of reparations. While it is felt that a figure of twenty billion dollars is too high and that one approaching twelve or fourteen billion dollars would be more appropriate, the twenty billion dollar figure may be adopted as a starting point for exploration and discussion. In this connection it should be established (a) that transfers from Germany of existing wealth cannot

1 Document No. 356.
2 Document No. 358.
now be expected to reach the figure ten billion dollars indicated in the Yalta discussions, (b) that attempts to secure from Germany within a reasonable period ten billion dollars of reparations transfers over and above exports required to pay for necessary German imports may result in the sacrifice of those German industrial disarmament objectives which are of prime concern to the United States.

The interest of this Government in questions of the total amount of reparations paid and the division of this total among various claimants is subservient to its interest in the firm application of those principles and procedures set forth under paragraph 3 of the Instructions for United States Representative on the Reparations Commission. 3

3 The principles referred to, here printed from appendix 5 to the Pauley-Lubin Report (see vol. II, p. 940), are as follows:

"a. The Reparation Plan should assist in the elimination of industrial capacity in Germany considered to be dangerous to the security of the United Nations.
"b. The Reparation Plan should aid in strengthening and developing on a sound basis the industries and trade of the devastated non-enemy countries of Europe and of other United Nations, and in raising the living standards of these countries.
"c. The reparation burden should be distributed in so far as practicable so as to impose equality of sacrifice upon, and result in an equal general standard of living for the German populations of each of the zones under the control of the respective occupying nations.
"d. This Government opposes any reparation plan based upon the assumption that the United States or any other country will finance directly or indirectly any reconstruction in Germany or reparation by Germany.
"e. The Reparation Plan should not maintain or foster dependence of other countries upon the German economy.
"f. The Reparation Plan should not be of such a nature as to promote or require the building up of German economic capacity.
"g. To the maximum extent possible, reparations should be taken from the national wealth of Germany existing at the time of collapse, with primary emphasis upon the removal of industrial machinery, equipment and plants, particularly the shipbuilding, metallurgical, machine tool producing, electrical machinery, and chemical industries (including all industries producing oil and oil products, synthetic nitrogen and synthetic rubber), ships, rolling stock, patents, copyrights, and German foreign exchange assets including investments abroad. Capacity for the production of component parts that enter into the production of the industries noted above should also be eligible for removal. Reparation in kind should not include arms, ammunition, and implements of war. (This Government favors the inclusion of German ocean-going merchant tonnage in the shipping pool until the end of the war against Japan and its division on some fair basis thereafter, and negotiations with other governments are in progress on this subject.)

"h. To the extent that for political reasons it may become necessary in the negotiations to agree that reparations be collected in the form of deliveries of goods from current production over a period of years, such goods should be of such nature and in such amounts as not to require the maintenance of the German war potential or the continued dependence of other countries on Germany after reparations cease. Accordingly, recurring reparations, over a period of years, should be:

"(1) As small as possible in relation to the reparations to be paid in the form of industrial plants and equipment; and
"(2) Primarily in the form of raw materials and natural resources, and to the smallest extent possible in the form of manufactured products.

"i. The removal of plants and equipment shall take place regardless of the fact that they are owned in whole or in part, directly or indirectly, by United Nations nationals. Where plants or equipment which are owned in whole or in part by a United National [sic] national are to be so removed arrangements shall
2. The Department feels that a Soviet receipt of 50 percent of total reparations payments as discussed at Yalta is not excessive on any probable basis of division. However, an allocation of 20 percent for United States, 20 percent for United Kingdom and 10 percent for the remaining countries leaves too little for these last claimants.

Although the Department concurs fully in your desire to avoid the possibility that the USSR become responsible for reparations for Eastern Europe on the one hand, and the United States and the United Kingdom for Western Europe on the other, the Department does not believe that your suggestion for an initial three-way distribution of reparations on the basis of 55, 22½ and 22½ percent should be put forward. Such an approach would be inconsistent with this Government's stated desire for equal French participation in the discussions and decisions of the Reparations Commission. The Department is of the opinion that if any new formula were now proposed by you as a basis for discussion to replace the formula which we accepted at Yalta for discussion purposes, such new formula should provide for a four power apportionment. It would be prepared to support a four power formula along the lines you suggest which would include France on a proportionate basis along with the Big Three. The Department believes that in such a four power initial apportionment, the Soviet share should be sufficiently in excess of fifty percent so that the net portion of reparation finally allocated to the Soviet Union will be approximately fifty percent after joint contributions by the four powers for the benefit of the smaller Allies.

3. With reference to your suggestion that the United States assert to the fullest extent its demand for gold, among other things, it is the view of the Department that, apart from the question of gold restitution as against its use for reparation, the disadvantages resulting from such a demand on the part of this Government would greatly outweigh the benefits to be gained from an increase in this country's gold stocks. Grew 4

be made, if practicable and desired by the government of such national, for the owner to retain his interest in such plant and equipment after removal. If not practicable or so desired, Germany shall furnish to the government of such national adequate reparation to cover the interest of such national.

4. It will be inevitable that the German standard of living will be adversely affected by the carrying out of the Reparation Plan. However, the reparation exactions should be held within such limits as to leave the German people with sufficient means to provide a minimum subsistence standard of living without sustained outside relief; but under no condition should this limitation operate to require the retention in Germany of means to support basic living standards on a higher level than that existing in any one of the neighboring United Nations.

5. The Reparation Plan should not put the United States in a position where it will have to assume responsibility for sustained relief to the German people."

4 The initials of the signing officer do not appear on the substitute file copy.

[No. 363]
The Representative on the Allied Commission on Reparations (Pauley) to the Chairman of the Allied Commission on Reparations (Maisky)

[Moscow,] July 3, 1945.

Dear Mr. Maisky: I was informed this morning that for the third time you again postponed the scheduled Plenary Meeting of the Allied Commission on Reparations. As in the case of the other postponements, this Plenary Meeting was scheduled to discuss your original Memorandum No. 2 which embodies the Soviet Proposal referred to in the Crimea Protocol. The American Delegation has now been here twenty-two days. We have not received a single figure supporting the Soviet proposal nor has any attempt been made on the part of the Soviet Government to enlighten either the American Delegation, or so far as I know, the British Delegation as to the basis of this Soviet proposal.

You will recall that at the first informal meeting between you, Sir Walter Monckton and myself, I stated, and you concurred in my belief that it was the joint responsibility of our three delegations to present as much as possible in the way of a definitive reparation program to the heads of our respective governments at their forthcoming meeting about the middle of July.

It is with reluctance that I must point to the lack of progress thus far made toward this end. If we are to have reparations in kind, as all agreed at the Crimea Conference, such a program must be based, in the first instance, upon things and not upon dollars.

At the time you made your twenty billion dollar proposal at the Crimea Conference, none of us had access to Germany. Any money figures which may have been discussed then could only have been based upon pre-war data of a very general character. Now we are in a position to undertake a complete physical inventory of present German assets and to make reasonably accurate estimates of future German requirements for whatever minimum standard of living may

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1 Printed from a copy included as an appendix to the Pauley–Lubin Report (see vol. II, p. 940).
2 Not printed.
3 See vol. II, document No. 1416, section v.
be agreed upon. Only by deducting permitted future German minimum requirements from the sum of actual present assets and estimated future production, can realistic net reparation figures be reached.

To attempt to arrive at any fixed monetary figure at this time before making a physical inventory and careful calculations as to permitted German requirements will lead to:

1. A total of reparations expressed in money less than the physical amounts available for collection from Germany or,
2. A money figure too large for Germany to deliver in physical terms under even the reduced standard of living which is to be allowed and,
3. A delay in a program for interim reparation deliveries.

Any approach to the problem of reparations which results in any of the above seems to me wholly unrealistic. I, therefore, suggest in order to have a definitive program to present to the heads of our three governments, that the Allied Commission on Reparations shall:

1. Arrange at an agreement between the Big Three as to the relative proportions, expressed in percentages rather than money, to which, as between themselves, each is entitled from such reparations as shall be determined to be available for these powers.
2. Agree on principles and procedures whereby the percentages of other claimant nations may be determined.
3. Define "reparation", "restitution" and "war booty" and provide a speedy program of interim reparations for all countries entitled thereto.

In my judgment, it is necessary that we either reach an agreement on the above points to be presented to the heads of our governments on July 15th or failing to agree, that the points of disagreement be presented for decision.

I know that you realize that the lives and future of hundreds of millions of people both in the Soviet Union and in Western Europe are dependent upon prompt and realistic decisions on German reparations. It is for this reason that I believe it my duty to ask for a daily meeting of the three representatives of our respective governments and that a complete report on the program for each Committee as described in the Minutes of the Steering Committee be presented by each such Committee not later than July 10, 1945.

Cordially yours,

[EDWIN W. PAULEY]

[No. 364]
The Secretary of War (Stimson) to the Under Secretary of State
(Grew)¹

[Extracts ²]

SECRET

WASHINGTON, July 4, 1945.

My Dear Mr. Secretary: I have carefully considered the many points which you raised in your letter of 8 June 1945 ³ with respect to conditions in Western Europe. I share your concern over what I think we all recognize to be a distressing situation.

¹ Actually addressed to the Acting Secretary of State, but Grew was only Under Secretary on the date of signature.
² For other extracts from this letter, see document No. 427.
³ The pertinent passages of Grew’s letter of June 8 read as follows (file No. 711.51/6-845):

“I am deeply concerned over conditions in Western Europe and the possibility that serious disorders may develop during the coming months. If the people of that area, particularly those in France, have to face another winter without heat or without adequate food and clothing, I can foresee disturbances of such serious consequence as not only to involve conflict with our troops, but to imperil gravely our long-term interests. The outlook at best is a gloomy one. It is already aggravated by repatriated prisoners of war and deportees who, on returning, expect more in the way of food, clothing and employment than can be provided. As I know that you are aware of the situation and of its implications, I am taking the liberty of seeking your assistance on the following points, which I believe are in line with the policy enunciated in the President's letter to you of May 21, 1945.

4. Another factor of importance to be considered in connection with this general matter is that of rail transportation. From fragmentary information, it would appear possible that the Germans have withdrawn into Germany a substantial amount of rolling stock from Allied countries, and that, despite war damage, their position in this respect is much more comfortable than that of our Western European Allies. If such should prove to be the case, would it not be possible to return to those Allies at least their own cars and locomotives found in Germany?

5. I understand that the U. S. and British military authorities in Germany have uncovered certain stocks of raw materials and industrial equipment which are of important interest to the liberated countries of Western Europe in their present economic straits. I realize that the disposition of such German materials and equipment involves the question of reparations. On the other hand, the need for certain of them is so great at the present time that I do not feel it would be appropriate to await action by the Reparations Commission before putting the materials to use. Adequate records, however, should be kept by SHAEF of any such deliveries in order that they may be taken appropriately into account in the later determinations of the Reparations Commission.

I accordingly urge that an allocations committee be set up immediately and that General Eisenhower be instructed to interpret liberally his outstanding directive on this subject. Pending the working out of more definitive machinery, I feel that such a committee should be set up within SHAEF, with a high ranking SHAEF officer as chairman.

6. There is no longer disagreement concerning the need for assuring such essential economic rehabilitation in Germany as is necessary to the fulfillment of the purposes of occupation. We will doubtless have to ship some supplies into Germany from overseas. Also, the military will doubtless move into Germany certain types of equipment, such as cranes and other harbor and engineering
I recognize the importance of all of the points which you raise and assure you that the War Department, in its appropriate sphere will cooperate in carrying out such policy as our government may establish. I feel, however, that many of the points you raise fall outside of the policy enunciated in the President’s letter of 21 May 1945 to which you refer. The policy conveyed to the War Department by the President in his letter was that after prompt termination of military responsibility for the provision of civilian supplies in liberated areas the Army should assist the national governments involved to the extent the military situation permits, which assistance should include the transfer of military supplies in excess of essential military requirements to the extent legally permissible. Many of the questions which you raise such as the determination of this government’s lend lease policy, the establishment of a reparations policy, and the policy of our government with respect to the provision of supplies to and the handling of exports from Germany seem clearly to fall outside the President’s letter. As, however, I recognize fully the importance of the questions which you raise I will attempt to treat with them in the order in which they were submitted:

4. Your letter poses the question as to whether it would be possible to return to the allied countries in Europe their own railroad cars and locomotives found in Germany. Up until the present time the military necessities of the situation in Europe have required that the military authorities operate all railroad power and rolling stock in Northwest Europe, without regard to the country of ownership, in a transportation pool. Only by this method has the limited amount of equipment available been found sufficient to meet military requirements. As operations have now terminated and as it is reasonable to expect that conditions in Germany will become more stabilized as time goes on, it should be possible, so far as military considerations are concerned, to gradually return to our Allies their cars and locomotives, where identification of the country of ownership is possible.

The fundamental problem raised by your question, however, is whether or not such restitution is consistent with this government’s facilities, which are now serving and are vitally needed by our Allies. In order that our Allies may recognize that our action in these respects is directly related to their own economic interests, an adequate program of exports from Germany, to be undertaken at once, is of crucial importance, and should be given clear priority over the satisfaction of needs within Germany. In the absence of clear and continuing guidance from Washington on this point, I fear that there would be an inevitable tendency for the occupying authorities in the field to become chiefly absorbed in meeting the needs of the area for which they have a direct responsibility.”

4 Not printed.
reparations policy. The War Department has received informal advice from the State Department staff that the government’s policy was against recognition of an automatic right to restitution of the character under discussion and that it was desired that the return of property of this character found in Germany, even though capable of identification as to its national source, would be a matter of discussion in connection with reparations decisions. I would very much appreciate your definitive advice on this subject.

5. In this paragraph your letter raises the whole problem of interim reparations. I feel strongly that the War Department should not determine the reparations policy to be followed in the administration of military government in Germany. In my opinion such policy should not be the subject of military decision but should be established by the appropriate policy making agencies of the government and transmitted to the War Department for administration.

In your letter you pose several alternate methods of dealing with the reparations problem in the interim before the Reparations Commission begins to operate. In this situation any affirmative action by the War Department would of necessity result in determination by it in this policy field where, in my opinion, it is inappropriate for the War Department to function. If the State Department will transmit to the War Department a definite policy to be followed in the administration of Germany with respect to reparations pending action by the Reparations Commission, the War Department will gladly endeavor to carry out such a policy.

6. In this paragraph of your letter you raise again the two questions of the extent of supplies which will be imported to Germany from overseas and the program of exports from Germany which will be undertaken. I believe that my views on these two questions have been covered in the previous discussion.

Sincerely yours,

HENRY L STIMSON

No. 366

740.00119 E7/7-645 : Telegram

The Representative on the Allied Commission on Reparations (Pauley) to the Secretary of State

TOP SECRET

Moscow, July 5, 1945—8 p. m.

2418. From Pauley to Secretary of State.

I have your cable of July 2 answering mine of June 19. As I read

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1 Sent over the signature of Harriman.
2 Document No. 363.
3 Document No. 356.
your message you agree with me in principle on all important points with the exception of two as follows:

1. You urge that any new tripartite percentage formula [for reparations from Germany] include at this time a fixed percentage for France even though France is not now represented in this conference.\(^4\) Maisky has insisted and still stands on the Crimea protocol\(^5\) that the conference remain tripartite. Both Mr. Harriman and myself as well as Archibald [Clark] Kerr and Sir Walter Monckton of Brit have constantly urged the inclusion of France in the Reparations Conference with Soviet officials to no avail. In the circumstances, your suggestion if followed would leave me in an impossible position. I would have only one alternative, namely, to sponsor a determination of the percentage share of France by the Tripartite Conference which even if accomplished would in the absence of the French obviously prove wholly unsatisfactory to and bring about criticism from the French. It is my considered opinion that my proposal which determines ex parte none of the claims of any nations shows adequate respect for and properly insures a reasonable determination of the claims of France and all other nations. Since France is on the Control Council, naturally under my proposal France would of necessity be the first nation whose claim would be considered and have its percentage determined. Certainly the matter of the inclusion of France as a member of the Reparations Commission should be made an urgent item on the agenda of the Big Three at the forthcoming conference. Obviously this is a matter which cannot be handled conclusively at any lower level. Accordingly, I request that you inform the President of my views upon this subject.

2. I have noted your exception to my proposal that we should demand as fully as possible gold as reparations. As this seems to be one of the few items which we can take, it occurs to me that the Dept should make further study of this matter, particularly since the receipt of gold as reparations may prove particularly convenient and useful for our country to defray occupation costs in supplying our army of occupation with such goods as are not obtainable within Germany.

\(^4\) i.e., the Allied Commission on Reparations.
\(^5\) See vol. ii, document No. 1416, section v.

No. 367

740.00119 EW/7-645: Telegram

The Representative on the Allied Commission on Reparations (Pauley)

_to the Secretary of State\(^1\)_

TOP SECRET

US URGENT

Moscow, July 6, 1945—11 p. m.

2441. Top secret from Pauley to the Secretary.

Several weeks ago at the first meeting of the Steering Committee named by the Allied Reparations Commission, I proposed that the

\(^1\) Sent over the signature of Harriman. Sent to Washington; relayed to Byrnes, then at sea, in telegram No. 2 of July 7 (file No. 740.00119 (Potsdam)/8-645).

[No. 367]
Commission adopt certain principles which I derived from IPCOG No. 2. After painstaking negotiation, each delegate on the Allied Commission on Reparations has now agreed to recommend that the following principles be adopted by the Commission in the preparation and administration of a reparations plan:

"1. Removals of property for reparations shall be primarily such as to assist in bringing to an end the war-making power of Germany by eliminating that part of Germany's industrial capacity which constitutes war potential.

2. Reparations shall be such as will speed recovery and reconstruction in countries devastated at German hands.

3. For the purposes of making a reparations plan Germany will be treated as a single economic unit.

4. Any plan of reparations shall be avoided which necessitates external financial assistance either to enable reparations deliveries to be made or to facilitate economic reconstruction required for reparation purposes or which might in the opinion of the govt concerned prejudice the successful execution of the task entrusted to the armies of occupation.

5. To a maximum extent reparation shall be taken from existing national wealth of Germany. While for convenience claims may be stated in money, it is necessary to bear in mind that in contrast to reparations after World War I which were assessed and exacted in money, this time reparations will be assessed and exacted in kind in the form of things such as plants, machines, equipment, stocks, foreign investments, etc.

6. In order to avoid building up German industrial capacity and disturbing the long term stability of the economies of the United Nations, long run payment of reparations in the form of manufactured products shall be restricted to a minimum.

7. In justice to those countries occupied by the enemy, reparations shall be calculated upon the basis that the average living standards in Germany during the reparation period, shall not exceed the average of the standards of living of European countries. (European countries means all European countries excluding UK and USSR).

8. After payments of reparations enough resources must be left to enable the German people to subsist without external assistance. In working out the economic balance of Germany the necessary means must be provided for payment of imports approved by the govts concerned before reparation deliveries are made from current production or from stocks of goods."

I hope I may have your immediate concurrence in subscribing to the foregoing principles.

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3 Not printed as such. For the principles set forth in Pauley's instructions (IPCOG 2/2), see document No. 363, footnote 3.
WASHINGTON, July 7 [1945.]

1. For the Secretary. From Collado and Despres.

Pursuant to our discussion, you may wish to consider the following paragraph as a substitute for para. 3 in the proposed telegram to Pauley. 2

"The Dept is fully in accord with the general principle embodied in your proposed formula of apportionment under which the major powers would decide the apportionment among themselves of the aggregate share of reparation going to them collectively but would not try to fix definitely the apportionment between the major powers, on the one hand, and the other Allies on the other, in advance of consultation with other Allies. We also agree that inclusion of France as a major power in such a formula raises the most acute difficulties in the absence of French representation on the Reparation Commission. We therefore favor your proposing in the Commission a three power formula of the type which you have recommended, but we feel that you should state to your colleagues that we would prefer a formula fixing the relative shares of the four powers which will occupy Germany if the absence of French representation on the Commission did not make consideration of such a formula impracticable. We also believe that the percentages recommended by you, would give too large a share of total reparation to Britain and the US, and that unless Russia is willing to accept much less than 50 percent of total reparation little will be available under your formula for the other Allies. We propose therefore that you consider a modification of your ratios. For example, if it were agreed that the Big Three share should be divided seventy percent to USSR and fifteen percent each to US and UK, and that at least thirty percent of total reparation would be reserved for other Allies, this would give Russia about fifty percent of total reparation and US and UK about ten percent each. We hope that you will consider some such modification, because our limited capacity to absorb reparation in goods and labor services and our disinclination to assert a claim to gold looted by the Germans in Allied countries make it unlikely that we can collect a larger share of total reparation than ten percent. Moreover, our direct war damage has been relatively small, even though the volume of our resources devoted to the war has been large."

1 Sent over the signature of Grew.
2 Replying to document No. 366.
No. 369

740.00119 Potsdam/7-745 : Telegram

The Acting Secretary of State to the Secretary of State

SECRET

WASHINGTON, July 7, 1945.

3. The agreed recommendations submitted for your concurrence in Pauley's 2441, July 6, are in full conformity with the principles formulated in the instructions to Pauley prepared by the Informal Policy Committee on Germany, cleared with JCS and approved by the President. Pauley's success in obtaining agreement of his Russian and British colleagues represents a considerable achievement. It is recommended that you communicate to Pauley your concurrence and gratification.

Grew

1 Document No. 367.

No. 370

740.00119 EW/7-745 : Telegram

The Representative on the Allied Commission on Reparations (Pauley) to the Secretary of State 1

TOP SECRET

Moscow, July 7, 1945—8 p. m.

2466. Top secret to the Secretary from Pauley.

Further to my 2418, July 5. 2

Now that you have become active in your new and important responsibility I wish to acquaint you with certain reparations problems here in order to have the fullest possible benefit of your thinking prior to and at the conference.

1. The inclusion of France in the reparations discussions here though urged by the Brit and supported by myself and Harriman is not acceptable to the Soviets. Maisky stands on the Crimea protocol. Since this question arose basically out of the Crimean agreement of the Big Three it is obvious that the question cannot be conclusively resolved at any lower level than the Big Three.

2. The attempt of the Soviets to place a total dollar value on reparations leads me fear into the very difficulty that President Roosevelt foresaw at Crimea, namely that it will appear to the Amer people that again reparations are to be paid in money and not in

1 Sent over the signature of Harriman. Sent to Washington; relayed to Byrnes, then at sea, in telegram No. 9 of July 9 (file No. 740.00119 (Potsdam)/8-545).

2 Document No. 366.
things. It is my belief that reparations should first be assessed and exacted on things[,—]particularly plants and equipment to disarm and deindustrialize Germany—and only secondarily should money values be placed upon the things taken.

3. Despite the above fundamental problems I have proposed to the Allied Commission on Reparations here and have consent of all reps that we prepare as much of a definitive program as possible for presentation to the heads of the three Govts at the forthcoming conference as follows:

(a). Arrive at an agreement between the Big Three as to the relative proportions, expressed in percentages rather than money, to which, as between themselves, each is entitled from such reparations as shall be determined to be available for these powers;
(b). Agree on principles and procedures whereby the percentages of other claimant nations may be determined;
(c). Define "reparation", "restitution" and "war booty" and provide a speedy program of interim reparations for all countries entitled thereto; and
(d). That agreement either be reached upon the three foregoing points or that the points of disagreement be stipulated in either case for presentation to the heads of the three Govts at the conference for decision.

Upon a proposed percentage formula relating to point number 1 above I cabled the Secretary (see my 2165, June 19 \(^3\) and have Acting Secretary's 1488, July 2 \(^4\) in reply and further cabled you (see my 2418, July 5). It would be helpful if you would secure and read these cables which will define my attitude and as well show one major point of possible difference between myself and your predecessors on policy. You will observe particularly objectives in the proposed formula are:

(1). To avoid fixing the percentage of any other nation in advance of a review of its claim;
(2). To place the burden upon all of the Three Powers for proper allocation of reparations due other nations;
(3). To maintain unity of the Big Three.

I consider it most important that the agenda of the coming conference provide for consideration of these reparation matters as well as the question of the inclusion of France. You would favor me greatly if you would see that these matters are given a high place on the agenda as they are questions of high policy which must be determined.

\(^3\) Document No. 356.
\(^4\) Document No. 363.

[No. 370]
No. 371

740.00119 EW/7-645: Telegram

The Acting Secretary of State to the Representative on the Allied Commission on Reparations (Pauley)

TOP SECRET  [WASHINGTON,] July 8, 1945—2 p.m.
US URGENT

1557. For Pauley.

Instead of replying now to the questions raised in your 2418, July 5, 8 p.m. Secretary suggests that these issues be discussed and decided when you join President at Berlin.

Grew

1 Document No. 366.
2 The initials of the signing officer do not appear on the substitute file copy.

No. 372

740.00119 EW/7-945

The British Embassy to the Department of State

Ref: 1608/-45

AIDE-MÉMOIRE

On June 27th Mr. Pauley communicated to Sir Walter Monckton in Moscow a paraphrase of a telegram to the State Department describing the communication he had sent to his representative at Frankfurt and to the Commander of the United States zone in Germany on the subject of the withdrawal from Germany of art objects, other property and supplies. Mr. Pauley suggested that similar instructions should be sent to Field Marshal Montgomery.

2. His Majesty’s Government in the United Kingdom would have been glad to have been given an opportunity to comment on this matter before action was taken. The subject is one on which it is most desirable to work out a policy common to all four zones, particularly in view of the wider aim to secure the treatment of Germany as an economic unit.

3. As action has been taken and in order to give effect to Mr. Pauley’s suggestion, His Majesty’s Government desire to reach agreement with the United States Government on the policy to be adopted in the United States and British zones, on the understanding that the arrangements made and the policy covering interim deliveries from

1 The original of this aide-mémoire bears the following manuscript notation: “Note: Instructions referred to in this Aide-Mémoire were communicated to Sir Walter Monckton on July 6”.
2 See document No. 360.
Germany shall be discussed at the earliest possible date at the Allied Control Commission and that pending such discussion the Commanders-in-Chief of the British, United States and French zones should exchange information and co-ordinate action with regard to the movement of goods from Germany. This, it is suggested, should be done through the agency of the newly created Combined Resources and Allocation Board.

4. A statement of the views of His Majesty's Government on this matter, (excluding the movement of goods or property for purposes of restitution), are contained in the enclosure. This statement has been sent to Sir Walter Monckton with instructions to discuss it with Mr. Pauley and to ascertain from him whether he is prepared to modify the instructions which he has issued so as to bring them more into line with the arrangements proposed by His Majesty's Government for the British zone.

5. It is the belief of His Majesty's Government that it is essential to inform the Soviet Government of these arrangements and the reason why they have been made and to leave the Soviet Government in no doubt of their limited scope and interim nature. Sir Walter Monckton has therefore been instructed also to propose to Mr. Pauley that, after agreement has been reached on the instructions for the British and American zones and after they have been issued to Field Marshal Montgomery and the United States Commander-in-Chief, they should jointly explain to Monsieur Maisky the nature of these arrangements for interim deliveries. Monsieur Maisky could be told that the two Governments have felt bound to take this action in view of the crying needs of the European Allies and that they will take the earliest opportunity of informing the Allied Control Commission and of securing its concurrence. The two Governments appreciate that the Soviet Commander-in-Chief may wish to take comparable action in the Soviet zone. If so, they very much hope that in respect of any exports therefrom the principle of accountability agreed between the two Governments would be preserved.

6. It will be noted from the final paragraph of the enclosure that His Majesty's Government intend to send to Sir Walter Monckton a separate statement of their views on the interim movement of goods or property for purposes of restitution.

WASHINGTON, July 9, 1945.

[Enclosure]

The arrangements here outlined would apply only to deliveries of goods from Germany on supply grounds. They should be regarded as interim and will no doubt be replaced by other arrangements when
the Allied Control machinery comes into full operation, when reparation policy is decided and when the organization of the Emergency Economic Committee, Europe, is further developed and its relations in [to?] the Control Powers further defined.

2. His Majesty's Government would be prepared to authorize Field Marshal Montgomery at his discretion to permit the export from the British zone of occupation to Allied countries of Western Europe of commodities essential to their economic life. The extent of Field Marshal Montgomery's discretion in this matter would be limited by the following conditions:

(a) as a general rule exports should for the present be limited in kind to raw materials and consumer goods and exports of capital equipment should not be permitted save in exceptional circumstances and after prior reference to His Majesty's Government;

(b) exports of a type which have been agreed as likely to prejudice the work of the Reparation Commission or reparation settlement should not be permitted;

(c) in considering whether a given export should be permitted, the Control authorities will have regard to whether the export would necessitate the subsequent import of goods into Germany;

(d) the Allied Government receiving such an export from the British zone would, before being permitted to take delivery, be required to accept accountability for them in due course under whatever scheme may be agreed and to recognize that they have received them without prejudice to the question whether they shall be considered to be reparation[,], restitution or exports for which payment must be made in acceptable currencies;

(e) demands by Allied countries and availabilities for export in the British zone should be considered so far as possible in collaboration with the Control Authorities in the French and American zones, so that a consistent and co-ordinated policy should be followed in the three zones.

3. Field Marshal Montgomery would be authorized to grant priority for the export from the British zone of material immediately required for the direct war effort of the Allied Nations against Japan.

4. Field Marshal Montgomery would keep Sir Walter Monckton informed of the exports which he had permitted; and would designate a member of the British element of the Allied Control Commission to maintain liaison with him. Inter-zonal co-ordination would presumably be maintained by the newly created Combined Resources and Allocation Board.

5. A scheme whereby information about requirements and availabilities could be exchanged between the E. E. C. E. and the Commanders-in-Chief of the British, United States and French zones has been approved by the E. E. C. E. and it is hoped that it will shortly be put into operation. Information obtained under this scheme may be of use to the Commanders-in-Chief in determining priorities.
Majesty's Government now propose to inform the E. E. C. E. that further definition of its functions in relation to German exports must await a clarification of reparation and restitution policy and full establishment of Allied Control machinery in Germany; but that in the meantime some movement of goods from the British zone would be permitted. His Majesty's Government would hope that the United States representative on the E. E. C. E. would make a similar statement about the United States zone.

6. His Majesty’s Government's views upon interim movement of goods or property in the way of restitution and not on grounds of supply will be contained in a separate statement.3

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2 Not printed.

No. 373

740.00019 E. W./6-2245 : Telegram

The Acting Secretary of State to the Ambassador in the Soviet Union

(Harriman)

CONFIDENTIAL

[WASHINGTON,] July 11, 1945—7 p. m 1577. Department has received from French Embassy an Aide-Mémoire dated June 25 1 referring to exclusion of France from Reparation Commission at Moscow. Although French government maintains the position that France should be represented on the Commission it asks that instructions be issued to the Chief of the American Delegation to keep the French Ambassador at Moscow closely informed of the Commission’s labors.

(Sent to Moscow as 1577 for action. Repeated to Paris as 3213 and London as 5671.)

We are told that the French have addressed similar communications to British and Soviet governments.

Please discuss the matter informally with the appropriate authorities and report their reaction to the French request. If questioned concerning our position, you may say that we are most sympathetic to the French desire not only to be kept informed but to be admitted to full membership.2 We are not certain, however, that the French suggestion, which would involve the receipt of information by the French Ambassador at Moscow from three separate sources, is the most practical way of accomplishing the desired purpose. We would be quite agreeable to having the American delegate work out with his British and Soviet colleagues on the Commission a procedure for

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1 Not found. Cf. document No. 357.

2 The United States had earlier proposed French membership on the Allied Commission on Reparations, but had not been willing to accept a Soviet counter-proposal that other governments be admitted to membership at the same time.
keeping the French government informed concerning the decisions taken by the Commission, pending full French participation. This might be done through the Commission’s commissariat.

Please inform Pauley.

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1 The initials of the signing officer do not appear on the substitute file copy.

No. 374

Pauley Files

*The Representative on the Allied Commission on Reparations (Pauley) to the Chairman of the Allied Commission on Reparations (Maisky)*

[Moscow,] July 11, 1945.

Dear Mr. Maisky: In as much as I intend to depart for Berlin along with a few of my staff for the meeting of The Big Three, I feel that it is extremely urgent that we resolve all the matters contained in my letter of July 3rd for a final decision by the heads of our respective governments.

The specific questions raised and the status of each is as follows:

1. The percentage formula for the division of reparations as between the three governments has been thoroughly discussed and it is my understanding that we are not far from agreement.
2. The principles and procedures whereby the percentages of other claimant nations may be determined have been discussed and it is my understanding that we are near agreement.
3. (a) I believe we have agreed upon a definition of “restitution.”
(b) The definition of “war booty” has not been discussed and we have been awaiting the definition which you agreed to submit to the Steering Committee. In the interest of time I have prepared and herewith submit for your consideration such a definition.
(c) The interim reparation plan is still subject to discussion but I understand that you share my views on this subject.

Since Sir Walter Monckton has informed me that he has waived the last remaining objection to Principle No. 4, I take it we are all in agreement upon the eight principles which shall be the basis of the reparations plan.

Though we are near agreement upon the subject matter of all of the above points advanced in my letter of July 3rd, the time before

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1 Printed from an unsigned carbon copy.
2 Document No. 364.
3 See appendix G to document No. 378.
4 See document No. 387.
our contemplated departure for Berlin is running so short that I have grave concern that our work will not be completed to the point where it may be properly submitted to the heads of our governments. I trust therefore that you will spare no effort either to reach agreement upon all of these points before the Big Three Conference or prepare ourselves specifically to state our differences for presentation at this Conference.

Especially do I request that you give me as early as possible your reaction to the definition of “war booty” which I enclose herewith.

Sincerely yours,

[Edwin W. Pauley]

No. 375

740.00119 EW/7-1645: Telegram

The Representative on the Allied Commission on Reparations (Pauley) to the Secretary of State

SECRET

Moscow, July 14, 1945—4 p. m.

US URGENT

2564. From Pauley to Secretary [of] State.

I refer to the statement of principles which all members of the Commission had agreed should be immediately submitted to their governments for approval. (See my 2441, July 6, 11 p. m.2). Although our Government and the British are in agreement, today Maisky said the Soviet would not take the last sentence of paragraph 8 which reads as follows: “In working out the economic balance of Germany the necessary means must be provided for payment of imports approved by the governments concerned before reparation deliveries are made from current production or from stocks of goods”. I stated that my own Government stands firmly on the principle that approved imports shall be a prior charge against approved exports of current production and stocks of goods and that I was sure that my Government would not recede from this position. I added that personally I felt so keenly on the subject that I would not recommend the deletion of this clause in the principles. It was left that the matter would have to be handled directly by the Big Three in their forthcoming meeting.

Repeated to Eisenhower and Clay as 14.

1 Sent over the signature of Harriman. The gist of this message was included in telegram No. 35 of July 16 from Grew to Byrnes (file No. 800.00 Summaries/7-1645).
2 Document No. 367.
Memorandum by the Delegation to the Allied Commission on Reparations  

TOP SECRET  

[Moscow,] July 14, 1945.  

SUPPLEMENT TO PROGRESS REPORT  

ALLIED COMMISSION ON REPARATIONS  

SUMMARY  

On July 3 Ambassador Pauley asked for clarification of certain reparation problems before the meeting of the heads of governments. (Appendix AA)  

1. Relative shares of participating governments: agreement reached July 13 (Appendix A).  
2. Procedures for determining minor nation claims: agreement reached and recommended to governments on July 13 (Appendix D).  
3. The definition of reparation, restitution and war booty: no agreement due to Soviet unpreparedness to discuss war booty.  
4. Interim reparations: no agreement, though respective proposals not far apart.  
5. General principles of the Reparations Settlement: agreement reached on all principles except the status of necessary exports as a prior charge against reparations: decided to place this issue before the heads of governments.  

PROGRAM ON CERTAIN ASPECTS OF THE REPARATIONS SETTLEMENT  

On July 3, 1945, Ambassador Pauley wrote to Mr. Maisky proposing that the Reparations Commission either reach an agreement on certain specified points or, failing to agree, be in a position to present the points of disagreement to the heads of the three governments during their forthcoming meeting. The following sets forth the present position on the points raised by Ambassador Pauley in his letter:  

1. To arrive at an agreement between the Big Three as to the relative shares, expressed in percentages, to which each is entitled in the form of reparation payments from Germany. Full agreement on this point was reached at a meeting of the Steering Committee on July 12, 1945. (Appendix A)  

2. To agree on procedures whereby the percentages of other claimant nations may be determined.  

a. The British delegation presented a proposal to the Steering Committee on July 7. (Appendix B)
b. The U. S. delegation presented a revised version of the British paper on July 11. (Appendix C)

c. A further revision was circulated by the Soviet delegation on July 13.

d. At the Steering Committee meeting on July 13, the Soviet proposal was accepted and recommended to the respective governments[.] (Appendix D 4)

3. To define reparation, restitution, and war booty.

a. Restitution.

(1) After a preliminary discussion in the Steering Committee on July 5, the British delegation presented a paper on July 7th. (Appendix E 5)

(2) U. S. concurrence with the British paper was communicated to the Steering Committee on July 11th.

(3) A Soviet paper, differing drastically from the British and U. S. views, was circulated on July 13th. (Appendix F)

(4) At the Steering Committee meeting on July 13, tentative revisions to paragraphs 1, 2, and 3 of the Soviet paper were discussed, but the U. S. Representative stressed the necessity of concurrent consideration of definitions for restitution, war booty, “trophies”, etc.

b. War booty.

(1) Soviets agreed on July 5 to present a paper on war booty by July 11.

(2) Soviet paper was not received and the U. S. presented a paper on July 11. (Appendix G) (Appendix S of Status Report)

(3) At the Steering Committee meeting on July 13, the Soviet Representative stated that he was not prepared to discuss the proposed U. S. definition nor any other aspect of the problem at the present time.

c. Reparation.

(1) No discussion has taken place, but U. S. staff memorandum points out certain problems involved. (Appendix H)

4. To provide a speedy program of interim reparations to all countries entitled thereto.

a. Tentative U. S. proposal circulated on July 7th and presented to Steering Committee in amplified form on July 9th[,] (Appendix I)

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4 This appendix is identical with attachment 4 to document No. 894, printed in vol. II, except for minor editorial differences and except that it does not bear the heading "Agreed in the Allied Commission on Reparations".

5 This appendix is identical with document No. 906, printed in vol. II, except that the passages italicized in that document were not emphasized in appendix E.
b. Tentative British and Soviet points of view were expressed at Steering Committee meeting on July 10th.

c. At the Steering Committee meeting on July 13, this matter was only touched on, with the UK Representative indicating unwillingness to agree to an interim program until the main issues of a permanent settlement are agreed.

5. To agree on general principles to govern the reparations settlement and its future administration.

a. U. S. proposed formal adoption of general principles at first Steering Committee meeting on June 22nd. (Appendix J)

b. After prolonged discussion at several meetings of the Steering Committee, an agreement was reached on July 6th, subject to approval of the participating governments. (Appendix K)

c. U. S. and British governments accepted the principles as agreed.

d. At a Steering Committee meeting on July 12th, the Soviet delegation announced its reservation with respect to the last sentence of principle 8 which provides for payment for necessary imports into Germany as a prior charge before reparation exports.

e. On July 13th, Ambassador Pauley communicated with Mr. Maisky, explaining his position with respect to necessary German imports. (Appendix L)

f. At the Steering Committee meeting on July 13th, final agreement was reached on the language of Principle 6. An impasse was reached on the last sentence of Principle 8 and it was agreed to present the issue to the heads of governments.

[Appendix B]

SECRET

[Moscow,] July 9, 1945.

BRITISH PROPOSALS FOR DETERMINING SHARE OF MINOR CLAIMANTS

1. The Allied Commission on Reparations will send a communication as soon as possible through the Governments of the UK, USA and USSR inviting all the United Nations that have been at war with Germany to submit within one month to the Allied Commission on Reparations through their Diplomatic Representative in Moscow, or otherwise, statements showing data for establishing their reparation claims against Germany and the value of German pre-war assets in their territory.

2. The data for establishing reparation claims should be laid down by the Commission and should in the first instance be few and simple; for example,

* For the eight principles agreed upon, see document No. 367.
(i) shipping losses in gross tons and 1938 replacement value.
(ii) destruction and partial destruction of private residences, factories and other buildings, plant and equipment, in number and 1938 replacement value. Damage to forests and agricultural land. Any other physical damage and losses in terms of 1938 replacement value.
(iii) man-years served in armed forces including full-time Resistance Movements.
(iv) fatal casualties in armed forces while carrying on war against Germany.
(v) any other simple basic statistical data which the claimant government desires to put forward for consideration. Notes: In all cases the data should exclude those relating to the war against Japan.

3. The Allied Commission on Reparations would decide as a basis for discussion on a provisional list of countries entitled to receive reparation and on the percentages to be allotted to each.

4. The United Nations whose claims to receive reparations were approved would be approached individually and informally through diplomatic channels in an attempt to persuade them to accept as fair the percentage provisionally suggested for each of them.

5. The Allied Commission on Reparations would then through the Governments of the UK, USA, and USSR address a further communication to these United Nations inviting them to take part in a discussion in order to reach agreement on reparation percentages. This discussion might take the form of

(i) these Nations becoming associated with the Allied Commission on Reparation in its final stage or
(ii) the creation of a semi-permanent inter-Allied Commission for executing the Reparation Plan of which all the United Nations entitled to reparation would be members, the semi-permanent Commission being empowered to reach agreement on reparation percentages and
(iii) a separate ad hoc Conference of Ministers.

6. At the same time a further communication would be sent through the same channel to the United Nations whose claims to receive reparation were not approved, informing them that their claims had been examined but that it was considered that

(a) they were not entitled to receive reparation because their losses and war effort had been too small in comparison with the losses and war efforts of others, or
(b) that their share of reparation would be covered by the German assets in their territories or a portion of those assets so that they were not entitled to share in other deliveries, or
(c) such other explanation as might be appropriate.

[No. 376]
SECRET

[Appendix C]

U. S. PROPOSALS FOR DETERMINING SHARES OF MINOR CLAIMANTS

[Editor’s Note.—Paragraphs 1, 5, and 6 of this proposal, except for minor editorial differences, are identical with paragraphs 1, 5, and 6 of appendix B, supra. The new or amended language proposed for paragraphs 2, 3, and 4 is as follows:]

2. The form and content of data submitted by each nation for establishing its claims should be determined so as to reflect its war burdens, its war losses, and its contributions toward organizing the victory. For the sake of uniformity, losses should be stated in physical units, as far as possible, and in 1938 replacement values. Indices of burdens and contributions toward the victory might for example include, without excluding other elements, such items as budgetary expenses, man-years in fighting forces, man-years in war production for use against Germany, and any other simple basic statistical data which a nation desires to put forward for consideration.

In all cases the data should relate to the war against the European Axis Powers and exclude those relating to the war against Japan.

3. On the basis of the material submitted, the Allied Commission on Reparations would decide as a basis for discussion on a provisional list of countries entitled to receive reparation and on the, for purposes of discussion, tentative percentages to be allotted to each.

4. The United Nations whose claims to receive reparations were thus approved set forth would be approached individually and informally through diplomatic channels in an attempt to persuade them to accept as fair the percentage provisionally suggested for each of them.

Moscow, 8th July 1945.
Revised: 11th July 1945.

[Appendix F—Translation]

RESTITUTION AND REPLACEMENT

1. Restitution covers all property which can be identified as having existed at the moment of enemy occupation of the territory from which this property was removed, as well as property which came into existence on the said territory during the period of enemy occupation if this can be established and irrespective of the manner in which it fell into the hands of the enemy.

2. As regards property which was destroyed by the enemy or utilized or lost value as a result of enemy action, the right is retained to replace it by similar or comparable property. This applies to
objects of unique character such as works of art, historical objects, libraries, unique installation, etc.

3. The injured country retains the right to make claims to restitution in respect of property removed by the enemy which is found in any third country.

4. It is moreover agreed that all questions of restitution will be dealt with on behalf of the injured property owners by the country of which they are citizens.

[Appendix G]

SECRET

U. S. STAFF PROPOSAL ON DEFINITION OF WAR BOOTY

War booty shall consist of all finished war material, but shall not include equipment used to produce war material. What constitutes war material shall be defined by Military representatives of the three powers represented on the Allied Commission on Reparations.

[Appendix H]

Mr. Abram Bergson, of the Delegation to the Allied Commission on Reparations, to the Chief of Staff of the Delegation to the Allied Commission on Reparations (Parten)

SECRET

[Moscow,] July 13, 1945.

Subject: The Territorial Question in the Reparations Settlement.

The Reparations Settlement necessarily will have to be worked out and administered on the basis of a definition of the territory of Germany to be subject to reparations. Not only is it necessary that the territory subject to reparations be defined in advance, but it is of the utmost importance that this territory correspond as nearly as possible to the area that will be left to Germany when her boundaries are finally determined, and thus that probable territorial cessions be at least tentatively agreed upon so that they can be taken [into account?] and, from the outset, in its administration.

The reasons for this are as follows:

(a) Any calculation either of a total reparations bill in money terms or of the amounts of goods to be paid in physical quantities necessarily will have to refer to a specified territory. But territorial changes made after the Reparations Settlement was reached might cause such dislocations in the German economy as to necessitate a complete recalculation of Germany’s capacity to pay. No general formula could be found that would define in advance the effects on Germany’s capacity to pay of all major territorial changes that are possible.

[No. 376]
(b) The nature of the policies which must be adopted for economic disarmament purposes depends on the extent and character of disarmament that is accomplished by way of territorial dismemberment.

c) It is contemplated that interim reparations will go into effect as soon as possible. For the purposes of the administration of such reparations, it is essential that the territories from which plant and equipment are to be removed, and recurring reparations drawn, must be known in advance. To carry out removals from territories that ultimately would be transferred to United Nations obviously might be unwise, and in the case of the territories claimed by Poland might, in any event, be administratively impracticable.

d) Ultimately, and for the same reasons, the work of the Reparations Agency would be severely handicapped, if not made impossible, if the territories subject to reparations had not been determined in advance with some finality.

e) The likely territorial cessions in certain instances might alone yield to a reparations claimant more than its total reparations share. In these cases, it probably would be desirable to assure from the outset that this claimant did not receive any payments in the form of capital and recurring reparations from other sources.

[Appendix I]

SECRET

[Moscow,] July 13, 1945.7

TENTATIVE DRAFT ON INTERIM DELIVERIES AND REMOVALS—FOR DISCUSSION

1. An orderly flow of deliveries and removals from Germany should begin at the earliest possible date to achieve the earliest possible relief of devastated areas in the United Nations. Deliveries and removals shall be made in accordance with the principles and policies already agreed upon by the Allied Commission of [on] Reparations.

2. Pending the establishment of a permanent allied reparations agency, interim deliveries and removals should be based upon the urgency of need for rehabilitation purposes and should not be designated initially as reparation, restitution (British question) or for purchase of the recipient nations. (Soviet question?)

3. With respect to interim deliveries and removals of capital goods to all United Nations, the following procedure should be adopted:

a. Immediate establishment of a sub-committee of the Allied Commission on Reparations to be situated in Berlin and to be composed of representatives of the nations participating in the Allied Commission on Reparations. This sub-committee should keep in constant consultation with the Control Council and should keep the Control Council informed of its activities.

b. The Allied Commission on Reparations will transmit to its sub-committee a list of industries from which interim deliveries and removals of equipment will be allowed.

7 The appendix is so dated, but cf. ante, p. 539.
c. Interim deliveries and removals of capital equipment from those industries up to an agreed limit of the movable assets, expressed in physical terms, may be made upon the approval or recommendations of the sub-commission. Shipping documents covering such interim deliveries and removals shall include notification to the receiving country that in the final accounting such deliveries and removals may be deemed by the Allied Commission on Reparations to be on account of reparations or restitution.

d. Each of the occupying powers may remove or permit to be removed from its zone of occupation plant and equipment from any industry in such list, subject to the following conditions:

(1) With respect to any removal by an occupying power for its own account the respective zone commander shall notify the sub-commission of the contemplated removal. If the sub-commission recommends that such removal shall not be made, it shall so notify the Allied Commission on Reparations which shall make such representations to the governments as it deems appropriate. Pending the decision of the governments, the contemplated removal shall be suspended.

(2) With respect to any removal from the zone of one occupying power for the account of another United Nation (whether or not such United Nation be an occupying power) such removal shall be permitted upon the approval or recommendation of the sub-commission.

4. With respect to interim deliveries and removals to all United Nations of raw materials out of current production or stocks of goods and manufactured goods out of stocks, such deliveries and removals may be made upon the approval or recommendation of the sub-commission on the basis of the need of the claimants after due regard to the supplies available and the requirements of the occupation forces. Shipping documents covering such interim deliveries and removals shall include notification to the receiving country that in the final accounting such deliveries and removals may be deemed by the Allied Commission on Reparations to be on (1) export account to be paid for in acceptable currencies, (2) reparation, or (3) restitution. (Soviet question on last clause; British question on "restitution").

5. Adequate and uniform accounting controls shall be instituted with respect to all deliveries and removals affected under the above proposed procedures.

6. The governments concerned should be notified of the establishment of the foregoing procedures for effecting urgently needed interim deliveries and removals.

7. As a condition precedent to the movement of any interim deliveries or removals, it shall be mutually agreed that each of the occupying powers shall submit, within six weeks of the date hereof, a statement of all property removed from Germany since its invasion.
(Questioned by Soviet; British and U. S. position believe it an important point but willing to discuss under "war booty").

[Appendix J]

SECRET

GENERAL PRINCIPLES SUBMITTED BY U. S. DELEGATION

1. THAT, removals of property for reparations shall be such as to assist in bringing to an end the war-making power of Germany by eliminating that part of Germany's industrial capacity which remains as a direct war potential.

2. THAT, reparations shall be such as will speed recovery and reconstruction in countries devastated at German hands and, at the same time, impose the economic penalty uniformly and fairly upon the German people as a whole.

3. THAT, any plan of reparations shall be avoided which results in placing on any other nations the burden of financing German reparations or reconstruction, or which might render other nations dependent on the German economy.

4. THAT, to a maximum extent reparations shall be taken from the existing national wealth of Germany such as machines, equipment, plants, products, and foreign investments, and while for convenience, claims against these assets may be stated in terms of money value, care must be exercised not to confuse real values with those monetary values which proved so illusory when considered as reparations after the last war.

5. THAT, in order to avoid building up German economic capacity, long run payment of reparations in the form of manufactured products shall be restricted to a minimum.

6. THAT, enough must be left, after the payment of reparations, to enable the German people to subsist without sustained outside relief and no reparations plan shall become operative so long as support for the German people from outside their own country continues necessary.

7. THAT, living standards in Germany must be kept from rising above those of neighboring countries.

8. THAT, reparations shall be fairly distributed among the nations entitled thereto based upon damages sustained at the hands of the enemy and contributions made toward the defeat of that enemy—contributions in blood, work, treasure, and irreplaceable natural resources.
The Representative on the Allied Commission on Reparations (Pauley) to the Chairman of the Allied Commission on Reparations (Maisky)

[Moscow,] July 13, 1945.

Dear Mr. Maisky, I want to make my position perfectly clear with regard to the charges against German exports which we discussed yesterday.

Surely we both understand there can be no current annual reparations from Germany except as more goods are shipped out of Germany than are shipped in, that is, there must be a large export balance. An export balance cannot be produced in Germany without some imports, such as food, alloys, cotton, etc. If these indispensable imports (without which there would be no exports of certain highly important types) are not a charge against the exports, then you, or we or some other economy will have to pay for the imports. Neither the USSR, nor the USA can think of recommending to its people a reparations plan which overlooks this elemental fact.

Mathematically it may be stated as follows: Current Reparations equal German current Production less the sum of Occupation costs, minimum essential German Consumption and Imports required to achieve the production permitted by the Allies. In symbols this reads:

\[ R = P - (O + C + I) \]

You say that the Russian people are more interested in "R" in this formula than in anything else. My people, remembering the last reparations settlement, when the final element of this formula was overlooked, insist that we do not forget the "I", the imports. But we do so in order that the "R" will be true net reparations, and not fictitious reparations which come out of your pockets or ours. When we say that essential imports are a prior charge on exports, this is not because we think that imports are more important than reparations. Quite the contrary. All we are saying is that you must feed the cow to get the milk. The food is a "prior" charge, it comes first in time, but it is not more important.

Without carrying this simile too far could we say that you want a plan which will give lots of milk. We both expect that the cow will lose both horns and will get mighty thin. We want to be sure that the small amount of fodder required will be paid for with some of the milk. Last time we put up the fodder.

If you can think of any way of making this clear in economic language which says just this and will be more acceptable to your people
than the words of principle 8, I shall be more than happy to agree, as I know that we are pursuing the same objectives.

Sincerely yours,

EDWIN W. PAULEY

See document No. 367.

No. 377

United States Delegation Working Paper

(Draft of Proposed Letter by the President to Generalissimo Stalin and Prime Minister Churchill)

My personal representative on the Allied Commission on Reparations, Ambassador Pauley, has reported the progress made by that commission. He states that two important accomplishments have been made,—namely, that the members of the Commission are agreed:

(1) Upon a 56, 22 and 22 percentage allocation between the USSR, UK and USA, respectively, of whatever amount of reparations may be available to these nations. To meet the validated claims for reparations on the part of other nations, as determined by the mutual agreement of the three powers, each of the three powers will give up from their share in the ratio that each share bears to the total.

(2) Upon a procedure for settling the division of reparations between countries other than the UK, USA, and USSR, which procedure neither pre-judges the claims of any nation nor attempts to award any fixed percentage of reparations even to any of those represented on the Allied Commission on Reparations.

I am sure that these two important points of agreement will have your whole-hearted approval as they have mine. Copies of the texts of these points of agreement are attached.

Ambassador Pauley has reported further progress by the Allied Commission on Reparations in reaching almost complete agreement on a series of eight important principles upon which the entire reparations program should be based. These principles I find soundly conceived and evidence a broad understanding on the part of the three great powers in their proposed treatment of the internal economic problems of Germany. Agreement has not yet been reached.

1 This appears to be a paper prepared by Pauley's staff at Moscow for use in opening the negotiations at the Conference with respect to reparations. Truman, however, used for this purpose document No. 894, printed in vol. II. Cf. document No. 214.
2 Cf. attachment 3 to document No. 894.
3 Cf. attachment 4 to document No. 894.
4 No papers found attached to this draft.
on the last clause in the last sentence of the final principle. I quote these principles in full, underlining this one last clause which the representatives on the Commission submit to us for decision:

I feel sure you will concur in these principles including the underlined clause. The United States must insist that such necessary imports as are approved by our governments shall constitute a first charge against exports from Germany of current production and stocks of goods. To do otherwise, will lead either to a repetition of our mistakes at the end of the last war, or leave us unable to bring about the desired industrial disarmament of Germany.

I am also informed that the commission has discussed war booty and restitution as related to reparations. No common definition of terms has been set down. No definitive plan of reparations can be drawn properly, and no program can be administered uniformly and effectively unless the subject matter of that plan is clearly and definitely agreed upon by our three governments.

The United States proposes that:

1) Restitution shall be confined to identifiable artistic, religious and cultural objects existing at the date of the invasion of the territories from which such objects have been removed, insofar as such objects can be recovered and irrespective of the form of dispossessions by which they came into enemy hands. While any nation entitled to reparation may be allowed a prior claim for the return of certain other particular types of identifiable property removed by the enemy, the value of such property, if returned, shall be entered on the reparations account of such nation.

2) War booty shall be limited to finished equipment and supplies produced for and belonging to the German armed forces exclusive of any facilities used to produce such equipment or supplies.

3) Except for transfers of property as restitution, war booty or exports to pay for approved imports, all transfers from territory within the boundaries of the German Reich as it existed on December 31, 1937, should be deemed reparations.

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5 For the text of the eight principles here omitted, see document No. 367.
6 The words “transfers of property” have been changed by hand to “property transferred”.
7 The words “transfers from” have been changed by hand to “property in the”.
8 The words “should be deemed” have been changed by hand to “shall be subject to”.
9 Cf. the following undated working paper in the Pauley Files, headed “Relation of Reparation Deliveries and Other Property Removals”:
   “All property removed from Germany by any United Nation shall be considered as reparations, unless it falls within one of the following categories:
   “(1) Exports payable in currencies acceptable to the Allied Commission on Reparations;
   “(2) War booty; and
   “(3) Restitutions.”

[No. 377]
I am confident that you will appreciate the need for resolving these important questions immediately. Otherwise, it will be impossible to implement the reparations program so essential for the removal of German war potential and the reconstruction of the liberated countries of Europe which have suffered so much from German aggression. It is for these reasons that I am presenting our proposed definite answers to these questions for your concurrence at our coming conference.

No. 378

United States Delegation Working Paper ¹


NOTES ON REPARATION

I. Scope of Reparation:

Before considering the question of division of reparation among the various claimants, agreement should be sought, in as precise terms as possible, on the scope of reparation in relation to other forms of compensation by Germany.

a. War Booty—

War Booty should be defined narrowly, preferably to include only equipment and supplies belonging to the German armed forces.

b. Labor Services—

The net value of labor services rendered by Germans outside Germany (i.e., the portion of the workers’ wages, allowances and maintenances provided by Germany or paid in marks) should be credited to reparation account.

c. Restitution—

In the determination of reparation claims, account should be taken not only of property destroyed but also of property removed by Germany from Allied countries, and reparation should be regarded as compensation for both destruction and removal of property. Consequently, the value of property found in Germany and restored to its place of origin in an Allied country should be credited to reparation account. Works of art, however, should be an exception to this rule. The looting of art treasures should not be taken into account in fixing reparation claims, and the return of such property should not count towards meeting Germany’s reparation liabilities.

In subsuming restitution under reparation for accounting purposes, there should be no abandonment of the general rule that property removed to Germany from Allied countries should be returned to the government having jurisdiction over the territory from which the property was taken. Thus, French railroad rolling stock found in

¹ Authorship not indicated. This paper was used in the Pauley–Monckton meeting of July 15. See document No. 380.
Germany would be returned to France and its value credited as reparation by Germany. The attempt to identify and return all Allied property in Germany to its country of origin could lead to absurd results if pressed to the limit. For example, manufacturers in German-occupied countries have produced components for motor vehicles. Their physical return would require the disassembly of completed vehicles. It is safe to assume that demands for the return of this type of property will not be pressed, particularly if restitution is assumed [subsumed] under reparation so that the countries in question can obtain something else instead.

d. Gold—

We have repeatedly stated our position that monetary gold found in Germany is all looted and should be returned. Our present position is that such gold, together with any "tainted" gold which we may induce neutral countries to surrender, should be prorated among Allied countries from which gold was looted in proportion to their total losses of gold from this source. This is an adaptation of the admiralty principle of general average. Gold returned to Allied countries on the above basis would be credited to reparation.

e. Territorial Cessions—

Property acquired from German owners by a country to which German territory is ceded should be counted as reparation. Where German minorities are expropriated and expelled, but where no cession of territory is involved, a logically strong case can be made for counting such property transferred as reparation also, but it may be politically unwise to press this case.

II. Apportionment of Reparation:

Mr. Pauley has recommended that the Big Three should decide the apportionment among themselves of the aggregate share of total reparation going to them collectively, but should not attempt to determine, in advance of consultation with the other Allies, the division of reparation between the Big Three on one hand and the other claimants on the other. This principle seems entirely sound, except that it would be far better if "Big Three" could be replaced by "Big Four". This matter of French participation in the initial formulation of a reparation plan is one on which the Russian view has prevailed so far. With four power occupation of Germany, three power handling of reparation is [hast] raised and is going to raise innumerable difficulties. This issue ought to be brought up again at the present conference.

III. Share of the United States in Total Reparation:

Mr. Pauley is of the view that the United States should assert as large a claim to reparation as possible and that we should seek payment in German gold and external assets. The Department's view has been that we should not seek to obtain the German gold, and, in general, that we should seek an adequate share of total reparation for the European countries which fell under German occupation rather than
for ourselves. The reparation program should contribute to the economic restoration of these countries. We also believe that, provided the scope of reparation is properly defined, along the general lines indicated above, 50% of total reparation is not an excessive share for the Soviet Union. With, say 50% for Russia and 30 or 35% for other continental European Allies, only 15 or 20% would be left for the United States and United Kingdom.

No. 379

The Assistant Secretary of State (Dunn) to the Secretary of State

[Extracts] 1

SECRET

Potsdam, July 14, 1945.

MEMORANDUM FOR THE SECRETARY

Sir Alexander Cadogan, Permanent Under-Secretary at the Foreign Office, called this afternoon and discussed for two hours in a preliminary way a number of matters on the agenda of the Conference. 3

6. Reparation.

Coulson was skeptical of a policy of moving capital goods out of Germany in advance of reaching basic decisions on reparation and expressed some dissent from the proposal that substantial interim deliveries of capital goods can be made, pending decisions on reparations.

Sir Alexander agreed that we should strive for a narrow definition of “booty of war.”

Sir Alexander felt that the UK and US should secure as high a percentage of reparation as possible; if, later, they did not utilize fully the shares assigned to them, they might re-allocate a part of them to other United Nations; a smaller initial allocation to them would not increase the share of the smaller United Nations.

JAMES CLEMENT DUNN

1 Printed from a carbon copy on which there is an uncertified typed signature.
2 For other extracts from this memorandum see documents Nos. 140, 218, 234, 258, 319, 351, 404, 470, 519, 635, 645, 678, and 708.
3 For a list of persons present at this meeting, see document No. 234, footnote 3.
United States Delegation Memorandum

TOP SECRET

[BABELSBERG, July 15, 1945.]

MEETING WITH BRITISH REPARATION GROUP July 15, 1945

Present:

British: Sir Walter Monckton, Sir David Waley, Mark Turner, MacDougall, Donaldson

United States: Pauley, Lubin, Marshall, Parten, Clayton, Collado, Despres, Murphy, Heath.

Mr. Clayton read those sections of our memorandum on the scope of reparation dealing with war booty, labor services, restitution and territorial cessions. Mr. Pauley then reviewed his proposal for payments by countries receiving property from Germany in connection with territorial cessions, when such property transfers exceeded their admissible reparation claims.

The British position was somewhat as follows:

a) British agreed in principle on war booty, but felt that the matter should not be pressed because an agreed definition would be adhered to by us and would restrict us but would not restrict the Russians. Pauley strongly opposed postponement of the issue.

b) British agreed in principle on labor services, but had assumed we were disposed to leave out labor services and to agree on apportionment of reparation excluding labor, and they were therefore ready to do the same.

c) British position has been that restitution of identifiable property in existence prior to German occupation should be a matter wholly separate from reparation. They will consider our position.

d) British agreed that property transferred in connection with frontier changes should be treated as reparation, but were dubious about Pauley’s proposal.

The group then discussed what reparation questions should be considered by the heads of government at the Conference.

It was agreed that the following matters should be considered:

a) Payment for current imports a first charge.

b) French participation.

c) Austrian reparation.

There was disagreement concerning whether the scope of reparation in relation to war booty, labor services, restitution, etc., should be considered. The British held that no agreed limitations would be enforceable as regards Russia, and in accepting limitations ourselves

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1 Authorship not indicated.
2 Document No. 378.
3 Attachment to document No. 893, printed in vol. II.

[No. 380]
we would only be tying our own hands. Mr. Pauley disagreed, and said that the negotiations would be indefinitely prolonged unless agreement was reached.

EXTERNAL ASSETS

No. 381

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

CONTROL OF GERMAN EXTERNAL ASSETS

The United States has recently approached Great Britain, France and the Soviet Union suggesting that the Allied Control Council as the government of Germany should declare that all German external assets, private as well as public, are subject to the Council’s control. German official property, including corporations and other entities which were owned by the Reich, will immediately be taken over by the Missions of the occupying powers in the various neutral countries. This was prompted by an emergency situation in Spain, where there was evidence that the Spanish State might expropriate or purchase for an inadequate figure certain properties belonging to a German government corporation.

The primary purpose for assuming control over German external private assets is economic security. In most of the other American countries the influence of German spearhead firms has been removed as a result of local legislation pursuant to Resolution V of the Meeting of Foreign Ministers held at Rio de Janeiro in 1942.1 In the European neutral countries there has been no comparable local legislation. It is believed that at this date it would be more desirable for the occupying powers to act directly on the basis of successorship to the German State for control purposes rather than to rely upon local legislation. A selective exercise of the power of control is envisaged. Spearheads of German influence and economic aggression should be completely eliminated. Where these spearhead concerns are not essential to the local economy, the elimination of German influence should be by means of complete liquidation of the concern. Where German-controlled companies are essential to the local economy, as in the case of industrial establishments employing large numbers of people, the German control must be transferred to non-German hands. In both instances, the net proceeds could be used for purchasing

essential supplies for Germany under the disease and unrest formula or for the satisfaction of reparation claims.

Agreement is expected at a lower level, but it was deemed desirable to prepare this memorandum for the President in the event that difficulties should develop or that the other conferees should bring up the matter.

[WASHINGTON,] July 4, 1945.

No. 382

800.515/6-2845: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State ad interim

RESTRICTED

U. S. URGENT

6507. 1. Emb discussed last week with MEWFO all recent telegrams from Dept, Madrid and Paris on Allied claim to ownership and control of Germany’s external assets. (SAFEHAVEN)

2. MEWFO has now shown us draft of a telegram to Monckton in Moscow (which is being repeated to Washington) and is apparently approved by all Brit interested agencies. MEWFO’s telegram is in reply to certain telegrams from Monckton which apparently indicated that Pauley had suggested either Reparations Commission or ACC make immediate claim to German external assets. Brit added that the telegram to Monckton also included views of Brit govt on all telegrams referred to in pgh 1 above. For confidential information of Dept and Missions, following are points emphasized by MEWFO in our talk and also appear, inter alia, in MEWFO’s draft telegram:

(a) Brit disagree with Dept’s 4828, June 15 to London¹ (also sent to Moscow and Paris and rptd to Ankara, Stockholm, Bern, Lisbon and Madrid). They feel since freezing and census of German nongovernmental assets in neutral countries are proceeding sufficiently

¹ On June 15 the following instructions were sent to Winant and Harriman in telegrams numbered 4828 and 1316 respectively (file No. 800.515/6-1845):

``SAFEHAVEN. Series of telegrams from Iberian Peninsula indicates grave danger Spain in particular will dissipate German assets, public and private, unless there is early indication ACC will assert its exclusive power to control such assets. This has precipitated problem of creating authority for assuming such control of German external assets. In order to preserve German assets from dissipation by Spanish, it is proposed that US and UK on behalf of occupying powers make joint démarche to Spain pointing out to Spain that ACC is expected shortly to issue decree vesting all German assets in Spain and designating as its agents for administration thereof US and UK Emb in Spain on behalf of ACC. This will it is believed forestall Span designs on non-governmental German property in Spain. It is proposed that prior to four power agreement regarding vesting order this Govt and UK should assume active management and control of German official properties in Spain including corporations and other entities owned by former German state. Such properties will be administered in trust

[No. 382]"
satisfactorily, no Allied claim to assets should be made at this time; that vesting order by ACC in near future (even if it were prepared to make such order) would create difficult legal position which might involve adverse decisions by neutral govts and neutral courts; any such claim would raise immediate counter claim by neutrals to such German assets; and such claim would inevitably diminish chances of neutrals doing their best to uncover German secreted assets. For these reasons they apparently also do not agree with proposed démarche of [to?] Spain and other European neutrals.

(b) Brit consider Reparations Commission is not appropriate body to claim such assets, especially since France is not represented thereon.

(c) To overcome foregoing difficulties Brit think we should await assumption of active control by ACC of Germany and then after making requisite decrees, operate through a recognized German Govt institution (such as Reichsbank) to claim German nongovernmental assets abroad.

(d) Since requisite Allied personnel is lacking to assume active management and control of German parastatal corporations, appointment of interventors approved by our Missions would be sufficient safeguard against dissipation of German assets. Brit do not see how control by any designated Allied body would meet requirements of active management of even such parastatal corporations, much less, ultimately, of German nongovernmental assets.

(e) Brit feel that approach to Turkey at the same time when approach is being made to neutrals is inadvisable since Turkey is not technically a neutral. They believe approach to Turkey should be deferred to a somewhat later and more appropriate time.

(f) Our govts operating through their Missions as heretofore should continue to deal with neutrals as regards German assets (for the time being at least) until situation is clearer. They feel that at this time the interposition of any specially designated body to deal with neutrals would be a mistake (this telegram sent to Dept as 6507, rptd 224 to Moscow, 409 Paris, 177 Madrid, 141 Lisbon, 200 Bern, 476 Stockholm and 63 Ankara)[.]

2. [S.] We pointed out that foregoing in effect meant Brit opposed any immediate change in existing procedure as regards neutrals and that their views were contrary to those expressed in the telegrams referred to in pgh 1 above. MEWFO agreed that this was the case. We

(Footnote 1—continued)
by US–UK for ACC. ... This action must be taken on security grounds and to avoid dissipation of assets, records, etc.

“Regarding German private assets, effect of proposed démarche will be to warn Spain that status quo must be maintained in anticipation of ACC action. It is proposed that other European neutrals and Turkey be informed simultaneously along similar lines.

“Moscow is instructed to inform Russians of our proposed action regarding German official properties as defined herein and to seek Soviet concurrence to proposed notes to Span and other countries regarding private properties. Soviet and France should be invited to join approaches to govts with which [they] maintain relations. Missions in London and Paris should obtain agreement of govts to which accredited for participation in co-trusteeship (except in Spain where France unrepresented) over German official assets and to presentation of joint notes regarding private German properties.”
emphasized that this created a situation in the nature of an impasse with resultant obvious acute difficulties.

3. [4.] Brit feel that failure to clear with them before instructing Moscow (in Dept's 4828, June 15 to London) to proceed has caused them embarrassment and "has rendered a difficult situation more difficult"[.]

WINANT

No. 383

800.515/6-2945 : Telegram

The Secretary of State to the Ambassador in the United Kingdom
(Winant)¹

SECRET

WASHINGTON, July 6, 1945—1 p. m.

U. S. URGENT

5499. It is hoped Brit in expressing views reported urtel 6507 June 28 rptd Paris 409 and Moscow 224,² were addressing themselves to procedural matters and not exhibiting negative attitude toward policy of extirpating spearheads of German economic penetration in European neutral countries and Turkey. Following observations regarding ref tel and 3669 from Paris, rptd London 439 June 18,³ were informally made by Oliver to McCombe of Brit Emb:

1. US proposal for agreement to address notes to neutrals was suggested as holding device until ACC should be able to act. It was prompted by repeated reports from Iberian Peninsula that delay was encouraging dissipation and weakening our chances of achieving control. Presentation such notes need not immediately raise legal questions in neutral countries. On other hand, statement our position might forestall nationalizing decrees by neutrals. It was not contemplated all neutrals would be treated exactly alike or Turkey should be approached at same time. Rather, objective was to obtain general agreement among occupying powers in order that there should be available way of forestalling inconsistent neutral action should need arise.

2. McCombe was told that principal objective was economic security. Our attention should be directed primarily to extirpation of German spearheads in neutral European countries, Turkey, and perhaps other American republics which have not made satisfactory progress under replacement program. It was observed Reparation Commission, lacking attributes of sovereignty in Germany, was hardly an appropriate body for attempting to control directly German assets abroad. Apparently, Monckton's reports from Moscow regarding presentation of vesting decree purporting to take over all German external assets primarily for reparation purposes had taken London by surprise. (No such decree has been cleared by Depart-

¹ This message was repeated to the American Embassy at Moscow as telegram No. 1534.
² Document No. 382.
³ Not printed.

No. 3831
ment and other agencies interested in control of German external assets.)

3. Surprise was expressed at generally negative tone of Brit reaction. It was pointed out Bretton Woods Resolution VI* obligates neutrals to hold German assets for Allied disposition and this portion of resolution did not relate to loot and flight capital alone. Moreover, sections 12 and 14 of EAC draft general order 6 very clearly provide for occupying powers to assert control over German external assets. In this connection it was observed French proposal that EAC depart from its advisory role and assume interim operational function as to external assets was impractical.

4. It was recognized that personnel problems would arise. However, they might not be so serious as Brit suggest because US does not visualize problem as one of operating great variety of going business enterprises but of eliminating spearheads of German aggression. Concerns such as parastatal enterprises, insurance companies, banks, airlines, tourist agencies, motion picture companies and the like should be wound up straight away. Industrial plants important to local economy should continue in operation under local freezing controls and German controlling interests be transferred to unobjectionable persons.

5. It was agreed approach to Turkey not as urgent as to neutrals. If Russians have unilaterally approached Turks along lines suggested by US for joint action after all occupying powers had agreed, Moscow was to be instructed to voice objection. US could not admit, however, Brit contention that proposal should have been cleared with them before being suggested to other occupying powers. Such a course would inevitably have delayed action even further.

6. It was pointed out that should Brit continue to object it might become necessary to take action in American zone with respect to external assets of German corporations domiciled therein. It was stated that such procedure would be regarded as unfortunate but perhaps necessary if agreement could not be reached soon. Later, Madrid's 1439, July 3 5 (428 to London and 354 to Paris) was used to illustrate dangers inherent in further delay and to point out keen interest of US Zone Commander in external assets of corporations domiciled in US Zone. McCombe indicated understanding and agreement with our position.

7. In view Span situation take up matter with MEWFO again along lines of foregoing.

Sent to London. Repeated to Paris as 3121, to Moscow as 1534, to Madrid as 1146, to Bern as 2244, to Stockholm as 1276 and to Ankara as 685.

BYRNES
C[ovey] T. O[lliver]

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5 See the accompaniment to document No. 1038, printed in vol. ii.

6 Not printed.
No. 384

The Acting Chief of the Division of Economic Security Controls (Oliver) to the Director of the Office of Financial and Development Policy (Collado) and the Adviser on German Economic Affairs (Despres)

[WASHINGTON,] July 7, 1945.

Subject: The necessity of agreement among the occupying powers regarding the control of German external assets.

It is the policy of the United States as reflected in IPCOG 1/4 ¹ to control German external assets. It is the policy of the Department that this control be a joint one heading up to the Allied Control Council. It would be decidedly unfortunate from an economic security standpoint should control over German external assets be the exclusive province of the zone commanders in which the parent concerns or indicia of ownership have their situs. It is necessary, therefore, to press for a common policy. There are in this connection three [four] problems:

1. The problem of obtaining agreement that external assets should be controlled. All indications are that France and the Soviet Union will agree with the principle. Until recently it had been thought that the British would also. Probably as a result of unfortunate lack of coordination within this government, the British have reacted negatively to the general principle.² It is believed that this attitude can be changed by: (a) adopting a firm tone with the British in the interests of economic security, (b) pointing out that the EAC draft general directive ³ clearly contemplates control of German external assets, and (c) by disabusing the British of any incorrect inferences they may have drawn from Ambassador Pauley’s presentation at Moscow of an unauthorized proposal for a vesting decree. The Department’s 5499 of July 6 to London ⁴ attempts to do these three things. It is predicted that the British will agree to the policy already adopted by the United States on more mature reflection.

2. The problem of the interim situation in the neutral countries. Some way must be found to prevent the neutral countries from developing proprietary interest in the German external assets pending the time when the ACC can act to assume control over them. The Department’s proposal is for the occupying powers to join in warning the neutrals to refrain from action inconsistent with the superior rights to be asserted by the Allied Control Council. Once there is agreement as to the general policy of seeking to control German external assets, there should be no difficulty about obtaining agreement to warn the neutrals. That the British have refused to join with us in

¹ This paper circulated the text (approved by Truman on May 11, 1945) of a “Directive to Commander in Chief of U.S. Forces of Occupation Regarding the Military Government of Germany”. A slightly modified version of this text is printed in Department of State Bulletin, vol. xiii, p. 596.
² See document No. 382.
³ See the accompaniment to document No. 1038 (paragraphs 12, 14), printed in vol. ix.
⁴ Document No. 383.
this is attributable to the unfortunate misconceptions resulting from discussion of the unauthorized proposal for a vesting decree.

3. The problem of agreeing upon a vesting decree. This will be covered in a separate memorandum.\(^5\) It is clear, however, at this stage and in view of the developments regarding the British, that the terms of the decree will be drawn into any discussion of problems 1 and 2. Problems 1 and 2 should be disassociated from 3 to the extent possible. In discussing a vesting decree with the British it must be kept in mind that the British have voiced three fears regarding such a decree: (a) A fear that the decree will not be accorded full faith and credit by the neutral countries. It is obvious that a decree which purports to vest all German assets will be more difficult for Switzerland and Sweden to recognize than one confining itself to those properties ostensibly private but in reality used as part of the German war machine. Switzerland has a consistent record of refusing to recognize as to property within its borders the extra-territorial effect of foreign nationalizing and other control decrees. Moreover, principles of national self-interest will incline the Swiss to resist such legislation. To a lesser extent the same is true of Sweden. Less difficulty is anticipated in Spain and Portugal, because of the political situation, particularly in Spain. Some degree of pressure must be exercised on the neutrals. The question is whether we should not assist the neutrals to distinguish the previous decisions of their courts refusing to recognize extra-territorial decrees. (b) The fear that personnel demands possible of fulfillment will be made. The British point out that the administration of all German external assets would be a tremendous drain upon skilled personnel. Thought should be given as to whether this fear might not be met by pointing out to the British that the primary objective is the economic security one of eliminating the German spearheads in the neutral European countries, Turkey and, perhaps, such American republics as have not made satisfactory progress under the replacement program. It may be that the ACC decree should assume jurisdiction (power of control) over all German external assets. This need not necessarily mean that all of such assets would be actually subjected to Allied managerial control. In other words, actual administration should be selective in order that the most dangerous elements receive full attention. (c) The fear that the Reparation Commission is to undertake the administration of the external assets program. The British fear in this connection seems to be based upon a belief that the Reparation Commission would not have sufficient jurisdictional status to command full faith and credit in the neutral countries. This is correct, and the United States should continue to maintain that the ACC is the appropriate body.

4. The problem of whether the ACC should have its own foreign service. The United States should take the position that the administrative work regarding the control of German external assets should

\(^5\) Not printed. For the draft vesting decree transmitted to Clay on August 1, see the attachment to document No. 1003, printed in vol. ii.
be done abroad by the regular missions of the occupying powers. To the extent that those powers are not represented in all countries, the missions of those powers which are represented should act for the whole.


C[OYEY] T. O[LIVER]

No. 385

840.6303/7-1245: Telegram

The Acting Representative in Rumania (Melbourne) to the Acting Secretary of State

SECRET

BUCHAREST, July 12, 1945—1 p. m.

US URGENT

465. In connection with negotiations relative creation Soviet-Rumanian petroleum company (reference my telegram 456 of July 8) I have just received from a reliable source copy of letter dated July 3 addressed to Prime Minister Groza by General Susaikov as Deputy President of AIC [ACC] which in English translation reads as follows:

"This is to bring to your knowledge that the shares of the Rumanian petroleum societies which belonged to the Germans, enumerated in the annexed table, pass into the patrimony of the Soviet Union as partial compensation for damages caused to USSR by Germany.

"In view of this please take the necessary measures on behalf of Rumanian Govt to turn over the rights to the above mentioned shares to Government of the USSR which has charged the association 'UCR Petrol' to take over these shares".

Following is annexed list of companies followed by the value of shares: Buna Speranta—14,900,000; Explora—59,100,000; IRDP—115,500,000; Columbia—325,000,000; Concordia—755,800,000; Medicia Romana—21,300,000; Petrol Block—285,500,000; SARDEP—43,300,000; SARPetrol—3,490,000; [T]ranspetrol—4,500,000; Continental—100,000,000;[.]

It was previously reported that during discussions Cruticov informed Tatescu it has been agreed upon at Yalta that USSR should have undisputed disposition over shares of all German interests in Rumanian petroleum companies including "Concordia and Columbia" but, it will be noted, no mention is made of this in Susaikov's letter.

It is believed Department will desire repeat text this telegram to Moscow.

MELBOURNE

1 Not printed.
DISPOSITION OF THE GERMAN NAVY AND MERCHANT MARINE  

No. 386

TRUMAN PAPERS

Memorandum by the Assistant to the President's Naval Aide (Elsey)  

TOP SECRET  

[Undated.]

DISPOSITION OF GERMAN SHIPS

On 23 May 1945, Stalin cabled to President Truman and Prime Minister Churchill that not a single German naval or merchant vessel had surrendered to Soviet forces. The question naturally arose, said Stalin, as to how the Soviet Union would obtain possession of one-third of the German ships which "rightfully and justly" should be allotted to it. He also said that he considered it necessary for the Red Navy to have the opportunity of examining all documents on the surrender and the current state of German ships.

Churchill replied to Stalin on 27 May that "These matters should form part of the general discussion which ought to take place between us."  

Before the President had answered Stalin, however, Mr. Hopkins reported a discussion he had had with Stalin. On 28 May, he cabled:

"Two nights ago Stalin indicated that the Soviet Government had a number of questions which were annoying them concerning recent actions of the United States Government. I asked him last night if he would tell me frankly what they were. Stalin said the Soviet Government felt that the attitude of the United States seemed to

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1 Submitted to Leahy July 1 and subsequently forwarded to Truman.
2 Following is the English translation of Stalin's message transmitted to Truman by the Soviet Embassy, Washington, on May 23 (Truman Papers):
"Personal and secret from Premier J. V. Stalin to President H. S. Truman.
"According to data of the Soviet Military and Naval Command, Germany, on the basis of the capitulation act [Instrument of surrender], has surrendered all her naval and merchant vessels to the British and the Americans. I have to inform you that the Germans have refused to surrender to the Russians even a single naval or merchant vessel having directed their entire fleet for [to?] surrender to the Anglo-American armed forces.
"Under such circumstances, naturally, [there] arises the question that the Soviet Union be allotted its share of military and merchant vessels of Germany as it was done, in due time, in respect to Italy. The Soviet Government considers that it can rightfully and justly count on the minimum of one third of the naval and merchant vessels of Germany. I consider it also necessary that the representatives of the Naval forces of the USSR be provided with the opportunity to acquaint themselves with all documents on the surrender of naval and merchant vessels of Germany and also with the virtual [present?] state of the surrendered fleet.
"On its part, the Soviet Naval Command appoints for this purpose Admiral Levchenko with a group of assistants.
"I am sending a similar message to Prime-Minister Churchill."
3 See document No. 141.
4 For a memorandum of the discussion referred to, see document No. 25."
promptly cool towards the Soviet Union once it became clear that Germany was defeated."

One example Stalin cited in support of his criticism of the United States was the failure of the Soviet Union to receive any indication from the British and American Governments that it would receive at least one-third of the German Navy and merchant fleet.

Mr. Hopkins assured Stalin that there was no intention on the part of the U.S. Government to withhold from the Soviet Union its just share of surrendered German equipment and material.

The President added his assurance to that of Mr. Hopkins on the 29th. He thanked Stalin for his message of the 23rd and said that he was sure a fully acceptable solution could be reached at the Berlin Conference. "Regarding the available records of the German naval surrender," he concluded, "it is my understanding that examination of German files is now being considered by our appropriate commanders in the areas concerned."

The next day Mr. Hopkins reported to the President that Stalin had appointed Admiral Levchenko to a Four Power Naval Commission to consider the disposition of the German fleet.

There has been no reference to captured and surrendered German shipping since 30 May in the President's messages in the Map Room.

It may be noted that neither the President nor the Prime Minister has yet indicated to Stalin that the Soviet Union will receive "at least one-third" of German shipping for which Stalin has asked.

G. M. Elsey

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5 See document No. 143.

No. 387

710.0019 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

GERMAN SHIPPING AND SHIPBUILDING

SUMMARY

Questions relating to the treatment of German shipping and shipbuilding need to be considered from two aspects:

(a) The immediate disposition of German resources for utilization in the United Nations war and rehabilitation program;

(b) Long-range policies involving the future of German shipping and shipbuilding.

Both aspects need to be considered in relation to each other, so that decision and action in one phase may avoid so far as possible prejudicing decision and action in the other.

[No. 387]
In general, Soviet accession to the United Maritime Authority (UMA), or at least a benevolent and cooperative Soviet attitude toward that Authority would be a major step toward the satisfactory handling of problems relating to German shipping and shipbuilding. This is discussed in a separate memorandum.\(^1\) In addition, it is desirable that Soviet policy and procedure be brought into line with principles agreed between the United States and British Governments relative to the handling of recaptured, captured, and surrendered German vessels; agreement needs to be reached regarding the immediate disposition of German shipbuilding and ship repair resources; and the development of reparations and economic disarmament policies calls for agreement on long-range policies toward German shipping and shipbuilding.

[**German Shipping and Shipbuilding**]

**Essential Facts**

Complete and precise facts regarding the condition of German shipping and shipbuilding at the time of surrender have not yet become available. Presumably amplified information will be available in Berlin. It appears however:

(a) That a substantial volume of merchant shipping has come into Allied possession in the course of events leading up to and including the German surrender. Much of this tonnage is doubtless in a condition requiring substantial repair or reconditioning. It includes a large variety of vessels, from small coasting cargo vessels up to large passenger liners. The greater number of these vessels have evidently fallen into American or British hands; of these, the military authorities retain what they require to fulfill their responsibilities, and all other sea-going tonnage acquired is turned over to the Anglo-American Combined Shipping Adjustment Boards (CSAB) acting on behalf of UMA, for temporary disposition and immediate utilization in United Nations Service. Little if any information has become available as to Soviet acquisitions, either as to their number or character, or as to their disposition.

The interest of the United States is primarily in the acquisition of the larger passenger-carrying vessels for use as troop carriers and possibly hospital ships. United States Army and War Shipping Administration representatives have been dealing with British representatives in connection with the disposition of the vessels acquired.

(b) That much of the German shipbuilding and ship repair capacity has been damaged, but not so completely that a substantial part of it could not be put into condition for utilization without great delay, provided required materials and supplies are made available,

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\(^1\) See documents Nos. 524 and 525.
if decision to utilize these resources should be reached. The principal resources are in British-occupied territory, but substantial facilities are located in the Soviet-occupied area.

POLICY CONSIDERATIONS

1. Immediate Objective. The essential immediate objective is to make the vessels and other useful shipping industry resources acquired from Germany available to the fullest possible extent, in a fair and orderly manner, to serve the current requirements of the United Nations and other friendly countries. Consideration may here be confined to questions of principle: details involved in the implementation of policy decisions reached may satisfactorily be left to the authorities concerned with shipping operations to work out. As between the United States and British Governments satisfactory progress and results are generally achieved through established procedures and channels; the salient problem is to achieve Soviet concurrence in policies already established and a satisfactory basis for Soviet collaboration (a) in reaching further policy decisions of tripartite importance, and (b) in the implementation of decisions of significance to all three Governments. In this respect the essential problem is similar to that involved in Soviet relationship to UMA, discussed in a separate memorandum; Soviet decision to join UMA would be a major step forward in handling all these problems.

With reference to vessels previously under enemy control which have now come under United Nations control:

(a) The United States and British Governments have reached agreement on principles to be followed in the handling of recaptured vessels, which were of United Nations’ ownership prior to their capture. These are to be returned to the United Nations’ Government under whose flag they were registered, but are to be immediately available for operation for United Nations purposes through UMA. It would be desirable to reach similar agreement with the Soviet authorities.

(b) Similarly, agreement in principle with respect to captured and surrendered vessels is most desirable. These have mostly come into the possession of the United States or the British, but the Soviet authorities have some, and since the surrendered ships have technically been surrendered to all these governments, it is most desirable that there be tripartite agreement as to their use, to facilitate their immediate utilization for United Nations purposes through UMA, without prejudice to and pending determination of their ultimate disposition.

(c) The Allied Control Commission in Berlin is of course concerned in the disposition of vessels surrendered by Germany, but it is the general consensus of United States and British authorities that the Commission be guided by the purposes and objectives of the above-mentioned agreements including the agreement establish-
ing UMA, and Soviet concurrence in this is most desirable. The military authorities participating in the Control Commission will presumably retain within their own control such inland and coasting or short sea watercraft as they find necessary for the conduct of operations which are their responsibility as occupational forces, and it is to be assumed that the requirements of tripartite understanding and collaboration in this respect will be effected through the Allied Control Commission itself. It is with respect to sea-going vessels not required to meet the essential inland and local responsibility of the occupying military forces that tripartite understanding and agreement as to policies and as to the continuing handling of problems of tripartite interest is essential.

(d) Somewhat similar considerations may arise in connection with the possible utilization of ship repair and ship building resources of the surrendered enemy. It may be found essential and desirable to make some temporary utilization of these resources for current requirements but in general such utilization should be confined to the minimum for the sake of the longer range considerations relating to reparations and economic disarmament discussed below.

2. Longer Range Objectives: With respect to all of these matters, there are longer range aspects of less immediately pressing character, which fall outside the present purpose. They involve questions of reparations policy, economic and industrial disarmament of the enemy, and long-range commercial and international policy including national shipping policies, and international shipping relations which it is desirable to avoid freezing too quickly before the long-range situation clarifies. In deferring or dealing with these aspects, however, it is most desirable that the more deliberate handling of the longer range questions should not be complicated by, nor in turn complicate the most effective disposition of the resources available for the immediate purposes of the United Nations.

There is enclosed a memorandum on German Ships and Shipbuilding as Reparations Items prepared for the use of the American representatives on the Reparations Commission, in which the essential considerations of a longer range character are set forth from the American point of view. The statements of fact set forth in the first section of this enclosure are of course subject to correction and amplification on the basis of additional information available to the occupying forces following the surrender of Germany, but their general character is believed to be correct or at least not to involve any change in the policy considerations set forth which may be summarized as follows:

(a) The basic principle should be the avoidance of action which would contribute to or stimulate the resumption of German sea-going shipping or shipbuilding. In view of the importance of merchant shipping and shipbuilding in the conduct of oversea military operations, these industries are clearly involved in the problem of economic

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disarmament. In so far as disarmament and reparations considerations clash, the former should take precedence, so far as possible.

(b) All efforts on the part of our Allies to employ German yards for the construction of new merchant vessels on reparations account should therefore be resisted. In this connection, the possibilities of sale of surplus vessels from our war-time construction program, at low prices for the reestablishment of Allied merchant fleets may provide a useful consideration.

(c) The repair and reconditioning of damaged German merchant vessels should be limited to those required for immediate use and to those of types which war-time (and early post-war) construction will not have supplied in numbers adequate to meet early post-war requirements. The extensive repair and reconditioning of German ships which are comparable to our war-built ships of which we will have a surplus, should be avoided so far as possible consistent with essential immediate requirements, in order to avoid augmenting the problem of post-war surplus of these types of vessels.

(d) The United States should participate actively in the distribution of German merchant vessels on reparations account, on the basis of equitable principles taking into account war losses of allied nations and their post-war requirements. Such participation should include the assertion of claims to a fair share in the ultimate disposition of German merchant shipping acquired as a result of the defeat of Germany.

(e) The assertion of such claims is motivated primarily by general considerations, including:

1. the interest of the Government of the United States as the World's largest shipowner, in achieving the most rational possible readjustment of world shipping to peace-time requirements, and
2. the United States Government's concurrent interest on security grounds involving the limitation of German war potential, in the restriction of German participation in post-war ocean shipping.

The purpose of maintaining the position of the United States as a claimant is essentially to preserve any means of exercising influence toward the effective and judicious settlement of these issues.

(f) In addition, but as a relatively secondary consideration, the United States is likely to be interested in the ultimate disposal of a few German ships of special types in deficient supply for post-war needs. This is likely to be true chiefly with respect to passenger ships useful for the prompt reestablishment of overseas passenger services, for a temporary period pending the restoration of the American passenger fleet with modern and efficient ships constructed in American yards. In asserting claims on this account, however, it will be necessary to exercise care to avoid:

1. loading down the American merchant marine with obsolescent white elephants;
2. confusing immediate short-run objectives (troop transport and hospital ship requirements) with long-range post-war objectives: any grounds for suspicion that the latter are being advanced under cloak of the former will immediately complicate
the handling of immediate requirements by introducing considerations relating to the parallel long-range interests of Great Britain, the Netherlands, France and possibly other Allied countries in post-war competition in ocean passenger services.

[WASHINGTON,] June 27, 1945.

[Enclosure]

TOP SECRET

GERMAN SHIPS AND SHIPBUILDING AS REPARATIONS ITEMS

I. Presently available information indicates that there are now in German possession around 700 or 800 sea-going merchant ships (this refers to coasting and deep-sea craft of 1,000 gross tons and over, but excludes inland waterway craft, barges, tugs, lighters and other harbor craft). About 400 to 500 of these will be ships of pre-war German ownership, or ships built for German account during the war (of which there is record of some 75). The remainder, 300 or more, are ships acquired by Germany from other flags during the war. It is anticipated that the disposition of many of these ships will be subject to arrangement for handling of recaptured vessels now in process of being worked out by representatives of the United States and British Governments.

All of these ships are of many designs, types and sizes. Among them are ships comparable to the large freighters, fast and slow, and the large ocean-going tankers which have constituted the bulk of British and American war-time shipbuilding. There are, however, also a considerable proportion of small coastwise craft of less than 5,000 deadweight tons and about 30 good-sized passenger carrying vessels of more than 10,000 gross tons. There are, therefore, a substantial proportion of types which are likely to be in demand at the end of the war, as well as of others of which there will be a post-war surplus in the American fleet.

The condition in which these ships will be found at the end of the war in Germany cannot be anticipated. Presumably many of them will require considerable conversion, restoration or repair before they can be usefully employed. It appears evident, however, that unless the Germans carry out a scuttling program of substantial proportions, there will be found in German hands, when the enemy in Europe is defeated, a substantial supply of sea-going ships. It is to be anticipated that some at least of our Allies, whose merchant fleets have been severely diminished by war causes, will consider these ships as proper objects for delivery on reparations account. Moreover, since Germany was an important shipbuilding country in pre-war years, it is
not unlikely that some of our Allies may wish to enter claims for post-
war construction by Germany of new ships to be delivered to them on
reparations account.

II. The question therefore arises as to the line of policy the Govern-
ment of the United States should follow with respect to these issues
when they arise. The following proposed recommendations are
formulated from the point of view of the national interest in merchant
shipping, and are therefore subject to such over-riding considerations
as to general policy with respect to the reparations issue as may be
applicable.

1. The United States should formulate for presentation and be prepared
to present and maintain its claims to an equitable share in any distribution
on reparation account, of German shipping in existence at the end of the
war, for the following reasons:

(a) As the world's largest shipowner, the Government of the United
States is directly concerned in achieving the most rational possible
readjustment of world shipping to peace-time requirements. Among
other things, this implies judicious decisions as to the treatment of
German shipping. The complete or excessive stripping of German
economy of all sea-going ships, entirely disregarding the minimum
essential German need, particularly of ships for local and coastwise
service, would probably not be a sound or judicious procedure. On
the other hand, the extensive repair or reconditioning of German
ships which are comparable to our war-built ships, of which we will
have a surplus for distribution, would not be to our advantage. This
is because such action would tend to augment the post-war surplus.
Therefore, the United States should maintain its position as a claim-
ant, as a means of exercising its influence toward a satisfactory and
judicious settlement of this question.

(b) It is unlikely that the United States will have much need for
German ships, except for war-time and immediate post-war Allied
services. It is expected that allocation of German ships for these
Allied services will be controlled through the United Maritime
Authority established by the international agreement signed in
London on August 5, 1944. Allocation and crediting to reparations
account of the earnings of German ships in these services will involve
questions which those concerned with reparations determination will
need to consider. These questions are however not discussed in the
present memorandum, which is concerned with questions relating to
the more permanent and definitive disposition of German vessels.

It is likely that the United States will have a definite interest in
any ultimate disposal on reparations accounts of German ships of
certain types which will be in post-war short-supply. This is likely
to be especially true of passenger ships. The United States, Great
Britain, the Netherlands, France and possibly other Allied countries
will each have a post-war interest in the prompt reestablishment of
overseas passenger services. Ultimately, there is to be anticipated
the restoration of the American passenger fleet with modern and
efficient ships constructed in American yards. Uncertainty as to the
post-war development of oversea air passenger services may, how-

[No. 387]
ever, make unwise a hasty rebuilding of our passenger fleet. This is the more likely since it would mean the building in short order of a brand new passenger fleet which, like those built at the end of the last war's emergency shipbuilding program will all grow old together. Therefore, an equitable participation in the distribution of German passenger ships on reparations account for interim use, pending the deliberate and considered rebuilding of the American passenger fleet, in accordance with post-war requirements, may well prove advantageous. Certainly the United States should be prepared to present and maintain its just claims on this account.

2. The United States should not only refrain from demanding post-war construction of new ships in German yards to be delivered on reparations account, but should seek diligently to dissuade its Allies, so far as possible, from presenting and maintaining corresponding claims. This for the following reasons:

(a) Fulfillment of such claims would constitute an extraneous non-commercial stimulus to the reestablishment of German shipbuilding. Meanwhile, the American and Canadian shipbuilding industries will be faced with the problem of demobilization of their war-time expansion; the same will ultimately be true of the British shipbuilding industry. Unnecessary stimulus of German shipyard restoration will therefore complicate the problem of post-war shipbuilding readjustment. This problem is the more important since the long-run maintenance of a moderate American peacetime shipbuilding industry is an essential element of national defense.

(b) Post-war construction in German shipyards of vessels for purposes which could be served through the disposition of surplus American war-built tonnage would complicate and intensify the problem of disposition of the American war-built merchant fleet. It would conflict with the principle of making the utmost economic use in post-war years of the ships built to meet war-time necessity.

(c) If German manpower is to be used in the production of articles for delivery on reparations account, there will be many other reconstruction activities aside from shipbuilding on which such manpower will be usefully employable. Obviously, European needs for reconstruction will be immense. Post-war construction of ships in Germany on reparations account, for purposes which could be served by vessels available from the American (or Canadian or British) war-built tonnage, would constitute a diversion of manpower from a more essential to a less essential reconstruction purpose, especially if it would involve substantial reconstruction of German war-damaged shipyards.

III. The major objective of American participation in this entire question is to influence Allied governments in the direction of rational and judiciously moderate demands. Appropriate sharing in the possible distribution of some German vessels may prove of some advantage to the United States. The greater advantage however will lie in the extent to which successful influence can be asserted to achieve a rational settlement judiciously dovetailed into the general problem of
post-war merchant shipping readjustment. This problem is of major 
importance to the United States for two major reasons: first, because 
it is the principal shipowner of the world and will have more ships 
than it can hope to dispose of to citizen and foreign purchasers; 
secondly, because of the importance of effecting successful readjustment 
of the American shipping and shipbuilding industry to the long-range 
peace-time policy and program of national merchant marine develop-
ment.

The United States cannot of course expect to achieve its own 
purposes in full measure against what may be contrary or diverging 
purposes of its allies. It will probably not prove possible, for in-
stance, for the United States to completely dissuade all of its allies 
from demanding German construction of new merchant vessels on 
reparations account. Nevertheless, it will be to American interest to 
do so to the fullest extent possible.

This presents an additional reason for including adequately liberal 
provision for sale of Government-owned ships to foreign purchasers, 
in current legislation for post-war disposal of the war-built fleet. 
Obviously, the United States Government could not very consistently 
seek to dissuade its allies from demanding German construction of 
ships on reparations account if at the same time it were, or appeared 
to be, seeking to withhold its own ships from disposal to Allied pur-
chasers on reasonable terms and conditions. On the other hand, 
authority for such disposal should facilitate the efforts of this Gov-
ernment in seeking the objectives herein outlined, by providing in some 
measure at least an alternative source for the acquisition of vessels 
required to restore the war-depleted ships of our Allies.

[WASHINGTON?], March 29, 1945.

No. 388

Truman Papers

Note by the President's Chief of Staff (Leahy)¹

[Undated.]

DISPOSITION OF GERMAN SHIPS (CAPTURED)

In regard to captured German merchant ships it is apparent that 
an acute shortage of ocean going tonnage for redeployment of troops 
and their equipment against Japan necessitates temporary transfer 
of captured German merchant ships to the United Maritime Authority 
of which the U. S. S. R. should be a member.

¹Printed from the ribbon copy, which is unsigned. It bears the following 
typed notation above the heading: "(To be used only if brought up by Stalin 
or Churchill)".

[No. 388]
Upon the surrender or defeat of Japan I propose that the then remaining captured German merchant tonnage be divided equally among the U. S. S. R., Great Britain, and the United States.

It is also proposed that captured German war vessels be divided as equally as may be possible among the three above enumerated powers at the earliest practicable date.

No. 389

740.00119 EW/5-2245: Telegram

The Political Adviser in Germany (Murphy) to the Acting Secretary of State

SECRET

Hoechst, June 22, 1945—noon.

36. With reference to the division by agreement between the US, UK, USSR and France of the Naval and merchant fleets of Germany, Ambassador Pauley has informed General Eisenhower that, as US Representative on the Allied Reparations Commission, it is his view that as long as the US is at war with Japan the division of both the German naval and merchant fleet is strictly a military matter. The division of the German merchant fleet, however, is a matter within the ultimate concern of the Reparations Commission, and Pauley added that it was desired that a careful record and description of the ships involved be made with a view to future discussion and reparations accounting. In this connection Pauley asked Eisenhower's permission to appoint as observer at the discussions of the division of the German Merchant Fleet Captain John Faigle USN of the Reparations Commission staff.

Murphy

No. 390

740.00119 (Potsdam)/5-2445

Department of State Memorandum

[Extract 1]

TOP SECRET

MEMORANDUM

10. Disposal of German Fleet and Merchant Ships

No recommendation is being submitted in regard to the disposition of the German Fleet as this is a military problem and one which we understand is being considered by the Joint Chiefs of Staff.2

1 For the full text of this memorandum, which was forwarded to Truman on June 30, see the attachment to document No. 177.
In regard to the disposition of the Merchant Ships, it is recommended that, subject to the approval of the military authorities, we agree with the Soviet claim to one-third of these ships.\footnote{See document No. 386.}

\textbf{[WASHINGTON,] June 30, 1945.}

\textbf{No. 391}

Truman Papers

\textbf{The Joint Chiefs of Staff to the President}

\textbf{TOP SECRET}

\textbf{WASHINGTON, 10 July 1945.}

\textbf{MEMORANDUM FOR THE PRESIDENT}

The Joint Chiefs of Staff recommend the following statement of policy in regard to the disposition and distribution of the German Fleet:

\textit{a.} The United States policy in regard to the disposition of the German Fleet is that, except for \textit{(1)} a limited number of ships for experimental and test purposes and \textit{(2)} any naval auxiliary vessels having further usefulness, all naval vessels should be destroyed, i.e., sunk on the high seas or scrapped.

\textit{b.} Failing agreement by the nations represented on the European Advisory Commission (whose functions may be taken over by the Allied Control Commission) as to this disposition, then the United States should press for:

\begin{itemize}
  \item (1) Agreement that all capital ships such as battleships, pocket battleships, cruisers, and also submarines be destroyed (as provided above) while smaller craft and more lightly armed vessels be shared equally by the United States, Union of Soviet Socialist Republics, United Kingdom, and France; or failing this
  \item (2) Agreement that one-fourth share of each category of ships in the German Fleet be assigned to each of these four major powers.
  \item (3) In any event the United States should press for the sinking of German submarines.
\end{itemize}

\textit{c.} Only the governments represented on the European Advisory Commission (whose functions may be taken over by the Allied Control Commission) constitute the agency to determine the final disposition of all captured or surrendered German war material including the German Fleet. Others of the United Nations will probably submit claims for warships. In this event the United States policy should be that the European Advisory Commission (or Allied Control Commission) should make an equitable distribution, counting the bids of each of the four major powers as being one-fourth of each category.

\[\text{[No. 391]}\]
d. No distinction should be made between surrendered and captured war vessels.

e. In the event the Soviets ask for the United States share, it would then appear necessary first to ascertain if this retransfer is acceptable to the United Kingdom and France, and if agreed by them then to use this Soviet desire to obtain the best bargain possible in the light of over-all assistance to the war against Japan.

For the Joint Chiefs of Staff:
G C Marshall
Chief of Staff, U. S. Army.

No. 392

Truman Papers: Telegram
The Commander in Chief, United States Fleet, and Chief of Naval Operations (King) to the President's Chief of Staff (Leahy)

TOP SECRET

94. The Joint Chiefs approved a memorandum to the President on the disposition and distribution of the German Fleet.\(^1\) It was my intention that paragraph “e” on the treatment of a Soviet request for the U. S. share be deleted. Request you so advise the President.\(^2\)

\(^1\) Document No. 391.
\(^2\) This message was sent to rectify a misunderstanding of the conclusions reached by the Joint Chiefs of Staff. J. C. S. Files record the fact that the Joint Chiefs of Staff Secretariat was informed of this message before dispatch.

WAR CRIMINALS

No. 393

740.00119 (Potsdam)/5-2446

Department of State Memorandum \(^1\)

[Extract \(^2\)]

TOP SECRET

[DRAFT AGREEMENT ON TREATMENT OF GERMANY IN THE INITIAL CONTROL PERIOD]

4. War criminals and those who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes shall be arrested, with a view to their ultimate dis-

\(^1\) Appendix A to annex 2 to the attachment to document No. 177.
\(^2\) For the full text of this draft agreement, which constitutes a part of the Briefing Book paper on Germany, see appendix A to document No. 327.
Proposals. Nazi leaders and influential Nazi supporters and any other persons dangerous to the occupation or its objectives shall be arrested and interned.

3 A manuscript change by Byrnes substitutes "and prosecuted to final judgment" for the last seven words of this sentence. In Matthews' copy of the Briefing Book the words "and brought to judgment" are substituted for the same seven words.

No. 394

740.00110 (Potsdam)/S-2446

Briefing Book Paper

TOP SECRET

PROSECUTION OF WAR CRIMINALS

Following preliminary discussion with British authorities in London in April, Judge Rosenman, acting as personal representative of President Truman, presented to the British, French and Soviet representatives at San Francisco early in May a draft of a proposed agreement between the four governments containing this government's suggested plan for the punishment of war criminals. This draft was based on an earlier report submitted to President Roosevelt by the Secretaries of State and War and the Attorney General.

NATURE OF PROPOSALS

In brief, the proposed agreement contemplated:

(a) That in conformity with the Moscow Declaration (Roosevelt, Churchill and Stalin) of November 1, 1943, European Axis war criminals, against whom there is proof of personal participation in specific atrocities, be returned to the former occupied countries where their crimes were committed for prosecution and punishment by the authorities of such countries;

(b) That the major war criminals in Europe, whose crimes have no particular geographical localization, and organizations, official or unofficial, charged with crimes or complicity therein, be tried before one or more international military tribunals, such tribunals to be composed of a member (and alternate) each designated by the United States, France, Great Britain and U. S. S. R. respectively;

2 Text printed ibid., p. 22.
3 Edward R. Stettinius, Jr., Henry L. Stimson, and Francis Biddle, respectively. Text printed ibid., p. 3.
(c) That each of the four governments designate a representative who, acting as a group, shall prepare charges and conduct the prosecutions contemplated by (b) above; and
(d) That all members of the United Nations be invited to adhere to the agreement.

SUBSEQUENT DEVELOPMENTS

On May 2 President Truman issued a press statement regarding the appointment of Mr. Justice Jackson as "Chief of Counsel for the United States in preparing and prosecuting the charges of atrocities and war crimes against such of the leaders of the European Axis powers, and their principal agents and accessories, as the United States may agree with any of the United Nations to bring to trial before an international military tribunal". The British and French governments have each recently announced the appointment of similar representatives. On June 7 [6], Mr. Justice Jackson submitted a report to the President summarizing developments since his designation as Chief of Counsel and outlining the basic features of the plan of prosecution.

On June 26, at the invitation of the British Government, Mr. Justice Jackson and representatives of Great Britain, France and U. S. S. R. began conferences in London with a view to formulating a final agreement. Prior to that date the three interested governments were furnished for purposes of discussion at the conferences, with a draft agreement prepared by Mr. Justice Jackson revising, but not in any substantial way, the draft agreement submitted at San Francisco.

ATTITUDE OF OTHER GOVERNMENTS

It is understood that the British and French governments are in general agreement with the proposals advanced by this Government. On June 14 a representative of the Soviet Embassy called on Mr. Justice Jackson and left with him an Aide-Mémoire raising certain questions regarding this Government's proposal. Mr. Justice Jackson indicates that, with few exceptions, they related to matters of inconsequential detail which would cause no difficulty whatever and that it was probable that the remaining questions raised could be ironed out at the London conference.

WAR CRIMES COMMISSION

Sixteen countries, including the United States, Great Britain and France, are represented on the United Nations War Crimes Commis-

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7 Text printed ibid., p. 55.
8 Text printed ibid., p. 61.
sion. The U. S. S. R. is not represented on the Commission, and it has been the subject of a number of attacks by the Soviet press.

The terms of reference of the Commission are found in notes addressed in 1942 by the British Government to various other governments suggesting the establishment of the Commission, in which reference was made to the Lord Chancellor's announcement in the House of Lords on October 7, 1942, that "The Commission will investigate war crimes committed against nationals of the United Nations recording the testimony available, and the Commission will report from time to time to the Governments of those nations cases in which such crimes appear to have been committed, naming and identifying wherever possible the persons responsible."9 The Commission is also charged with making recommendations of a "politico-legal" nature to the governments.

Upon the basis of the cases presented to it, and also on its own initiative, the Commission prepares lists of war criminals, which it is authorized to communicate directly to the Theater Commanders. The latter have been authorized by the Combined Chiefs of Staff to take the persons on the lists into custody without requirement of further proof.

Since the Commission has no judicial or prosecuting functions, there would seem to be no conflict of jurisdiction between it and the proposed military tribunals to adjudicate cases against major war criminals or the joint prosecutors of such cases. It is understood to be the Department's view that the Commission should be kept in existence, for the time being at least, as it serves a useful purpose as a clearing house for information on war criminals. Moreover its continued existence probably serves to make the small nations represented on it feel that, even though they may not have a direct part in the prosecution of major criminals under the plan discussed above, they nevertheless are participating in the over-all plan and determination of all of the United Nations to prosecute and punish all war criminals.

[WASHINGTON,] June 29, 1945.

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RECOMMENDATIONS AND LATE DEVELOPMENTS

No. 395

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

REPORT BY JUSTICE JACKSON ON WAR CRIMES QUESTIONS

The Secretary: Reference is made to the memorandum on “Prosecution of War Criminals” delivered to the Central Secretariat on June 29.

The British Government has suggested that “war criminals” be discussed at the Big Three meeting.

Justice Jackson states in a telegram of July 4 (Annex 1) that the British and French are in substantial agreement with the United States proposals for the punishment of the Axis leaders, but that the Soviets have presented a counterproposal which appears to reject the substance of his proposals, and to substitute many trials under Soviet procedure mostly in territory controlled by the U. S. S. R., and following the surrender to (these?) tribunals of our prisoners, in place of one main trial at Nuremberg. He is not sure that agreement will be reached but considers it by no means hopeless. Unless he can obtain the substance of his proposals, he says, the only alternative will be agreement on general substantive law principles regarding crimes and allowing each country to establish its own courts and try its own prisoners under its own procedural system.

He has been informed by the British Foreign Office that the British did not intend to suggest detailed discussion of war crimes at the Big Three meeting but wished to allay Soviet suspicion of evasion of prosecution. He himself is “rather appalled” at the thought of Big Three discussion of such an involved, technical subject. He suggests that he should review the subject with you and the President if such discussion is undertaken, since significant differences lurk in small phrases.

The U. S. S. R. has insisted that there be incorporated (in the agreement regarding the major trial) an agreement concerning the handing over of prisoners wanted for trial in other countries. Justice Jackson has taken the position that only cases for international trial are within the scope of his authority.

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1 This paper is not itself a report by Jackson; it is rather a memorandum addressed to the Secretary of State by the Legal Adviser of the Department or by one of his subordinates on the subject of recent messages from Jackson.

2 Document No. 394.

3 See document No. 176.


6 As in the original.
In a further telegram of July 6 (Annex 2)\(^7\) Justice Jackson says that it is clear that the military and political authorities of the United States should adopt a policy on demands for the surrender of alleged war criminals not needed as witnesses or defendants in the proposed international case. This should cover cases where the same person is demanded by two or more countries, he says. The U. S. S. R. wants the trial to be where the offense was the worst. This involves weighing the evidence. Justice Jackson thinks the U. S. should not pass on the merits of the claims. With reference to the possibility of demands for purely political reasons, which he emphasizes in both telegrams, he suggests that some statement of charges and supporting evidence might be required. He also suggests that some consideration might be given to the type of trial likely to result after surrender.

The U. S. S. R. is also urging an article in the proposed agreement for the trial of the Axis leaders which would bind the signatories to take all necessary steps for the surrender of war criminals by the neutrals. Justice Jackson has agreed that the U. S. would join in any request for surrender by a neutral of anyone needed for the proposed international trial, but has taken the position that any further commitment is beyond the scope of his commission to negotiate.

The question of surrender has been covered in a draft directive (Annex 3) which is expected shortly to come before the Informal Policy Committee on Germany. If the draft is approved by the U. S. authorities it will be circulated in the European Advisory Commission. Upon approval by the United States authorities it will also be issued to the Commander-in-Chief of the United States forces of occupation in Germany.\(^8\) If agreement has not been reached in the EAC with regard to the draft directive, the U. S. Commander-in-Chief is also instructed by the terms of the draft to urge in the Control Council the adoption of its principles by the other occupying powers in Germany.

Section 6 of the draft directive, on surrender, requires no supporting evidence to be supplied by the demanding government.

Paragraph \(a\) (2) of that section leaves the question of who is to receive a criminal wanted by two or more countries for determination by the Control Council without guiding criteria.

Paragraph \(d\) is intended to cover cases of possible political persecution (e. g. in the case of dissident Yugoslavs and Poles) and it is intended that it should be implemented by explanatory instructions to the U. S. Commander-in-Chief.

There is also pending before the Combined Civil Affairs Committee, a sub-committee of the Combined Chiefs of Staff, a draft directive which has cleared the U. S. side of the Committee and is now before

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\(^7\) Not included in the Briefing Book.

\(^8\) General of the Army Dwight D. Eisenhower.

[No. 395]
the British side. If approved by the latter, it will go before the Combined Chiefs of Staff for issuance to the Supreme Commander, Allied Expeditionary Force, and the Supreme Allied Commander, Mediterranean. (Annex 4) Exception number (5) in the second paragraph is intended to protect against demands for surrender of alleged "war criminals" for political reasons. Cases of demands by two or more countries for surrender are to be referred to the CCS.

It is understood that Mr. McCloy and Colonel Cutter of the War Department will be at the Big Three meeting. They are familiar with the draft directives referred to above.

In view of Justice Jackson's telegrams, it is suggested that, if the question of war criminals does come up, you may wish to get in touch with him as he suggests.

The meeting might afford an opportunity to clear up outstanding important questions relating to war crimes.

[WASHINGTON,] July 7, 1945.

[Annex 3]

TOP SECRET

DIRECTIVE ON THE IDENTIFICATION AND APPREHENSION OF PERSONS SUSPECTED OF WAR CRIMES OR OTHER OFFENSES AND TRIAL OF CERTAIN OFFENDERS

1. This directive is issued to you as Commander-in-Chief of the U. S. (U. K.), (U. S. S. R.) (French) forces of occupation. As a member of the Control Council, you will urge the adoption by the other occupying powers of the principles and policies set forth in this directive and, pending Control Council agreement, you will follow them in your zone.

2. The crimes covered by this directive are:
   a. Atrocities and offenses against persons or property constituting violations of international law, including the laws, rules and customs of land and naval warfare.
   b. Initiation of invasions of other countries and of wars of aggression in violation of international laws and treaties.
   c. Other atrocities and offenses, including atrocities and persecutions on racial, religious or political grounds, committed since 30 January 1933.

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9 Eisenhower.
10 Field Marshal Sir Harold Alexander.
11 The Informal Policy Committee on Germany notified the Secretary of State on July 25 that the Joint Chiefs of Staff had been requested to transmit this draft directive as revised (see footnote 13, post) to the Commander in Chief, United States Forces of Occupation in Germany, "as an interim directive pending its approval and issuance by the governments represented in the European Advisory Commission."
3. The term “criminal” as used herein includes all persons, without regard to their nationality or capacity in which they acted, who have committed any of the crimes referred to in paragraph 2 above, including all persons who (1) have been accessories to the commission of such crimes, (2) have taken a consenting part therein, (3) have been connected with plans or enterprises involving their commission, or (4) have been members of organizations or groups connected with the commission of such crimes. With reference to paragraph 2 b, the term “criminal” is intended to refer to persons who have held high political, civil or military (including General Staff) positions in Germany or in one of its allies, cobelligerents or satellites or in the financial, industrial or economic life of any of these countries.

4. The Control Council should coordinate policies with respect to the matters covered by this directive.

5. Subject to the coordination of such matters by the Control Council and to its agreed policies:

   a. In addition to the persons and classes of persons referred to in paragraph 8 of the Directive to the Commander-in-Chief of the U. S. Forces of Occupation Regarding the Military Government of Germany (J. C. S. 1067/6) or in other instructions, you will take all practicable measures to identify, investigate, apprehend and detain all persons whom you suspect to be criminals as defined in paragraph 3 above and all persons whom the Control Council, any one of the United Nations, or Italy notifies to you as being charged as criminals.

   b. You will take under your control pending decision by the Control Council or higher authority as to its eventual disposition, property, real and personal found in your zone and owned or controlled by the persons referred to in subparagraph a above.

   c. You will report to the Control Council the names of suspected criminals, their places of detention, the charges against them, the results of investigations and the nature of the evidence, the names and locations of witnesses, and the nature and locations of the property so coming under your control.

   d. You will take such measures as you deem necessary to insure that witnesses to the crimes covered by this directive will be available when required.

   e. You may require the Germans to give you such assistance as you deem necessary.

6. Subject to the coordination of such matters by the Control Council and to its agreed policies:

   a. You will promptly comply with a request by any one of the United Nations or Italy for the delivery to it of any person who is stated in such request to be charged with a crime to which this directive is applicable, subject to the following exceptions:

       (1) Persons who have held high political, civil or military position in Germany or in one of its allies, cobelligerents, or

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satellites will not be delivered to any one of the United Nations or Italy, pending consultation with the Control Council to ascertain whether it is desired to try such persons before an international military tribunal. Suspected criminals desired for trial before international military tribunals or persons desired as witnesses at trials before such tribunals will not be turned over to the nation requesting them so long as their presence is desired in connection with such trials.

(2) Persons requested by two or more of the United Nations or one or more of the United Nations and Italy for trial for a crime will not be delivered pending determination by the Control Council of their disposition. The Control Council should take all practicable measures to insure the availability of such persons to the several United Nations concerned or Italy, in such priority as the Control Council shall determine. If in any case the Control Council fails to make such determination within a reasonable period of time, you will make your own determination based on all the circumstances including the relative seriousness of the respective charges against such person and will deliver the requested person to the United Nation or Italy accordingly.

b. Compliance with any request for the delivery of a person shall not be delayed on the ground that other requests for the same person are anticipated.

c. Delivery of a person to a requesting nation shall be subject to the condition that if such person is not brought to trial, tried and convicted within six months from the date he is so delivered, he will be returned to you upon request for trial by any of the other United Nations or Italy.

d. In exceptional cases in which you have a doubt as to whether you should deliver a person demanded under subparagraph a above, you should refer the matter for decision to the Control Council with your recommendations.

The Control Council should determine promptly any dispute as to the disposition of any person detained within Germany in accordance with this directive.

7. Appropriate military courts may conduct trials of suspected criminals in your custody. In general these courts should be separate from the courts trying current offenses against your occupation, and, to the greatest practicable extent, should adopt fair, simple and expeditious procedures designed to accomplish substantial justice without technicality. You should proceed with such trials and the execution of sentences except in the following cases:

a. Trials should be deferred of suspected criminals who have held high political, civil or military positions in Germany or in one of its allies, cobelligerents, or satellites, pending consultation with the Control Council to ascertain whether it is desired to try such persons before an international military tribunal.
b. Where charges are pending\textsuperscript{13} in your zone against a person also known to you to be wanted elsewhere for trial, the trial in your zone should be deferred for a reasonable period of time, pending consultation with the Control Council as to the disposition of such person for trial.

c. Execution of death sentence should be deferred when you have reason to believe that the testimony of those convicted would be of value in the trial of other criminals in any area whether within or without your zone.

[WASHINGTON,] June 26, 1945.

[Annex 4]

TOP SECRET

DRAFT

CABLE TO SCAF AND SACMED

Reference is to SCAF 406 and NAF 973.\textsuperscript{14}

This directive applies to all persons held by forces under your command suspected of having committed war crimes in a country formerly occupied by the Germans or in Italy. It does not apply to such renegades and quislings as are not war criminals.

You should deliver immediately to the requesting nation any person requested by one of the United Nations or Italy for trial for a war crime alleged to have been committed in the territory of that nation, except:

(1) Persons wanted for trial before courts under your command.
(2) Persons who held high political, civil or military position in Germany or in one of its allies, cobelligerents, or satellites, who may be desired for trial before an international tribunal.
(3) Persons wanted as witnesses in the trials referred to in (1) or (2) above.
(4) Persons requested by two or more such nations.
(5) Persons whose cases involve special political or other unusual considerations, which cases should be given careful study in consultation with your political advisors before delivery is made.

In any case covered by subparagraph (4) above, you will report the facts to the CCS together with your recommendations as to its disposition.

\textsuperscript{13} The words "and the trial has not commenced" appear at this point in the draft directive as approved in July by the Informal Policy Committee on Germany.

\textsuperscript{14} Neither printed.

[No. 395]
Memorandum by the Joint Strategic Survey Committee of the Joint Chiefs of Staff

TOP SECRET

[Undated.]

What Should American Attitude Be Toward the Selection and Treatment of War Criminals?

An International Military Tribunal should be established for the trial of major war criminals whose offenses have no particular national or geographical character.

The United States should demand custody of every Axis individual triable for any war crime committed primarily against United States military personnel or nationals. Punishment accorded should be severe, prompt and public.

Upon request and on a reciprocal basis, the United States should undertake to turn over to our Allies for trial Axis individuals charged with war crimes against their respective military personnel or nationals. Each case or category should be decided on its merits with due regard to political or military considerations entering into the request.

Axis subjects accused of war crimes committed during the war against other Axis subjects should, as far as possible, be tried by local courts made up of subjects of the occupied area who are acceptable to the United States military authorities in charge.

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1 This memorandum was prepared in response to a request from Leahy (document No. 155) for recommendations which would be "useful to the President in preparing himself for the [Berlin] conference". It was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: "These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff." Leahy subsequently passed it to Truman.
SOVIET ANNEXATION OF KÖNIGSBERG AND NORTHERN EAST PRUSSIA

No. 397

Briefing Book Paper

[Extract 1]

TOP SECRET

EAST PRUSSIA

a. Recommendation:—East Prussia (except for the Koenigsberg district, which presumably will go to the Soviet Union) should be ceded to Poland.

b. Basic Data:— . . .

. . . The whole of East Prussia is claimed by the Warsaw Polish Government. The Soviet Union favors Polish acquisition of East Prussia or all of the province except for the northeastern sector, including the chief city and part [port] of Koenigsberg which it intends to annex. . . .

[WASHINGTON,] June 30, 1945.

1 For the full text of this briefing paper, see attachment 1 to document No. 513.

THE RHINELAND AND THE RUHR

No. 398

Briefing Book Paper

[Extract 2]

TOP SECRET

EUROPEAN TERRITORIAL SETTLEMENTS

I. GERMANY

The United States Government is opposed to the separation from Germany of the Ruhr 3 or the left bank of the Rhine either by internationalization or by other means. . . .

[WASHINGTON,] June 29, 1945.

1 Annex 13 to the attachment to document No. 177.
2 For other extracts from this paper, see documents Nos. 259 and 509.
3 For a map of the Ruhr, see vol. ii, facing p. 926.

[No. 398]
No. 399

Briefing Book Paper ¹

TOP SECRET

GERMANY

THE DISPOSITION OF THE RUHR

I. RECOMMENDATION

It is recommended that this Government oppose the separation of the Ruhr from Germany either through internationalization or through the creation of a separate state or through annexation by one or more neighboring states.

II. DISCUSSION

Proposals for the disposition of the Ruhr need to be judged by their contribution of long-range security and by the degree to which they would allow a full utilization of the resources of the area for the restoration of European productivity and living conditions.

Security proposals, in turn, need to be measured by the criteria of effectiveness, economy of effort, and prospects of durability.

To find effective security measures against Germany, it is submitted, constitutes no serious or complicated problem. A Germany deprived of trained soldiers and arsenals could not launch a new war and a few and relatively simple restraints can effect that deprivation. Multiplication of restraints and their attendant instrumentalities of enforcement beyond the minimum consistent with effectiveness would mean for the victor powers a rejection of the principle of economy of effort and the assumption of unnecessary burdens. Such a multiplication of controls, however, would not only entail a superfluous expenditure of international energy; it would also constitute a potential threat to the durability of the whole system of security. The more complicated the control machinery the more quickly all or some of the enforcing powers will tire of maintaining it and divisions of opinion will arise between them. Once the victors in weariness and mutual hostility begin to abandon controls there is little prospect of agreement on a stopping place short of the complete emancipation of Germany from any control whatever. The experiences of the victor powers after 1918 suggest the validity of such considerations and emphasize the fact that the danger does not reside so much in Germany’s evasion of controls as in the Allies’ unwillingness to enforce them when the heat of war has abated.

Since it is unreasonable to suppose that Germany could fight without trained soldiers and arsenals, the impulse toward a great multiplication of prohibitions and controls must apparently be ex-

¹ Annex 16 to the attachment to document No. 177.
plained as the result of a fear that a lesser number of prohibitions and controls would not be effectively enforced. The assumption is not well grounded, however, that security can be bulwarked by additional measures of control when the victors are unable or unwilling to enforce the basic prohibitions of trained soldiers and arsenals. The rational means of dispelling such a fear is not to seek further and more complicated controls which would tax still more seriously the energies of the enforcing powers but to concentrate on those controls which, by their simplicity and economy of expenditure, offer the best prospect of being maintained.

Since the separation of the Ruhr from the remainder of Germany could not prudently be considered an alternative to basic security controls for the whole of the country which, if enforced, would suffice to keep the peace, a special regime for the Ruhr would clearly be subject to the criticisms stated above.

An effective security plan requires a calculation of the eventual political consequences in Germany of any proposed course of action. In the long run the most effective form of control over Germany would be the self-control of a nation willing to play a constructive role in the world’s peaceful pursuits. Under the best of circumstances such a Germany will be hard to build and it behooves the victor powers to avoid giving unnecessary opportunities to ultra-nationalistic agitators to exploit not only the grievances of the German people but the discords which may arise amongst the victors over the treatment of Germany. The loss of the Ruhr would probably be second only to the forcible breakup of Germany into partite states as an incitement to embittered resistance on the part of the German people. Since this recommendation is based on the conviction that the separation of the Ruhr from Germany is not necessary for security reasons, its internationalization would mean delivering into the hands of the most dangerous elements in Germany a powerful weapon and would, therefore, endanger security rather than make it doubly certain.

Any proposal for the separation of the Ruhr from Germany raises a further question involving security implications. This question is to what state, or states, the Ruhr should be assigned?

Direct cession to one state would create too many political and economic dislocations to be admissible. Likewise a single trustee or mandatory is hardly a feasible solution. The small neighboring powers would not have the resources to undertake such a formidable task and there are strong objections on both political and economic grounds to allowing any one of the large European powers to attempt it. Under present circumstances an extension of Soviet power and influence into the heart of Western Europe through the device of trusteeship would manifestly be open to grave doubt. The assign-
ment of the Ruhr to France, in turn, would be equally questionable since it cannot be accepted as axiomatic that the increment of national strength which would come to France through acquisition of the Ruhr would be a guaranty of security. It can be anticipated that French control would cause serious perturbation in Belgium and the Netherlands and would create such resistance in the Ruhr that the area’s productive capacity, so essential for European reconstruction, would be heavily impaired.

A multiple trusteeship would also raise difficult and prospectively insuperable problems: selecting the states which would participate, determining the powers of the trustees, allocating the degree of authority of each, prescribing the character of the administration and the political role of the inhabitants, deciding the economic relationships with other areas, and devising machinery for composing the differences which would be inevitable in such a complex undertaking. If the several trustees brought to the Ruhr divergent conceptions of economic organization and equally different views of the uses to be made of the trusteeship—and this state of affairs would be hardly inescapable in almost any circumstances and notably certain in the case of Soviet participation—the consequences could only be to the jeopardy of European tranquillity.

An examination of the Ruhr in the light of the second criterion—full utilization of its resources for European reconstruction—likewise results in a judgment against the separation of this area from the rest of Germany.

Any form of removal of the Ruhr from Germany which did not entail a substantial degree of economic separation would be meaningless in terms of the generally professed security reasons for the action. It must be assumed therefore that under internationalization, as well as through annexation by another power, Germany would lose control of the enormous productive capacity to some international agency. It is therefore in order to consider the consequences for Germany and for the whole of European reconstruction and to anticipate how the Ruhr could be treated economically.

This Government has already agreed to a considerable transfer of German territory in the East.\textsuperscript{2} Into the Germany thus reduced in size and resources and heavily damaged by the war there will be poured several million persons of Germanic stock from Poland and Czecho-slovakia. It is no sentimental generosity to point out that the seventy and more million Germans concentrated in restricted frontiers must be allowed a tolerable standard of living. In our treatment of the Germans the immediate necessity, and equally the long-range necessity, is enough sustenance for them to prevent starvation, disease and

\textsuperscript{2} See vol. ii, document No. 1417, section vi.
dangerous political unrest. To make Germany into a permanent national poorhouse would be to close the door to any hope of Germany's eventual assimilation into the society of law-abiding peoples. The simplest form of security insurance is to spare Germany a standard of living so low as to engender political desperation.

Without the Ruhr's production of legitimate peace-time goods, German economy would be gravely impaired and, in all probability, the national life could be put on a functioning basis only through the reintroduction of some form of autarchy, a development which it is to our national interest to forestall.

It is furthermore the policy of this Government that Germany shall make reparation for damages inflicted upon its victims both out of existing stocks and out of current production. The Ruhr is an essential source of reparation if payment out of production is to make a significant contribution to European reconstruction. The most equitable use of that productivity would be made, not through separating the Ruhr from Germany and placing its wealth at the disposition of annexing powers or of the states represented in an international administration, but by pooling its reparation production with that of the remainder of Germany and distributing it on the basis of a fair division among the claimant states.

The Ruhr economy has developed in an extensive free-trade area and to cut it off from that area would be to introduce serious disturbances over and above war damages that would impede its own conversion to peace-time production and therefore the rehabilitation of Europe. Establishment of the Ruhr as a separate economic unity would obviously doom it to a decline accompanied by local disturbances and by agitation throughout Germany. Finally, a plan whereby all of the states participating in international control would have a special economic relationship to the Ruhr would raise up insuperable tasks of reconciling national objectives in the treatment of the area, of allocating the degrees of national authority in the administration as between the participating small and large states, of adjusting the production of the Ruhr to that of the participating states, and of assigning responsibilities and profits and losses. In the face of these and other material difficulties, it can only be anticipated that such a plan would mean not only economic confusions but also political frictions.

The most efficient exploitation of the area in the interest of European recovery can be achieved by allowing it to retain its organic relationships within the German economy while, of course, demilitarizing the industry and bringing it through economic reform into freer and closer relations with European and world economy.

[WASHINGTON,] June 27, 1945.
The Ruhr

a. Recommendation:—It is recommended that this Government oppose the separation of the Ruhr from Germany either through internationalization or through the creation of a separate state or through annexation by one or more neighboring states. (The considerations on which this recommendation is based are presented in a separate paper.)

b. Basic Data:—The Ruhr industrial area embraces a portion of the Rhenish and Westphalian provinces of Prussia centering in the basin of the Ruhr river and extending somewhat west of the Rhine. The greater Ruhr zone has an area of about 3,000 square miles with a population of 6,800,000; the main industrial zone has an area of about 1,000 square miles and a population of 5,300,000. It is the most highly urbanized area of Europe with twelve cities of over 100,000 inhabitants and three of over 400,000. Ninety-five percent of the population density is 5,795 per square mile in the smaller area [sic]. It possesses a vast and closely integrated network of railroads, waterways and highways. Its railways carry 35 percent of all German rail tonnage; its waterways 56 percent of water-borne traffic.

The industrial importance of the Ruhr rests upon its coal reserves which are near the surface and of high grade, excellent for coking. Its production of coal and iron and crude steel is about 70 percent of that of all Germany. Other major industries are finished steel goods, machinery, electro-chemical products, chemicals, petroleum products, gas electric power, synthetic rubber and textiles. Its output is vital to all Europe. It furnishes a major market for industrial raw materials from many countries. Its steel production in 1937 exceeded that of any country except the United States and the Soviet Union. It accounts normally for about one-third of Germany’s industrial exports. Ownership of Ruhr enterprises is tied in with the great German combines, trusts and cartels. Ruhr industry also forms part of a great industrial complex including Lorraine, the Saar, northeastern France, Luxembourg and Belgium.

Ruhr industries were extensively converted to war purposes and new ones (synthetic oil and rubber) built. The war has considerably reduced Ruhr industrial capacity. Its rehabilitation will involve a care-

1 Document No. 399.
ful weighing of the danger of restoring German war potential against the contribution which the Ruhr may make to European reconstruction. This contribution can be of the greatest significance because of the unique advantages of the area—its strategic location, transportation facilities, coal reserves, plant capacity, and skilled labor force.

[WASHINGTON,] June 30, 1945.

No. 401

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

THE LEFT BANK OF THE RHINE

a. Recommendation:—The disposition of the left bank of the Rhine is essentially a problem of military security in which the legitimate needs of France, Belgium and the Netherlands should be recognized. This problem should ultimately be solved by a system of long-range controls over Germany rather than by transfers of Rhenish territory. Since the states of western Europe need have no concern about their security against German aggression so long as Allied military government exists in Germany, it would seem unnecessary at the present time to determine the nature of military establishments which may be required in the Rhine area after the termination of military government.

b. Basic Data:—The left bank of the Rhine includes the Saar, the Palatinate, Western Hesse and the bulk of the Rhine Province. It covers an area of 10,598 square miles and had a population of about 6,550,000 according to the census of 1939. Eight cities of 100,000 residents or more in 1939—Cologne, Krefeld-Uerdingen, Aachen, Mainz, Ludwigshafen, Saarbrücken, München-Gladbach, and Bonn—are located here, and the Saar and the western Ruhr constitute two important industrial centers. This region together with the Rhine itself is one of the most concentrated transportation areas in the world. Possession of the left bank and bridgeheads across the Rhine allows strategic domination of the Ruhr and command of the gateways into central Germany.

At the Paris Peace Conference Foch and his supporters were determined to establish one or more autonomous republics in the Rhineland protected by French military forces. The minimum objective of the French delegation was to extend the permanent military frontier of France to the Rhine. French aims were thus hardly realized by Treaty of Versailles providing for German demilitarization of the
Rhineland and its occupation for a fifteen-year period by Allied forces.¹

In the French view the Rhine is still the defensive bastion of France. De Gaulle has stated (July 10, 1944) that the flag of the French army must fly over the Rhineland,² and there is evidence of an increasing tendency on his part to favor annexation of the left bank. Bidault has disclaimed any desire for annexation but is of the view that the Rhineland–Ruhr area should be separated from Germany and that France must have complete security control over the area north of the Saar extending through Cologne. He apparently believes that the remainder of the Rhineland north of this area and the Ruhr should be brought under some form of international regime. Other French leaders have in general advocated either French or international control of the Rhine area.

[WASHINGTON,] June 30, 1945.


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No. 402

740.00119 (Potsdam)/5-2446

Briefing Book Paper

[Extracts ¹]

TOP SECRET

FRANCE

SUMMARY

(2) Views on the Rhineland.

While the French government has not put forward concrete proposals or formalized her desiderata with respect to the German settlement, the expressed views of French officials may be summarized as follows:

France disclaims any designs involving annexation of German territory.

She advocates the separation from Germany of the Rhineland and of Westphalia including the Ruhr, opposes their being combined into a single State and wishes them to be governed by distinct regimes.

a) Ruhr-Westphalia should be placed under an international regime.

b) The Rhineland, from the Swiss frontier to beyond Cologne, including the Saar and appropriate bridgeheads on the right bank,

¹ For the other sections of this paper, see document No. 222.
should be placed under permanent French military and economic control, possibly with Luxembourg, Belgian and Dutch participation.

While it is not possible now to foresee the degree of support we shall afford French desiderata in the German settlement, we should recognize that France considers the German problem as the cardinal point of her foreign policy and will pursue her ends with great tenacity. In view of the value to us of a strong and friendly France, we should oppose treatment of her claims less favorable than that accorded our other major allies.

FRANCE

(2) French Views on the Rhineland

While the French government has not yet put forward concrete proposals on the subject of the Western part of the German settlement, General de Gaulle and other French officials have made numerous public utterances on this question. In a press conference on January 28, 1945, General de Gaulle stated that the security of France (and consequently that of Western Europe and hence a large part of the world) lay from one end of the Rhine to the other, and that France would not end the war without being assured that her forces would be permanently stationed along the entire length of the river.² In his radio address of February 5th, he enumerated among the conditions of the peace settlement which France considered essential: “the definitive presence of French forces from one end to the other of the Rhine, and the separation from what is to be the German State, or States, of the territory on the left bank of the river and of the Ruhr basin”.³ While French officials have assiduously avoided the word “annexation,” their views clearly anticipate the separation from Germany of both the Rhineland and the Ruhr. General de Gaulle told Spaak, in February, that “while his views on the Rhineland had not crystallized, he did feel that the Ruhr should be placed under international administration”. He again stressed the separation theme in a conversation in April with Mr. McCloy when, in stating France’s desire to control the left bank of the Rhine from Cologne to the Swiss frontier, he stated that the Rhineland should be made up of small semi-independent States, not Rhine confederation, but operating under French influence. The Ruhr area, he again indicated, should be under international control, its mines and industries being operated for the benefit of all Western European countries.

³ See ibid., p. 561.
A memorandum obtained by a journalist from the French delegation in San Francisco, and purporting to have been prepared by General Juin's Committee of National Defense, envisages the creation of a broad security zone in Western Germany for the period following total military occupation. It contemplates the division of this zone into three parts: a British-dominated area, with Netherland participation, beginning North of the Rhine, and running along the Dutch border to the North Sea; next, an internationalized Ruhr basin administered and policed by an inter-allied Commission; lastly a French-dominated zone largely corresponding to the present French occupation zone but reaching North of Cologne, in which Luxembourg, Belgium and the Netherlands would participate. These three zones would form a permanent occupation region.

The most recent and authoritative declaration of French views on the Rhineland and the Ruhr were made by M. Bidault to the Acting Secretary on May 19th. He presented the following definitive ideas:

The Rhineland, and the Ruhr plus Westphalia should be separated from Germany but should not be combined into a single State under international control. Such a State would be too strong and might ultimately form the rallying point for a new, unified Germany. Also, Russian participation in the control of such a State would lead to disagreements and complications. They should be separated into:

(a) Ruhr-Westphalia. This region was the source of the power and wealth of Germany and should be definitely placed under the control of an international regime.

(b) The Rhineland. France does not wish to annex this region or the Saar basin within it. She wants economic control of the Saar and security control of the whole Rhineland up through Cologne with the necessary bridgeheads on the right bank. She does not want the area internationalized since in an international regime France might be outvoted. She will insist on control without any restrictive international supervision.

To summarize, the French want both the Ruhr and the Rhineland separated from Germany, but regard administration of the two zones as distinct problems. With respect to the Ruhr, the French appear to agree that it should be under international administration with British and possibly American participation. While French ideas on the ultimate form of government of the Rhineland have not yet crystallized, the French will insist on permanent occupation and control thereof plus bridgeheads on the right bank from Duesseldorf to Karlsruhe.

France's obsession with the idea of complete and final security against Germany will cause her to pursue her desiderata on this

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4 i.e., the French Delegation to the United Nations Conference on International Organization, which met at San Francisco from April 25 to June 26, 1945.
question with the utmost tenacity. The German settlement lies at
the heart of French foreign policy, and it is believed that she will
make broad concessions elsewhere in order to obtain her ends there.
The economic motive, while mentioned less often than the security
one, is likewise strong and may well become stronger as the fear of a
German resurgence subsides and gives way to the fear of a new enemy;
or the military obsolescence of the Rhine as a security frontier finally
becomes apparent to the French people. While it cannot yet be
anticipated to what extent France will wish to make her military
occupation of the Rhineland an economic exploitation thereof to the
detriment of German economy as a whole, it is probable that she will
take steps during the military occupation period to assure for herself
exclusive exploitation of the Saar basin. The exercise of these
exclusive economic rights over the military occupation period may
well mean the permanent loss for Germany of the resources of the
Saar.

While it is difficult to frame at this moment a recommendation as
to the degree of our support of or opposition to French desiderata,
they should be given extremely careful consideration. France’s
friendship for us will depend to a great extent on the support we give
her in the German settlement. Whether or not she receives any
appreciable degree of satisfaction, we should oppose treatment for
her less favorable than that accorded our other major allies.

[WASHINGTON,] June 23, 1945.

No. 403

Memorandum by the Joint Strategic Survey Committee of the Joint
Chiefs of Staff

TOP SECRET

[Undated.]

INTERNATIONALIZATION OF THE RUHR AND THE SAAR

Internationalization of the Ruhr and the Saar, however established,
would eventually involve the World Organization, presumably as
represented by the Security Council. Such an arrangement could not
but inject Russia into the affairs of Western Europe to an undesirable
degree, which might well require larger United States commitments

1 This memorandum was prepared in response to a request from Leahy (docu-
ment No. 155) for recommendations which would be “useful to the President in
preparing himself for the [Berlin] conference”. It was forwarded to Leahy by
the Secretary of the Joint Chiefs of Staff on June 26, together with other reports,
under cover of a memorandum which stated explicitly: “These reports represent
the views of the committees only and have not been approved by the Joint Chiefs
of Staff.” Leahy subsequently passed it to Truman.

2 i.e., the United Nations.
in the areas internationalized and for longer periods of time. For these reasons, the internationalization of the Ruhr and the Saar is not favorably considered.

With respect to the Ruhr area, if Germany loses Silesia and the Saar, her future economic stability is in danger unless the Ruhr area is eventually restored to her. It would appear highly desirable, however, that the British occupational period of that area should extend until such time as an acceptable German Government is established. It should be noted in this connection that permanent loss by Germany of Silesia and of the Saar will reduce her war potential of strategic material to such a degree as to practically eliminate her, while acting alone, as a menace to the future peace of Europe. Under these conditions, it would seem desirable that the Ruhr area be eventually restored to Germany.

No. 404

740.00119 Potsdam/7-1445

The Assistant Secretary of State (Dunn) to the Secretary of State

[Extracts]*

SECRET

Potsdam, July 14, 1945.

MEMORANDUM FOR THE SECRETARY

Sir Alexander Cadogan, Permanent Under-Secretary at the Foreign Office, called this afternoon and discussed for two hours in a preliminary way a number of matters on the agenda of the Conference.†

8. Partition of Germany.

Sir Alexander agreed that partition would be desirable if promoted by the Germans but should not be forced on Germany. He professed ignorance of French projects for internationalizing the Ruhr.

JAMES CLEMENT DUNN

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1 Printed from a carbon copy on which there is an uncertified typed signature.
2 For other extracts from this memorandum, see documents Nos. 140, 218, 234, 258, 319, 351, 379, 470, 519, 635, 645, 678, and 708.
3 For a list of persons present at this meeting, see document No. 234, footnote 3.
THE FRENCH ZONE OF OCCUPATION AND THE FRENCH SECTOR IN BERLIN

No. 405

740.00119 EAC/7-1245

Memorandum by the Delegation to the European Advisory Commission

[Extract 2]

SECRET

[LONDON,] July 12, 1945.

THE WORK OF THE EUROPEAN ADVISORY COMMISSION (JANUARY 1944–JULY 1945)

A SUMMARY REPORT

(2) Zones of Occupation in Germany. From March to September 1944 the Commission considered the problem of zones of occupation in Germany and the joint occupation of Berlin. The first step in agreement was set forth in an E. A. C. Protocol of September 12, 1944, outlining three zones of occupation in Germany and three areas of occupation in Berlin. By a further Agreement of November 14, 1944, the U. S. and U. K. zones in Germany were fixed. At Yalta it was agreed that the French zone would be formed out of the U. S. and British zones, and the French zone has been agreed between the U. S., French and British Representatives on the E. A. C. Except for determining a French area of occupation in Greater Berlin, the Commission has completed a draft Agreement to provide for this adjustment in the zones. The E. A. C. agreements on zones in Germany are now being carried out by the military authorities.

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1 Submitted to Byrnes as an enclosure to document No. 233.
2 For other extracts from this report, see enclosure 1 to document No. 233, and document No. 415.
3 For text, see Treaties and Other International Acts Series No. 3071; United States Treaties and Other International Agreements, vol. 5, pt. 2, p. 2078; Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 118.
4 For text, see Treaties and Other International Acts Series No. 3071; United States Treaties and Other International Agreements, vol. 5, pt. 2, p. 2087; Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 121.
5 See vol. ii, document No. 1416, section iv.

[No. 405]
No. 406

The Ambassador in the United Kingdom (Winant) to the Secretary of State

SECRET

US URGENT—NIACl

6740. COMEA 318. Today EAC approved in substance draft agreement on French zone in Germany. Texts to be checked tomorrow by experts subcommittee preparatory to signature.

Sent Dept 6740; rptd Paris 435 secret for Caffery and Murphy.

WINANT

No. 407

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State

[Extracts]

SECRET

US URGENT

6856. At July 6 meeting EAC agreed preamble to agreement French zone in Germany. . . .

Sent Dept as 6856, COMEA 324; rptd Murphy as 20 from Winant. July 6 EAC approved text of report to accompany agreement on French zone except final sentence. . . .

Dispute[d] final sentence of report follows: "The Commission recommends that the four Govts instruct their respective Commanders in Chief in Germany acting jointly to determine the area in 'greater Berlin' to be assigned to occupation by forces of the French Republic'". July 6, US, UK and French delegations approved final sentence. Soviet rep pressed for its omission.

Gousev insisted that the Crimea decision that the French zone in Germany be formed out of the US and UK zones means that French area in Berlin must also be formed out of US and UK areas. Gousev stated determination French area in Berlin is matter for US, UK and French Commanders not for Soviet Commander.

I stated that Crimea decision contains no provision of this nature re Berlin and that on behalf of my Govt I reject any attempt to extend Crimea decision by implication to read this meaning into it. I stated any such extension of meaning of Crimea decision was a matter requiring further and specific agreement between Govts and
that I had no instructions to accept such an extension or interpretation of the Crimea decision.

UK rep\(^1\) stated that UK, US and Soviet should all contribute to provide a French area in Berlin. I stated that I could have no view re whether it would be found by four commanders on spot more convenient to form French area out of two or three of present areas and that this decision could best be made by the four commanders with full knowledge and responsibility in Berlin.

July 6 meeting unable complete agreement French zone Germany because of this deadlock. At close meeting Soviet rep still insisted on omission final sentence report.

Dept will have noted article 7 of agreement (my tel 6776 \(^2\)) provides for inclusion France among powers occupying Berlin and for creation of a fourth area of occupation in Berlin. Presumably omission of last sentence of report would leave open question whether three or four commanders would participate in defining French area and whether the French area would be formed out of two or three of present areas. Next EAC meeting July 9.

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\(^1\) Sir Ronald I. Campbell.

\(^2\) Not printed.

No. 408

740.00119 EAC/7-745 : Telegram

_The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State_

SECRET

LONDON, July 7, 1945—6 p. m.

US URGENT—NIACT

6863. COMEA 327. Re final para mytel 6856, July 7 \(^1\) repeated Murphy as 20.

UK and French EAC delegations have considered Soviet proposal of July 6 re omission final sentence report accompanying agreement French zone in Germany. Both delegations have recommended their Govts agree this omission. They feel more important conclude agreement and leave open question of procedure for determining French area in Berlin than to force decision in EAC at this point.

Sent Dept as 6863; repeated Murphy as 24 from Winant.

UK and French EAC delegations expect final word this point Mon morning from their Govts.

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\(^1\) Document No. 407.
No. 409

740.00119 EAC7-845: Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

SECRET

WASHINGTON, July 8, 1945—1 p. m.

US URGENT—NIACT

5561. You are authorized to accept the Soviet proposal to omit final sentence of report accompanying agreement re French zone in Germany. (Your Comeas 324 1 and 327 2)

Grew

H[enry] P[everich]

1 Document No. 407.
2 Document No. 408.

No. 410

740.00119 E. A. O/J-1045: Telegram

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State 1

SECRET

LONDON, July 10, 1945—2 p. m.

US URGENT

6932. Comea 331. I appreciated Dept’s prompt action (urteil 5561, July 8 2) to facilitate conclusion agreement on French zones in Germany. After lengthy discussion last night with EAC unable at present complete this agreement.

Marked shift occurred yesterday in Soviet approach. Gousev now states that he does not know whether his Govt would approve postponing for later decision delimitation of French area in Berlin; that his Govt may wish description French area included in agreement; and that he must consult his Govt. Gousev expected to leave this morning for Moscow.

Sent Dept as 6932; rptd secret for Murphy as 30 from Winant.

Must assume this shift based on instructions from Moscow. Since June 29 Gousev has been entirely familiar with our proposal contained in final paragraph draft report. 3 As late as July 6 he approved draft agreement which omits description French area Berlin and approved draft report except final sentence (mytel 6856, July 7 4 rptd Murphy as 20).

1 The gist of this message was included in telegram No. 15 of July 11 from Grew to Byrnes (file No. 800.00 Summaries/7–1145).
2 Document No. 409.
3 See document No. 407.
4 Document No. 407.
Last night several formulas, including omission final sentence draft report, were discussed in lengthy effort complete agreement. Gousev was adamant in stating his inability conclude at this time and in objecting to each formula in turn, including his own proposal of July 6.

New Soviet tactic may mean that Gousev will consult his Govt and that Moscow may then send instruction enabling EAC conclude agreement this week. I believe this would be Gousev’s desire. On other hand Soviet Govt may intend leave this question unsettled until conference with view to insisting at conference on its view that French area in Berlin be formed from US and UK areas.

WINANT

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8 See document No. 407.
9 i. e., the Berlin Conference.

No. 411

740.00119 (Control) Germany/7-1145: Telegram

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State 1

TOP SECRET

LONDON, July 11, 1945—8 p. m.

NIACT

6997. COMEA 333. Soviet EAC delegation tonight communicated new formula for final para report transmitting agreement French zone in Germany. This formula sent by Moscow following Gusev’s return (mytel 6932, July 10 rptd for Murphy 30 2).

[]Sent to Dept rptd for Murphy as 34).

Soviet formula follows:

“The commission recommends that the question of determining [sic] the boundaries of the French area in greater Berlin, which area in consequence of the Soviet area of the city having suffered the greatest destruction, will be formed out of the US and UK areas of greater Berlin, should be referred for consideration to the Control Council in Berlin.”

This formula has also been referred to UK and French Delegations. EAC meeting July 12, 4 p. m.

Mosely’s immediate personal comment to acting Soviet representative 3 was that US formula 4 is more practical since it does not attempt

1 The gist of this message was included in telegram No. 19 of July 12 from Grew to Byrnes (file No. 740.00119 Potsdam/7-1245).
2 Document No. 410.
3 Georgy Filippovich Saksin.
4 See the final sentence of the draft report quoted in document No. 407.

[No. 411]
in absence of specific information and recommendations re division of Berlin to decide in advance whether formation of French area will require adjustments in two or three of present areas. Mosely also made clear that US delegation not authorized to accept new Soviet formula.

WINANT

No. 412

740.00119 (Control) Germany/7-1245 : Telegram

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State

TOP SECRET

LONDON, July 12, 1945—noon [sic].

US URGENT

7069. Tonight EAC held lengthy inconclusive discussion new Soviet proposal for final paragraph report on French zone in Germany re delimitation of French Berlin area out of US and UK areas only (mytel 6997, July 11, repeated Murphy 34) COMEA 336. Sent Dept 7069 repeated Murphy as 35. Present position is that Soviet delegation has authorit[y] conclude French zone agreement only with addition new Soviet formula. US and UK representatives continue oppose any formulae stating that French area will be formed out of US and UK areas. French representative ³ eager to conclude agreement on any basis satisfactory to other three delegations.

To offset Soviet information re degree of destruction in Soviet area in Berlin allegedly received yesterday from Marshal Zhukov, US delegation should have from US representative in Berlin information re destruction in US and other areas. US and UK representatives promised at close of meeting ask for such information. Naturally I urged omission all reference to question whether French area will be formed from three or only two areas. At close of meeting I offered following formula for final sentence of report: “The commission hopes shortly to present to four govt's recommendation re delimitation of the French area in Berlin.” Soviet representative promised to report fully to his govt on this proposal but obviously has little hope through own action of securing reversal of formal instruction received yesterday from Moscow.

I also proposed that EAC sign agreement as so far determined leaving question of delimitation of French Berlin area to a supple-

¹ The gist of this message was included in an unnumbered communication of July 13 sent by Grew to Byrnes by pouch (file No. 740.00119 Potsdam/7–1345)
² Document No. 411.
³ René Massigli.
mentary agreement. Soviet delegate opposed dividing agreement in two.

I believe it would now be wise for our military authorities in Berlin to examine concretely whether delimitation of French area requires adjustment of all three present areas because of physical conditions. Such recommendations from US military authorities in Berlin supported by substantial evidence would greatly facilitate conclusion agreement on French zone. Naturally we have preferred referring this decision to Control Council but we have at present no means of moving Soviet delegation from position of insisting that formula referring the question to Control Council shall include statement that French area is to be formed out of UK and US areas only.

WINANT

No. 413

740.00119 (Potsdam) 7/1545

The Political Adviser to the Representative on the European Advisory Commission (Mosely) to the Assistant Secretary of State (Dunn)

SECRET


MEMORANDUM FOR MR. DUNN

Subject: Agreement on French Zone in Germany.

The European Advisory Commission has completed the draft agreement on the French zone in Germany. Its submission to the four governments has been held up by inability to agree in EAC on the procedure for defining the French area of occupation in Berlin.

The U. S. proposal of June 30\(^1\) simply referred the whole question to the Control Council, without prejudging whether the French area would be formed out of the U. S. and U. K. areas or out of the three areas as defined by the Agreement of September 12, 1944.

The Soviet proposal of July 11\(^2\) provides that, in view of the greater destruction allegedly suffered by the Soviet area in Berlin, the French area should be formed out of the US and U. K. areas. The EAC is therefore unable, without receiving fresh instructions from the governments, to decide this question and conclude the agreement.

The following procedure for securing a decision is suggested:

1. The U. S. and U. K. military authorities in Berlin should examine the present areas and decide whether, in fact, the degree of destruction is so great in the Soviet area that it would be fair to form a French area out of the U. S. and U. K. areas, perhaps by each of the two giving up one district.

\(^1\) See the final sentence of the draft report quoted in document No. 407.

\(^2\) See document No. 411.
2. If the U. S. and U. K. military authorities decide that such an arrangement is not reasonable, then it will be necessary to take up this question during the Conference and to secure from the Soviet authorities a change in the instructions which they have given their EAC delegation.

3. It might be possible for the U. S. and U. K. Commanders in Berlin to arrive at an exact definition of the French area, which could then be referred to the EAC for inclusion in the draft Agreement. If the creation of the French area requires adjustments in all three existing areas, the Conference might be able to entrust to the U. S., U. K. and Soviet Commanders the preparation of an agreed recommendation which would provide for the necessary adjustments and which could then be referred to EAC for inclusion in the final draft Agreement.

It should be pointed out that tentative U. K. proposals for readjustment provided for each of the three occupying powers giving up one district apiece in order to form a French zone.

When the U. S. proposal was at first presented in EAC, Gousev maintained that the Yalta Agreement⁵ for forming the French zone in Germany out of the U. S. and U. K. zones was also intended to apply to the forming of the French area in Berlin. The U. S. representative in EAC rejected this attempt to extend or interpret the Yalta arrangement. In an attempt to be more conciliatory in approach the Soviet delegation in EAC has now shifted its grounds to the assertion that the greater degree of destruction in the Soviet area makes it necessary for that area to remain unchanged.

P[HILIP] E M[OSELY]

⁵ See vol. ii, document No. 1416, section iv.

THE "ADDITIONAL REQUIREMENTS" AGREEMENT

No. 414

740.00110 (Potadam)/5-2445

Briefing Book Paper

[Editor's Note.—Included in the Briefing Book were copies of a Report by the European Advisory Commission as agreed upon (but not signed) on July 4, 1945, and the accompanying draft Agreement on Certain Additional Requirements To Be Imposed on Germany. For the texts as signed in the European Advisory Commission on July 25, see document No. 1038, printed in volume II. The final texts have only minor editorial variations from the drafts included in the Briefing Book.]
No. 415

Memorandum by the Delegation to the European Advisory Commission

[Extract]

SECRET

[LONDON,] July 12, 1945.

THE WORK OF THE EUROPEAN ADVISORY COMMISSION (JANUARY 1944-JULY 1945)

A SUMMARY REPORT

(4) Additional Requirements. From the beginning of the negotiations regarding the German Surrender Instrument, it was realized that the Allies needed to agree on a wide range of joint action in the political and economic sphere, going beyond the military requirements laid down in the Instrument of Surrender. After preliminary discussions in late 1944 and early 1945, the Commission, during May and June 1945, worked out a draft Agreement on Additional Requirements to be imposed on Germany. This Agreement, which covers a wide range of matters of common concern to the Allies, including joint control of German production, trade and finance, is ready for submission to the four Governments, except for approval of a single paragraph.

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1 Submitted to Byrnes as an enclosure to document No. 233.
2 For other extracts from this report, see enclosure 1 to document No. 233, and document No. 405.
3 For the text of the draft surrender instrument negotiated in the European Advisory Commission, but not used on the occasion of the actual surrender of Germany, see Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 113.

No. 416

740.00119 Control (Germany)/7-1445 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

TOP SECRET

WASHINGTON, July 14, 1945—10 a.m.

U. S. URGENT

5766. Following is paraphrase of tel from McCloy dated July 11:

"It is requested that you postpone, until we have a chance of discussing the matter, giving U. S. sanction to the suggested instructions

1 The same message was sent directly to the Office of the Political Adviser at Frankfurt, presumably for transmittal to the United States Delegation at Babelsberg.
to Allied representatives concerning additional requirements as set out in the 5 June declaration.\(^2\) As I see it, the document is negative in character and may create confusion because of the possibility of different interpretations.

"The term 'Allied representative' is not positively defined either in meaning or in application. This fact may promote confusion should an individual zone commander take action on subject matter, which according to this document, should be taken by representatives of the Allies. This would be in the absence of agreement by the Control Council, of course.

"Furthermore there is reserved to the Allied representatives in this document some rights which clearly should belong to the Control Council, as well as some which should be the prerogative of the individual zone commanders. Inasmuch as this proposed instruction was the end result of the 1943 dispute over British long surrender terms, it now seems to have been rendered largely inoperative by the force of recent developments. Another defect is that this paper assumes the existence of more of a central German Government than is now contemplated. In the light of these facts I believe that any action on the proposed instruction be delayed until the final results of the pending Big Three meeting becomes clearer [sic]. It should also be considered in the light of not altering the effect of control machinery protocol or the jurisdiction of zone commanders and the Control Council."

Further action on additional requirements agreement here postponed pending advice from Potsdam.

Repeated to USPolAd—Hochst 112.

Grew
S[amuel] R[eber]

\(^2\) Treaties and Other International Acts Series No. 1520; 60 Stat. (2) 1649.

COAL AND FOOD

No. 417

Briefing Book Paper

[Extracts \(^1\)]

TOP SECRET

Policy Toward Germany

... ...

D: AGREEMENT ON TREATMENT OF GERMANY AS AN ECONOMIC UNIT

This Government should make clear its understanding that the division of Germany into zones of occupation does not imply the erection of barriers to the inter-zonal movement of goods. The

\(^1\) For the full text of this briefing paper and of its supplement, see document No. 327.
U. S. zone of occupation is deficient in food and is almost completely lacking in coal and other major industrial materials. Its operation as a closed economic entity would be utterly impracticable. The British zone has an even larger food deficit, but would provide the logical source of supply for coal and some other industrial materials. The Russian zone has a food surplus and, apart from Berlin—which, according to present agreements, would be under quadripartite administration—has suffered much less bomb damage than Western Germany.

The urgency of this problem and the need for prompt decision arise from the fact that arrangements among the Western Allies, limited in their application to Western Germany, will soon be essential if initial agreements which include the Russian zone are not quickly reached. The U. S. zone in Germany depends on Ruhr and Saar coal and the British would need assistance from the United States in meeting the large food deficit in Northwest Germany.

[Supplement—Extracts]

TOP SECRET

DRAFT MEMORANDUM

PROPOSAL ON TREATMENT OF GERMANY AS AN ECONOMIC UNIT FOR PRESENTATION TO THE BRITISH AND SOVIET GOVERNMENTS

2

2. Adoption of Uniform Ration Scales Throughout Germany

Agreement in principle on free interzonal movements of essential goods and services would be difficult to translate into practice unless agreement were also reached among the occupying powers regarding the standard of living which they intend to maintain for the German population of their respective zones. It would be difficult, for ex-

2 In Matthews’ copy of the Briefing Book, this supplement has been thoroughly revised (see document No. 327, footnotes 26 and 29). The pertinent passages of the revision are as follows:

“14. During the period of occupation Germany shall be treated as a single economic unit. To this end:

“(i) no barriers should be erected to the movement of goods and services which are required for (a) the discharge of Germany’s reparation obligations, (b) the maintenance of occupying forces and displaced persons, and (c) the maintenance of a subsistence standard of living in Germany.

“(ii) To the fullest extent possible there shall be Uniform Ration Scales throughout Germany.[]

“(v) There shall be Agreed Programs on German Coal Production and Allocation[.]”

[No. 417]
ample, for one occupying power to consent to the shipment of food from its zone of occupation to another zone of occupation if the ration scales in the latter zone were higher than in the former zone.

6. Formulation of an Agreed Program on Coal Production and Allocation

It is clear that adequate production and distribution of coal is of key importance to all European countries. At present, the acute shortage of coal is the most important obstacle to the revival of economic life in Europe. It is essential for Europe, as a whole, that maximum efforts be made to increase coal output in Germany and to allocate the output equitably among all countries having a coal deficit. To this end, a program for the German coal industry as a whole should be worked out as quickly as possible.

[WASHINGTON,] June 29, 1945.

No. 418

Truman Papers

Memorandum by the Joint Civil Affairs Committee of the Joint Chiefs of Staff

TOP SECRET

[Undated.]

ARRANGEMENTS TO GET COAL FOR OTHER EUROPEAN COUNTRIES

DISCUSSION

1. At the present time the coal industry of Northwest Europe, including Germany, is integrated under the supervision of Supreme Headquarters, Allied Expeditionary Force. After the dissolution of that Headquarters, this integration must be continued through another agency or agencies.

2. The Belgium and Netherlands mines are now operating at sufficient production rate to maintain the Belgian and Dutch economies, but only at the barest minimum. France, Norway, Denmark, and Italy are dependent upon imports.

1 This memorandum was prepared in response to a request from Leahy (document No. 155) for recommendations which would be “useful to the President in preparing himself for the [Berlin] conference”. It was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: “These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff.” Leahy subsequently passed it to Truman.
3. The United States and United Kingdom coal production will not be sufficient on present estimates to meet United States and United Kingdom requirements during the coal year 1945–1946. The only remaining sources to meet Europe’s needs are Germany and Poland.

4. Under present conditions, with limited production in German mines, a disrupted European transport system, no agreement for the use of coal produced in eastern Germany and Poland and a limited export availability from the United Kingdom, it is necessary to ship coal from the United States (shipments of 204,000 tons are planned in June) in order to maintain a minimum economy in the western European countries. The needs of these countries will increase during the coming winter months.

5. Increased coal production in Europe, particularly Germany, is therefore essential, but solution of the problem is also dependent upon an efficient transportation system to distribute the coal to the countries where it is needed. This requires rehabilitation of the transportation both in Germany and the other European countries and their integration into an effective coal distribution system.

6. Increased production is dependent upon repair of damaged mines, recruitment of mine labor, the productive efficiency of miners for which extra rations, housing, medical care, means of transportation from homes to mines and consumer goods as an incentive to work are necessary, and an available stock of coal mining supplies and equipment.

7. As to Germany, all of these factors can be provided most effectively by treating Germany as an economic whole with equitable distribution of necessary supplies between zones. Imports of mining machinery and equipment will undoubtedly be necessary. The method of initial financing of such imports will have to be solved. If imports from the United States are to be effected, Congressional action for initial financing is required.

8. The level of coal production in liberated Europe cannot be permanently increased to any substantial extent until and unless the general level of economy in the area improves concurrently. Coal production cannot be accelerated much beyond its present level in France, Belgium, and Holland without taking the necessary steps to raise the general business and industrial activity. The state of transport, level of consumers’ goods, distribution and pricing of goods, general labor situation and other basic elements of the general economy directly affect coal production.

9. Exports of coal from Germany to other European countries are needed now. Pending formulation of plans and allocations by the
Moscow Reparations Commission, an interim reparations program on an ad hoc basis must be developed.

10. To make effective use of European production as one of the world’s coal resources, a central European agency for the establishment and screening of requirements and the allocation of production and distribution thereof should be established. Only in this way can European requirements and production be utilized efficiently in relation to total world supply and demand. Eastern Germany and Polish coal production as well as that in western Germany and the liberated countries should be integrated in this way.

RECOMMENDATIONS

11. a. Every effort be made to secure agreement of the Heads of State to unified treatment in Germany of the factors necessary to maximum coal production and integrated movement thereof. To this end agreement should be sought to have the Control Council function on the basis of such a policy.

b. Agreement of Union of Soviet Socialist Republics be secured for use of coal production in eastern Germany and Poland to meet the needs of other European countries.

c. Agreement of the Heads of State be sought to the policy of an interim reparations program to permit immediate export of coal from Germany.

d. Steps be taken to secure governmental agreement for the initial financing of imports to Germany required to effect maximum coal production.

e. Agreement be reached on policy of establishing a centralized European coal agency to effect integration of all European coal production and the allocation and transportation thereof. Because of the fact that coal production is not an isolated economic problem but is necessarily interwoven with the overall problem of economic restoration, such a coal agency should in due time be subordinate and responsible to a top European central economic authority responsible for integrating all of Europe’s basic economic problems during this emergency period.
Memorandum by the Joint Civil Affairs Committee of the Joint Chiefs of Staff

TOP SECRET

[Undated.]

EXCHANGE OF COMMODITIES BETWEEN ZONES OF OCCUPATION—
FOOD FROM THE RUSSIAN ZONE AND OTHER AREAS IN GERMANY

DISCUSSION

1. To attain the most effective use of German resources for the supply of German civilians, inter-zonal exchange of commodities is essential. In general, Germany as a whole is self-sufficient in vital supplies such as food and coal. However, each of the zones of occupation is predominant over the others in one or more important supply commodity. The Russian zone, for example, has been referred to as the “bread basket” of Germany, while the United States, United Kingdom and French zones together constitute a deficit food area. On the other hand, the United Kingdom zone contains the rich Ruhr coal fields, but does not have the necessary pitprops; while the United States zone does not have any coal assets, but it does have timber to provide pitprops for the coal mining industry. Surveys of supplies and resources should be made in each zone and the result thereof made available to the Control Council.

2. Distribution of food and other commodities across zonal boundaries from surplus to deficit areas requires integrated transportation, the effective use of which is dependent upon equitable distribution of coal.

3. To secure food surpluses from the Russian zone, the United States, United Kingdom and French will probably be asked to agree to equitable distribution of commodities which are surplus in their zones and deficit in the Russian zone.

4. Under the present world supply shortage of agricultural products and coal, maximum production of these commodities within Germany is imperative not only to meet the needs of Germany, but also to provide exportable surpluses for distribution to the other countries of Europe, including Italy and the Balkans. If this is not done, an unnecessary strain will be placed upon other world resources.

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1 This memorandum was prepared in response to a request from Leahy (document No. 155) for recommendations which would be “useful to the President in preparing himself for the [Berlin] conference”. It was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: “These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff.” Leahy subsequently passed it to Truman.

[No. 419]
particularly the United States, to provide imports for even a minimum

economy for Europe.

5. To maximize production in Germany, certain imports will be
required: for example, coal mining and farm machinery. Provision
must be made to provide and finance initially a large portion of
these necessary imports from resources outside Germany.

RECOMMENDATIONS

6. a. Agreement should be reached that in each of the zones
immediate surveys should be conducted to determine the supplies
and resources available throughout Germany and the results of such
surveys made known to the Control Council.

b. Every effort be made at the conference to secure governmental
agreement to the equitable distribution between zones of occupation
of supplies locally available within Germany and an integrated
German transport system to effect the movement of such supplies.
To this end the respective Heads of State should agree that the Con-
trol Council will follow the general policy of equitable inter-zonal
distribution through an integrated transport system.

No. 420

840.6362/6-2445: Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom
(Winant)

SECRET

WASHINGTON, June 24, 1945—6 p. m.

5117. Following message from the President should be delivered
to Prime Minister Churchill:

"The coal famine which threatens Europe this coming winter has
impressed me with the great urgency of directing our military authori-
ties in Germany to exert every effort to increase German coal produc-
tion and to furnish for export the whole quantity over and above
minimum German needs.

From all the reports which reach me,¹ I believe that without
immediate concentration on the production of German coal we will
have turmoil and unrest in the very areas of Western Europe on
which the whole stability of the continent depends.

Similar representation should be made to France and Belgium to
take drastic steps to increase their production within their own
boundaries.

¹ Truman is probably referring particularly to the Potter-Hyndley report on
"The Coal Situation in North West Europe", dated June 7, on which portions of
the draft directive quoted below are based. For the "Summary of Main Re-
commendations" from the Potter-Hyndley report, see enclosure 2 to document
No. 421.
I, therefore, propose to send the following directive to General Eisenhower. Before dispatching it I should like to have your agreement that a similar directive will be sent by you to General [Field Marshal] Montgomery.

I am sending a similar communication to the Provisional French Government to cover the production in the Saar region.²

It is my belief that there are a number of other urgent measures relating to coal which must be undertaken if a situation dangerous to the stability of Western Europe is to be averted. However, I think the steps proposed above should be taken at once. Text of directive follows:

‘Directive to the American Commander-in-Chief in Europe.

Unless large quantities of coal are made available to liberated Europe in forthcoming months, there is grave danger of such political and economic chaos as to prejudice the redeployment of Allied troops and to jeopardise the achievement of the restoration of economic stability which is the necessary basis for a firm and just peace. Coal for Western Europe in adequate quantities cannot, as a practical matter, be obtained from any source other than Germany. It is a matter of great urgency that Germany be made to produce for export to other European nations the coal which they must have to support economic life on at least a minimum basis.

You are therefore directed, in your capacity of Commanding General of United States Forces in Germany and as United States member of the Allied Control Council, to take all steps necessary to achieve the following objectives:

1. To make available for export from Germany out of the production of the coal mines in Western Germany, a minimum of 10 million tons of coal during 1945, and a further 15 million tons by the end of April, 1946.

2. To the extent necessary to accomplish the export of 25 million tons of coal at the rate directed, to assign the highest priority to all matters pertaining to maximizing the production and transportation of German coal, with this priority to be subordinate only to requirements necessary to ensure the safety, security, health, maintenance, and operation of the occupying forces and the speedy redeployment of the Allied Forces from Germany.

3. To recommend to the Allied Control Council an assignment to the production and export of coal from Eastern Germany of an urgency as great as that implied in the required export of 25 million tons of coal from Western Germany by the end of April, 1946.

² Sent to Caffery on June 24 for delivery to de Gaulle (telegram No. 2923, file No. 840.6362/6-2445). De Gaulle’s reply, transmitted by Caffery in telegram No. 3890 of June 28 to the Secretary of State ad interim (file No. 840.6362/6-2845), stated that the principles expressed in Truman’s message “regarding the coal crisis in western Europe and the means of ending it are in entire agreement with the views of the Fren Govt. . . . I accordingly give you my full agreement on the directives which you propose to send to Gen Eisenhower concerning coal production in Germany. I add that I intend to send without delay similar directives to the Commander in Chief of the Fren forces in Germany.”

[No. 420]
4. To follow the principle, in the allocation of coal within Germany, that the export of coal from Germany is to take precedence over the use of coal for industrial production and civilian purposes within Germany, to the extent necessary to accomplish the export of 25 million tons of coal from Western Germany at the rate directed and to comply with paragraph 3 above, subject only to providing for the safety of the occupying forces and the redeployment of Allied Forces from Germany. It is recognized that the following of this policy during the period of critical coal shortage will delay the resumption of industrial activity in Germany.

5. To make available to the European Coal Organization full and complete details of coal production and coal allocations within Germany, in order that the member nations of the European Coal Organization may know the relationship that prevails between the level of coal consumption in Germany and the level of coal consumption in liberated Europe.

6. To assign a high priority status to the production of brown coal and the production and export of brown coal briquettes and of additional quantities of other coal in excess of the 25 million tons specified in paragraph 1.

7. In order to meet the emergency existing in western Europe, you are requested to assist in every reasonable way efforts in the Ruhr and the Saar areas to maximize the production of coal there.

It is recognized that the carrying out of the above policies with respect to German coal may cause unemployment, unrest and dissatisfaction among Germans of a magnitude which may necessitate firm and rigorous action. Any action required to control the situation will be fully supported.'

Grew
F[rank] E D[uvall]

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3 For the text of the directive on this subject actually issued to Eisenhower on July 26, see the attachment to document No. 1046, printed in vol. II.

No. 421

740.00112 B. W./S-2646

The Political Adviser in Germany (Murphy) to the Secretary of State ad interim

SECRET

No. 539

Subject: German Coal

SIR: I have the honor to transmit a memorandum on the present German coal situation written by Mr. Rainey, an economic officer of my staff, together with a copy of the report by Dr. Potter and Lord Hyndley on the coal situation in North West Europe, dated June, 1945.

I wish particularly to call your attention to paragraphs e, f, and g of the Summary to the Potter-Hyndley report. The extremely critical nature of the coal supply problem in Western Europe un-
questionably requires that all matters pertaining to the production and movement of German coal must be given the highest priority. Critical coal shortages in France, Belgium, Holland, Denmark, and Norway require export of all available coal from Western Germany if civil order is to be maintained in Western Europe during the coming winter. However, present indications are that Western German production will not meet the essential requirements of North West Europe for several months and it is evident that imports from U. S. and U. K. must be maintained.

I also wish to call your attention to page 4 of Mr. Rainey’s report, where reference is made to the organization of the North German Coal Control under Military Government, British 21st Army Group. You will note that British 21st Army Group officers have agreed that German management and organization must be utilized to run the Ruhr mines under military supervision. This reverses the policy of the recently dissolved Rhine Coal Control, which was opposed to the use of over-all German management organizations.

With the termination of Combined Command, the functions of SHAEF G-4 Solid Fuels Section will now be divided between the Combined Resources Allocation Board and the European Coal Organization, as far as the allocation of German coal is concerned. Production in the Ruhr and Cologne areas will be a primary responsibility of the British 21st Army Group. However, everyone concerned recognizes the necessity for a strong coal committee at the Allied Control Authority level, which will be able to deal with German coal production and allocation as a whole. The formation of a coal committee within the Combined Resources Allocations Board is the first step toward a coal committee including Russian and French members of the Allied Control Authority.

It is my intention from this time on to forward a weekly summary of the coal situation in Germany.

Respectfully yours,

ROBERT MURPHY

[Enclosure 1—Extracts]

Mr. Froelich G. Rainey, of the Office of the Political Adviser in Germany, to the Political Adviser in Germany (Murphy) and the Director of Political Affairs, United States Group, Control Council, Germany (Heath)

SECRET

JUNE 27, 1945.

Subject: German Coal.

2. The impending coal famine. The attached report of the Potter-Hyndley Mission is a more authoritative and effective summary of
the coal situation in Northwest Europe than I could hope to give. I can only add that my own observations and conversations (in the same area and generally with the same field personnel) lead me to believe that the critical nature of the coal problem is not overdrawn in that report. The following clear-cut facts stand out: With any sizeable imports of coal from UK and US to Western Europe highly unlikely after August 1945, with coal production in France, Belgium, and Holland not more than 50% of normal, and with negligible production in Scandinavia, Northwest Europe must look to Western Germany for coal to fill its absolute minimum requirements. But coal production in Western Germany, rising from 3 to 5% of normal during June, provides for an almost negligible export at the moment. The most optimistic do not see a Western German production more than 25% of normal by the end of the year and even if this rate is achieved there still remains a deficit in Western Europe which will have far-reaching repercussions on the social, political, and economic stability of the continent. Under these circumstances Western Europe unquestionably faces a very grim winter in 1945–1946.

The seriousness of the situation was underscored at the London Coal Committee meeting where Lord Hyndley and Dr. Potter vied with each other in painting an increasingly gloomy picture. Both men, impressed by the enormous destruction in the Ruhr and Saar areas, see little hope for an adequate recovery of Western German coal production in time to meet the urgent demands. Mr. Eaton Griffith (Ministry of Fuel and Power) took a slightly more optimistic view but recognized the necessity for almost superhuman effort on the part of the Allied Control Authority and specifically the British Army of Occupation in the Ruhr Area if a chaotic situation in Western Europe is to be avoided. All of the officers assigned to SHAES G–4 Solid Fuels who have been working in Germany, Belgium, France, Holland, Denmark, and Norway are extremely pessimistic about achieving sufficient production to meet the absolute basic minimum requirements in Western Europe this winter and they feel that no matter what steps are taken the coal deficiency will cause extreme hardship and increasing political unrest.

3. Production in Germany. . . .

One point which was not clearly emphasized in the Potter–Hyndley report is the fundamental question as to whether it is possible to raise coal production greatly in excess of general economic rehabilitation in the Ruhr and Saar areas. It is my impression that the signers of this report do not entirely agree on this point. Most of the technical
men in the field believe that general economic rehabilitation must be carried out in order to raise coal production materially. Whether the rate of coal production can greatly exceed the rate of rehabilitation remains one of the most discussed problems in the field. I have the impression that most of the British personnel who will be engaged in managing coal production in the Ruhr, such as Brigadier Marley of the British Element Control Council, will bring about great pressure to favor rehabilitation in the industrial Ruhr. Thus another important political decision is involved.

Dr. Potter takes the point of view that many of the mine supplies required to operate the Ruhr mines can be produced in Belgium, France, and the Netherlands, and that there is no need for rehabilitating factories in Germany to produce these things. Many other men concerned believe that these must be produced by German factories and the German Sub-Section has already made a survey of potential mine supply production in the area. There was a similar question with regard to reconstruction of housing, transportation, etc.

Most of the men in the field agree that during the next few months the German miners will work for the bare necessities of life and that the manufacture of consumer goods in order to provide an incentive for miners is not necessary at the moment. However, these bare necessities of life are numerous under the present circumstances, following the enormous destruction in the Ruhr area, and if we may judge from conditions in Belgium, Holland, and France, mine labor cannot long be maintained unless consumer goods are made available. With fixed food prices and with a growing feeling among the miners that paper marks will be worthless, there would be no incentive for the miners, once they earn enough money to supply themselves with the little food they can buy. Mine operators in the Ruhr already describe this condition as partly responsible for the high rate of absenteeism in the Ruhr mines. This fact, coupled with the general feeling of uncertainty and insecurity, brings about a condition in which the miners work only long enough to supply themselves with rationed food and then absent themselves from the mine in order to repair their houses or care for their garden plots. Attempts to penalize the workers and to force them into the mines have not been successful. Men in the field believe that adequate labor supply can be obtained only after some semblance of normal conditions are achieved.

There are no reports of resistance in the Ruhr, Saar, and Cologne mining areas. Everyone emphasizes the fact that the Germans appear to be extremely tractable and cooperative, realizing that their only salvation is to produce as much coal as possible during the next year.
4. **Allocations.**

The most difficult problem will be a decision as to how much coal is exported from Germany. The Potter-Hyndley report takes the natural position that large quantities of coal must be exported from Germany, regardless of the effect upon German economy. On the other hand, the occupying forces and the Allied Control Authority, concerned with maintaining civil order in Germany, will present demands for large quantities of German coal for military and essential civilian requirements within Germany. It is clear that no one of the organizations referred to above can make a decision as to what part of the coal produced in Germany shall be exported. In the last analysis this decision must be made by the highest authorities in Great Britain and the United States, at least until Russia is brought into an operating Allied Control Authority. The difficulty in determining coal exports from Germany is emphasized by the coal requirements for Germany submitted by the Production Control Agency. These requirements exceed the probable production of German coal during the rest of the year and thus it is obvious that some very high level policy decision must be reached as to the degree of reactivation of German industry in view of the urgent demands for German coal in the liberated countries. A further and purely technical question arises as to how much coal can be exported without crippling the German coal industry itself.

Under Combined Command, coal production and movement in Western Germany, and to a large extent in all North West Europe, has been controlled jointly by U. S. and U. K. personnel serving under the Supreme Commander. Most of these individuals, both British and American, have come to think in terms of Western Europe including Germany up to the Russian Zone of Occupation. All of their studies of coal requirements, supply, and movement have been limited to Western Europe and all their calculations are based upon a knowledge of the transportation and production possibilities in Western Europe alone. There have been no detailed investigations of the extensive brown coal fields of Central Germany (largely included in the Russian Zone) and there are no adequate reports of conditions in the Silesian and Polish hard coal fields. There has been a tacit assumption, following Russia’s failure to participate in the European Coal Organization, that the critical coal problem must be solved by the Western nations, together with British and American forces of occupation in Germany, without taking into account the coal resources and coal demands of the East.

This Western orientation has been natural under SHAEB authority and under war conditions when transport and coal distribution were...
military responsibilities, but it continues into the post-defeat period because of the present uncertain relations with Russia.

Now, with the termination of Combined Command, the Governments of the liberated nations take over control from SHAEF within their respective boundaries; the British 21st Army Group takes over the primary supervision of coal production in and movement from the Ruhr; and in effect, France, Belgium, Holland, Denmark, Norway, Sweden, Switzerland, Italy, and even U. S. forces in Germany, must look to British-controlled sources (U. K. and the Ruhr) for coal imports to maintain their essential industry and transport. Some coal is being imported to France and Scandinavia from the U. S. but this is an emergency measure which probably cannot be expected to alter the basic situation. This condition will continue to exist unless, or until, a strong, integrated Allied Control Authority succeeds in establishing quadripartite supervision over all German coal resources in Silesia and Central Germany as well as in the Ruhr and the Saar. With joint four-power control over these major sources of European coal, the tendencies toward a Western European economic orientation, which are now inevitable, can be avoided.

The recently established Combined Resources Allocations Board, which provides for Russian participation on an Allied Control Authority level at the earliest possible moment, may succeed in counteracting, or at least delaying, the present tendency to think in terms of Western Europe alone until Allied economic perspective is broadened by a functioning Allied Control Authority.

F[ROELICH] G. R[AINNEY]

[Enclosure 2—Extract 1]

SECRET
L. C. P. R. B. (Coal) (45) 37

THE COAL SITUATION IN NORTH WEST EUROPE

REPORT BY THE POTTER/HYNDLEY MISSION TO NORTH WEST EUROPE
JUNE, 1945

(Where the word coal is used, it excludes brown coal unless expressly stated)

SUMMARY OF MAIN RECOMMENDATIONS

a. That it be recognized by the highest authorities in the United States and Great Britain that, unless immediate and drastic steps

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1 Only the "Summary of Main Recommendations" is printed here. For the text of the report proper, see "Report of War Activities, Revised to September 30, 1945" (Washington, Department of the Interior, Solid Fuels Administration for War, mimeographed, 1945), appendix A, p. R–19.
are taken, there will occur in North West Europe and the Mediterranean next winter a coal famine of such severity as to destroy all semblance of law and order, and thus delay any chance of reasonable stability.

b. That, to avert or at least minimize this danger, a minimum of 30 million tons of coal be accepted as the requirement between now and April, 1946, over and above that which is now in sight. The U. S., U. K., and South Africa are now supplying at a rate which will contribute 5 million tons to this requirement. There is, at present, no prospect of any increase from these sources. The remaining 25 million tons can only come from the two other normal exporting areas: Germany and/or Poland. For the next few months, the maximum contribution of coal from U. S., U. K., and South Africa will be essential, but, in view of the inherent limitations to the amount which can thus be made available, this can be only a palliative.

c. That an approach be made through the highest channels to ascertain what relief for North West Europe can be obtained by way of coal from Polish and German Silesia. Ten million tons between now and the end of April, 1946, would about halve the problem.

d. That it be recognized by the Controlling Powers that the only practicable solution lies in taking quite extraordinary steps to stimulate the production in, and movement of coal from, Western Germany.

e. That a directive be issued from the highest level that, short of endangering the safety of the occupying forces, all matters pertaining to the production and movement of German coal are to be given the highest authority [priority].

f. That a pre-requisite to the stimulation of German coal production is to increase the amount of food available to the German miner. This is essential for the heavy work of mining, and would provide the only incentive necessary to work.

g. That a directive be issued that Western Germany is to make available for export a minimum of 10 million tons during 1945, and a further 15 million tons by the end of April, 1946. It should be made clear that this amount must be made available irrespective of the consequences to Germany, and irrespective of plans for other industries or the internal economy of Germany, and that any action deemed necessary by the Zone Commander to deal with any unemployment or unrest which may result will be fully supported.

h. That there be set up a strong solid fuel committee at Allied Control Headquarters to coordinate the coal and mining supplies requirements and the general policies pertaining to solid fuels within the various zones. Should it occur that no representative from the
Russian zone attends this committee, then it should function in respect of the remaining three zones.

C. J. Potter
Hyndley
Thomas C. Blaisdell, Jnr.
J. Eaton Griffith

7th June, 1945.

No. 422

849.03/33/5-2945: Telegram

The Political Adviser in Germany (Murphy) to the Assistant Secretary of State (Clayton)¹

SECRET

Hoechst, June 29, 1945—7 p.m.

74. Secret for Clayton.

With reference to the Dept’s 25, June 24, 6 p.m.,² I thought you might be interested in the following informal summary of the Ruhr coal situation.

Stocks on hand now total between six and seven million tons on the surface.

Production has jumped to 60,000 tons of marketable coal daily. This, of course, is in addition to the coal consumed at the mines for operations and is the equivalent of about a million and a half marketable tons monthly. It is estimated that this production will be increased to four million tons monthly within two months. I am informed that one of the earlier reasons for delay in production was an unhappy choice of British military personnel selected by 21st Army Group which allocated something like 4000 officers and men for this purpose. According to my information this group rather interfered with the German personnel instead of inspiring production. This situation I am told has now been rectified by the designation of well-qualified British mining engineers and management staff. You will also be interested to know that today two French representatives will arrive to assist in this problem.

Labor. As you know approximately 325,000 miners were normally employed in the Ruhr area. Of these probably 50% were imported miners. However, the labor situation in this respect is not unfavorable. According to my information approximately 175,000 German miners are now at work and additional personnel is rapidly being obtained from released German prisoners of war. The fact also that

¹ Sent to the Secretary of State ad interim.
² Not printed. This message transmitted to Murphy the text of the proposed coal directive to Eisenhower (see document No. 420).

[No. 422]
the Ruhr industries are for a large part at a standstill has released labor which is being inducted into mining.

Transportation would seem to be the ceiling rather than production. The key to this for the moment is the waterway system of the canals and the Ruhr and the Rhine. Rail transport is now well developed to the Rhine. The key port at Duisburg is in fairly good condition.

On the basis of the information available at present, it would appear that the ten million ton figure can well be met by the end of this year and I should say that there should be no great difficulty in obtaining required fifteen million tons by the end of April 1946.

This situation is far better than many had anticipated.

There is one problem which will have to be met and that is food for the miners. The calorie rate now permitted apparently is too low. At the same time there is great reluctance on the part of those here to import food for Germans. The British as I understand it are pressing for the release to that area of a certain tonnage of imported wheat. However, a careful investigation is being made of this situation and in any event an effort will be made to meet the local Ruhr food requirements out of German stocks and delay if possible any importation of food for German consumption.

Murphy

No. 423

840.6362/7-345: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

TOP SECRET

London, July 3, 1945—10 a.m.

US URGENT—NIACI

6674. The following reply to the President’s message (Deptel 5117, June 24) has just been received from the Prime Minister:

“Prime Minister to President Truman. Personal and top secret. I am in full agreement in principle with your proposal and a similar directive to Field Marshal Montgomery is being prepared. There are certain points on which the Foreign Office are addressing the State Dept. and we should like to have these considered before despatching our telegram.”

Winant

1 Document No. 420.

2 See document No. 425.
SECRET

WASHINGTON, July 3, 1945—11 a.m.

1500. For Pauley.

For your information, this Government has received from the Potter Hyndley Mission a report on the coal situation in Northwest Europe.¹ This report concludes that, unless immediate and drastic steps are taken, there will occur in Northwest Europe and the Mediterranean area next winter a coal famine of such severity as to destroy all semblance of law and order and thus delay any chance of reasonable stability in these areas. This Government concurs in the major findings of the report and in its recommendation for immediate action (1) to secure the early attainment of maximum coal production in Germany, (2) to export from Germany to Northwest Europe and the Mediterranean all coal in excess of German needs.

The President proposes to issue a directive to the American Commander-in-Chief in Europe to take all steps necessary to make available for export from Germany out of the production of the coal mines in western Germany a minimum of ten million tons in 1945 and an additional fifteen million tons by end of April 1946.

The President has sent to Prime Minister Churchill and to General de Gaulle copies of this proposed directive ² with a request that similar directives be sent by them to the appropriate British and French occupation authorities.

The priority to be accorded the steps contained in the President’s proposed directive will be subordinate only to requirements necessary to ensure the safety and health of the occupying forces and the speedy redeployment of Allied forces in Germany. It is recognized that the following of this policy during the period of critical coal shortage will delay the resumption of industrial activity in Germany.

BYRNES
W L C[layton]

¹ See enclosure 2 to document No. 421.
² See document No. 420.
The British Embassy to the Department of State

Ref: G269/–/45

AIDE-MÉMOIRE

His Majesty’s Embassy is instructed to bring the following proposals to the attention of the State Department with reference to the messages recently exchanged between the President and the Prime Minister¹ regarding the steps to be taken in Germany to relieve the threatening coal famine in Europe.

2. Firstly, His Majesty’s Government in the United Kingdom consider that procedure should immediately be concerted for consultation with the Soviet Government on this question, as well as with the French Government, who, it is understood have already been approached by the United States Government. It is believed to be common ground between His Majesty’s Government and the United States Government that in economic, as in other spheres, Germany should be administered as a whole in accordance with policies agreed between the four Controlling Powers. This is necessary both for the purpose of taking full advantage of German assets and of meeting German minimum needs in order to ensure the fullest development of those assets to that end. His Majesty’s Government are anxious to ensure that the Soviet Government should not misinterpret their actions and those of the United States Government with regard to the export of coal from their zones of occupation in Germany as abandoning this principle. There is a clear danger of such misinterpretation since the Soviet Government are known to attach much importance to early deliveries of coal on reparation account.

3. His Majesty’s Government suggest therefore that General Eisenhower and Field Marshal Montgomery respectively should be instructed to discuss the directives now to be issued to them in the Allied Control Council at the earliest possible date with a view to securing a policy common to the four Controlling Powers. General Eisenhower and Field Marshal Montgomery should at the same time be instructed to put its provisions into force straightaway pending agreement in the Allied Control Council.

4. His Majesty’s Government suggest that simultaneously they and the United States Government should make a joint approach to

¹ See documents Nos. 420 and 423.
the Soviet Government (and also to the French Government following
up the approach already made to them by the President), informing
them of the nature of the instructions sent to the United States and
United Kingdom Commanders-in-Chief and asking them to authorise
their representatives on the Control Council to join in discussion at
the earliest possible date with a view to securing a common policy.
It would be explained to the Soviet and French Governments that,
in view of the crying needs of Western Europe, the two Commanders-
in-Chief had been authorised to put these instructions into force
pending agreement in the Control Council and that a most careful
account of any coal exported would be kept in order that the achieve-
ment of a common reparation policy should not be prejudiced. It
might be added that, if these two Governments considered that they
should take comparable action in their zones pending discussion in
the Allied Control Council, His Majesty’s Government and the
United States Government hoped that they would likewise keep a
similar account of all coal exports from areas for which their military
authorities were responsible. Recipients would naturally be required
to provide suitable acknowledgments that they were accountable
under such schemes as might be agreed to.

5. Secondly, His Majesty’s Government consider that the United
States and United Kingdom Commanders-in-Chief should be given
some discretion to supply from German mines the minimum amount
of coal which they consider necessary to prevent the development of
unrest and disorder to an extent which would not only render impos-
sible the proper administration of their zones but would also hinder
the redeployment of United Kingdom and United States Forces and
the production of coal itself. With this end in view, His Majesty’s
Government suggest the amendments to the texts of the directives
shown in the enclosure.

6. If the United States Government agree, His Majesty’s Govern-
ment suggest that arrangements should be made forthwith for direc-
tives in these terms to be despatched to General Eisenhower and
Field Marshal Montgomery, respectively, to be tabled at the Allied
Control Council at the earliest possible date and to be put into opera-
tion meanwhile. His Majesty’s Ambassadors and the United States
Ambassadors in Moscow and Paris would be instructed simultaneously
to make representations to the Soviet and French Governments on
the lines set out above.

R[ichard] M[iles]

WASHINGTON, July 3, 1945.

[No. 425]
AMENDMENTS IN TEXTS OF DIRECTIVES

Paragraph 2 to read:—"To the extent necessary to accomplish the export of twenty-five million tons of coal, at the rate directed, to assign highest priority to all matters pertaining to maximizing the production and transportation of German coal, this priority to be subordinated only to civil and military requirements necessary to ensure the safety, security, health, maintenance and operation of the occupying forces, the effective working of the Allied Control Commissions, and the speedy redeployment of Allied forces from Germany."

Paragraph 4, first sentence to read:—"to follow the principle, in the allocation of coal within Germany, that the export of coal from Germany is to take precedence over the use of coal for industrial production and civilian purposes within Germany, to the extent necessary to accomplish the export of twenty-five million tons of coal from Western Germany at the rate directed and to comply with paragraph 3 above, subject only to the requirements set out in paragraph 2 above."

Paragraph 7:—Omit the second sub-paragraph beginning "it is recognised".  

2 The paragraphs referred to in these amendments are the numbered paragraphs in the directive quoted in document No. 420.

3 I. e., the final paragraph of document No. 420.

No. 426

103.916/7-445 : Telegram

The Secretary of State to the Chief of the Mission for Economic Affairs in the United Kingdom (Blaisdell)

SECRET

WASHINGTON, July 4, 1945—3 p. m.

5415. For Blaisdell.

Following is text of letter being sent to you from Clayton:

"In a meeting held in my office on June 28, at which you were present along with representatives of the Department, the Foreign Economic Administration, the War Department, and the United States side of the Combined Production and Resources Board, agreement was reached on several aspects of this Government’s policy with respect to stimulating German coal production for export and distribution thereof. It is contemplated that participation by the Soviets in the German coal export program, along these lines, will be sought at the forthcoming conferences in Berlin. I wish to confirm those policy recommendations which you were specifically asked to act upon."
I. United States Policy with Respect to German Export Coal

It was agreed that the European Coal Organization should be the agency which, in effect, determines the physical distribution of German export coal among the claimant nations by recommending allocations to the appropriate Allied Control authorities after the latter have informed the ECO of expected export availabilities and probable transport restrictions under the contemplated directive for such production. The question of whether these exports shall be charged to the receiving countries on reparations or commercial account will remain in suspense and supplies necessary for production as well as exports will move forward without reference to solution of this problem. You are authorized to take the following action in this connection:

1. Inform your French and British colleagues on ECO of the United States policy above stated, and invite their participation in discussions of implementing this policy with the United States, French and British military officers concerned.

2. Seek acceptance of this policy by the ECO after consultation with the military and your French and British colleagues. It is understood that the allocating authority of ECO will not affect operations of the CPRB coal allocating machinery outside of Europe.

3. Make clear to ECO and the military that this policy for determining distribution of coal exported from Germany does not apply to allocation of coal within Germany, which latter function remains the responsibility of the Control Commission and the Zone Commanders.

II. Responsibility for Coal Production within Germany

It was agreed that it was desirable to have a strong central organization responsible for coal production in Germany but that the United States authorities in Washington should not attempt to establish the details of such an organization beyond recommending that it should consist of representatives from either the three or the four zones participating. You are authorized to discuss with the United States Zone Commander the development of practical solutions to the organizational problems which will arise from the interzonal and international character of this proposed control of German coal production for export. You should give particular attention to the methods of resolving disagreements which may arise among the zone commands in attaining maximum production of German coal.

III. Procurement of Imported Supplies Needed to Achieve German Coal Export Target

It was agreed that the United States would press for a development of an efficient channel for procurement, from sources outside Germany, of those supplies, including food, which are essential to exportable coal production in Germany. It is conceded that such a procurement
mechanism cannot proceed effectively if it is necessary, for example, for the French authorities in the Saar to seek coal production incentive supplies from the United States through the French Supply Council. You are authorized to discuss with your French and British colleagues, and the military, alternative methods of procurement and delivery of such supplies for all of the coal producing zones as a matter of the highest priority.

It is of course a prime objective of this Government to include the Soviets in any organization having to do with production, export, or allocation of German coal. If, in the course of the Berlin discussions, such an agreement can be reached, the above instructions and possibly the present constitution of ECO will have to be modified accordingly. Should you feel, after consultation with Ambassador Winant, that communication of the above to Soviet representatives in London is advisable as a summary of our tentative views, you are authorized to take such action. Please keep the interested US agencies and the US side of CPRB informed of developments.”

BYRNE
W L C[layton]

No. 427

711.51/7-445

The Secretary of War (Stimson) to the Under Secretary of State (Grew)¹

[Extracts ²]

SECRET
WASHINGTON, July 4, 1945.

MY DEAR MR. SECRETARY: I have carefully considered the many points which you raised in your letter of 8 June 1945 ³ with respect to conditions in Western Europe. I share your concern over what I think we all recognize to be a distressing situation.

¹ Actually addressed to the Acting Secretary of State, but Grew was only Under Secretary on the date of signature.
² For other extracts from this letter, see document No. 365.
³ The pertinent passages of Grew’s letter of June 8 read as follows (file No. 711.51/6-845):

“I am deeply concerned over conditions in Western Europe and the possibility that serious disorders may develop during the coming months. If the people of that area, particularly those in France, have to face another winter without heat or without adequate food and clothing, I can foresee disturbances of such serious consequence as not only to involve conflict with our troops, but to imperil gravely our long-term interests. The outlook at best is a gloomy one. . . .

“3. Although there are of course many factors contributing to social and economic instability in Western Europe, one of the most important is the lack of coal. I am convinced that drastic steps must be taken to provide coal for our Western European Allies, particularly France. I understand that steps are
3. You are correct in your assumption that the War Department has undertaken to ship coal to Northwest Europe during June, July, and August, within the limits of shipping and supply availabilities, to meet valid combined military import requirements therefor. It is expected that War Department responsibility for providing coal from the United States for Europe will terminate with August 1945 loadings.

At this time the combined British and American military authorities are making every effort to maximize the production of coal in the areas of Germany which they occupy. So long as combined military responsibility for the provision of coal in liberated areas of Europe continues, the combined military authorities will undertake to allocate any surplus of German coal which may be available on an equitable basis among those countries for the coal supply of which they are responsible. After the termination of combined military responsibility for the supply of coal, however, the amount of coal to be provided to liberated areas from Germany will involve reparations decisions which have not yet been made by this government. Moreover, to maximize the production of German coal will require the importation into Germany of substantial amounts of coal mining machinery. Determination to provide this machinery if it is to be financed by or provided from the U. S. involves a policy decision of our government and is not one for which the War Department should accept primary responsibility.

Much or all of such machinery may be placed in coal mines lying outside of zones of Germany for which the U. S. Army is responsible. The War Department has no funds to finance the procurement of such machinery and has been advised of no other funds available for the purpose. While I share your interest in this matter and your desire that everything possible be done to insure the maximum coal production in Germany, I feel that it is the responsibility of the civilian policy

underway which may permit the shipment, under military auspices, of certain limited quantities of coal from this country to the Western European countries. I sincerely hope that this will be done.

"I also understand that steps are being taken by the military authorities to push German coal production. I have been troubled, however, over reports to the effect that this production may, in large part, be allocated for use in Germany. I should therefore like to urge that an appropriate directive or order be issued which would

"(a) make the production and transportation of coal from the Ruhr and Saar a matter of first military operational priority;

"(b) assure equitable and prompt allocation of substantial quantities of such coal among our Western European Allies.

"Pending the setting up of more definitive allocating machinery, it would appear necessary that this responsibility be vested in SHAEF, which should act in consultation with the European Coal Organization (when that body commences to function) and, in the interim, in accordance with the procedure suggested in the following paragraph 5 [see footnote 3 to document No. 365] for allocations of German surpluses."
making agencies of our government to provide the solution to this financing problem. The War Department, in its administration of military government in Germany, will seek to carry out any policy so established. This subject was covered in greater detail in my letter to you of 14 June 1945.\(^4\)

Sincerely yours,  
HENRY L STIMSON

\(^4\) Not printed. Cf. document No. 342.

No. 428

740.00119 EW/7-745 : Telegram

The Representative on the Allied Commission on Reparations (Pauley) to the Secretary of State \(^1\)

SECRET  
Moscow, July 7, 1945—7 p. m.

2465. From Pauley for the Secretary.

Concerning Potter Hyndley report \(^2\) on coal situation I fully agree that immediate action should be taken to export from Germany all coal in excess of German needs and to secure early attainment of maximum production. (Reurtel 1500, July 3, 11 a. m.\(^3\))

However, I feel that those counties that do not pay for the coal received should be given definite notice that such coal deliveries may either be considered as part of reparations payments when final reparation plan is put into effect or considered exports for which payment in acceptable currencies will be required.

\(^1\) Sent to the Acting Secretary of State over the signature of Harriman.  
\(^2\) See enclosure 2 to document No. 421.  
\(^3\) Document No. 424.

No. 429

740.00119 Control (Germany)/7-745 : Telegram

The Political Adviser in Germany (Murphy) to the Acting Secretary of State \(^1\)

SECRET  
HOECHST, July 7, 1945—8 p. m.

US URGENT—NIAC
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130. There was a second meeting of the Berlin Kommandatura this afternoon in Berlin at Marshal Zhukov’s headquarters attended by Zhukov and his staff, General Clay, General Weeks representing the American and British control groups, Sobolev and myself. The purpose of the meeting was a discussion of some of the practical aspects

\(^1\) The gist of this message was included in telegram No. 11 of July 10 from Grew to Byrnes (file No. 740.00119 Potsdam/7-1045).
of the occupation of Berlin and the organization of the Kommandatura. Zhukov presided.

The agenda included discussion of the (1) status of each nationality in its own sector of Berlin; (2) joint, common policies for military government in Greater Berlin, (3) coordination of military government in all sections of Berlin at three operational levels: (a) regular meetings of all Berlin sector commanders (Kommandatura), (b) regular meetings of chief military government officers of all sectors of Berlin (G-5’s) and (c) frequent meetings of military government technicians of all sectors of Berlin (welfare, legal, engineers, etc.); (4) responsibility for supply of food for civil population of Greater Berlin; (5) responsibility for supply of fuel for civil population and installations of Greater Berlin.

Prior to our arrival a slight misunderstanding had arisen between the Commandant of our sector, Major General Parks and the Soviet Command. Parks had mistakenly believed that the military government of the US sector was vested solely in the United States. The Soviet Command had referred Parks to the contents of paragraph 5 of the agreement of Sept 1944\(^2\) providing for the establishment of an Inter-Allied Council charged with the joint administration of the district of Greater Berlin. The meeting confirmed the latter point of view.

It was agreed that according to the terms of the governmental understanding of September 12, 1944, the Berlin area would be governed by joint direction on a quadripartite basis. When we first used the word “quadripartite” Zhukov jocularly inquired whether there would be French participation and as everyone agreed that there would be, it was also understood that until French participation had been formalized by the governments, that provision would be made for a French liaison officer or officers to attend meetings. It was agreed also that the chairmanship of the Kommandatura would rotate every 15 days.

Zhukov described the administration of Greater Berlin as consisting of 17 depts plus 1 for religious matters. His suggestion that an equal number of quadripartite committees be organized by the Kommandatura to supervise and control the work of these German administrative units was approved.

Zhukov also insisted, and it seems to me quite correctly, that the administration of the district of Greater Berlin should begin with the organization of an Inter-Allied Council. He proposed that the

\(^2\) i. e., the protocol relating to the zones of occupation in Germany signed at London, September 12, 1944. For text, see Treaties and Other International Acts Series No. 3071; United States Treaties and Other International Agreements, vol. 5, pt. 2, p. 2078; Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 118.
Supreme Commanders should reach full agreement on matters pertaining to food supply, services to be rendered by the municipality to the garrison and the city, establishment of garrison regulations, fuel supply, and other important matters governing every day life of the garrison and the city of Berlin. He maintained that the administration of the district of Greater Berlin should not begin with the removal of Soviet military government agencies which are handling such matters.

*Food supply.* This imperative question was the first subject of debate. Zhukov blandly stated that now that the American and British authorities were occupying their sectors of Berlin, they had assumed responsibility for the feeding of the German civilian population in those areas. According to Russian figures there are approximately 787,000 German civilians in the American sector and approximately 900,000 in the British sector. In the Soviet sector there are about 1,106,000. According to Zhukov the normal system of food supply to Berlin is completely broken down in the absence of transportation and also because there is no food in the outlying districts of Pomerania, Mecklenburg, Brandenburg, and Saxony which ordinarily supply about 93 percent of Berlin’s food. Zhukov said that Soviet authorities would continue to supply their sector in Berlin but that he considered that their responsibility ceased in respect of the British and American sectors. If this position is maintained our authorities are faced with an almost impossible supply problem. On the basis of rough calculation (this is under active study by our military authorities) this would require the American military authorities to lay down in Berlin monthly a minimum of 21,000 tons which might supply the barest essentials of life for the population in our sector. Even if the supplies were available and we were willing to provide them, present lack of rail transport might prevent us from doing so. Our military authorities are now engaged in an intensive study of this question, which was laid over for a further meeting on July 10.

Discussion of the *fuel supply* elicited some illuminating comments from Zhukov. Berlin requires for its present population of some 2,800,000 a daily supply for minimum utilities (not including domestic heating of course) [of] an estimated 7,500 tons of coal. General Clay pointed out that as the American zone provides no coal the supply would have to come from one of the other zones. Zhukov stated that there remained only the Ruhr and the Saar. Weeks inquired regarding Silesia as a possible source. Zhukov said that as the Silesian coal deposits were now in another jurisdiction, i. e. Poland, they were not available. I expressed surprise, stating that it was my understanding that Silesia formed part of the Soviet
zone of occupation of Germany. Zhukov corrected me, saying that Germany did not exist and that everyone knew that the Crimea Conference established the Polish frontier along the Oder and Neisse rivers. I replied that I had been laboring under the impression that for the purpose of the Control Council for Germany the territory whose resources would be available was as described in the agreement on zones of occupation recommended by EAC and approved by the govts. Zhukov left no doubt in our minds that any resources east of the Oder–Neisse line are not available in the joint administration of German territory. I would appreciate the Dept’s immediate advice on this point.

After a description by Weeks of the present difficulties surrounding the production and transportation of Ruhr coal it was agreed to postpone further discussion until July 10 permitting consultation with the govts. When Weeks informed Zhukov that the lack of skilled miners was one of the impediments to Ruhr coal production, Zhukov said that he would be glad to supply 50,000 German men from the Greater Berlin area. Weeks inquired whether they would know anything about mining; Zhukov shrugged his shoulders and said they would be capable of labor and could be trained.

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MURPHY


No. 430

Frankfurt USPOLAD File—820 Military Government Germany: Telegram

The Deputy Military Governor, United States Zone in Germany (Clay) to the War Department

TOP SECRET

OPERATIONAL PRIORITY

From USFET Main, from Clay, signed Bradley, to AGWar for WarCAD, passed to US Group CC for info, ref No S–96126.

At Saturday conference with Zhukov in Berlin agreements were reached for governing City of Berlin by Kommandaturs and formal paper is being prepared for signature at Berlin on Tuesday. The proposed arrangement provides for a Tripartite Government of Berlin as a unit in all respects with French liaison until French Zone is defined, except that each Commander within his sector of Berlin will retain responsibility for law and order. The governing of the city will be in 18 Departments to include such matters as education, religion, press et cetera. While this number of Departments

[No. 430]
seems large, the Kommandatura can make such consolidations and changes as may be necessary. The Commandant rotating each 2 weeks will be Executive Officer for the running of the city. If this arrangement is a pattern for Group Council Control of Germany as a whole it is most encouraging.

However, the Russians demanded United States and United Kingdom accept proportionate responsibility for bringing in food and coal for Berlin. While we argued that Berlin had always been fed from Eastern Germany and had always received a large proportion of its coal from Silesia, Zhukov insisted that Russia did not have either the food or the coal. He claimed that those portions of Pomerania and Prussia which had fed Berlin in the past had been the scene of bitter fighting and that Germans had moved out of the area in such large numbers that there is little agriculture remaining for this season. He also claimed that Silesia had been turned over to the Polish Government and that Russia had no access to this coal except by payment. He stated that next year’s harvest conditions may be much better but that at present his own commitments in Berlin were being met from Red Army stocks.

Since we must accept his statements as correct in the absence of confirming information it leaves us with no choice but to provide food and coal for Berlin. The food requirements for United States and United Kingdom zones are about the same and will total approximately 40,000 tons per month for both zones for a population of about 1,700,000. The coal supply required only for utilities will approximate 6,000 tons a day of hard coal which of course can come only from the Ruhr. The Russians will provide 1,500 tons a day of lignite.

To meet the existing food demand it will be essential until the harvest season to use imported wheat. Later it may be possible in part to supply Berlin from this year’s harvest although all indications are that the harvest in Western Germany will not suffice for Western Germany exclusive of Berlin. However, we would propose to use this year’s harvest to supply Berlin to the fullest extent compatible [sic], using imported stocks only as Germany’s own resources are fully utilized. We cannot however gather sufficient stocks before the harvest to supply Berlin and must begin immediately to use imported stocks now presently available for both United States and United Kingdom. Our rail line into Berlin will be completed about July 25th and will carry the necessary tonnage.

It is our view that we must accept commitment for food and coal to Berlin as an interim measure until Allied Control Council machinery has had further opportunity to investigate and we propose to do so at tomorrow’s meeting in Berlin.
The Chief of Staff, United States Army (Marshall) to the Deputy Military Governor, United States Zone in Germany (Clay)

TOP SECRET
OPERATIONAL PRIORITY

From AGWar signed WarCOS to CG USFET Main for Clay, passed to US Group CC for action, ref No W-29913.

1. Interim commitment to provide food and coal for Berlin outlined your S-96126 dated 9 July causes concern here. Desirability of obtaining agreement for tripartite control and government of Berlin is appreciated but it is important that attainment of such agreement should not prejudice our basic principles and objectives in Germany.

2. Proposed interim agreement raises following questions which are disturbing to us as possibly prejudicing our basic position in Germany:

   a. The State Department advises that this Government cannot accept Soviet position that Silesia has been turned over to Poland. Tripartite agreement for occupation of Germany was based on 1937 German boundaries which place Silesia in Soviet occupation zone. No interim agreement should be made which implicitly or impliedly accepts the view that Soviets may unilaterally and without consultation or agreement with the other occupying powers dispose of segments of the Soviet zone. Additional detail on this point has been communicated to Murphy by State Department.

   b. Although this Government's desire and objective is that Germany, for the purposes of the occupation must be treated as an entity it is recognized that as a practical matter, if agreement to entity theory is not reached, each occupying power will be obliged to supply its own zone. Under such circumstances the Soviets would be obliged to provide coal for the Soviet zone in Berlin. The fact that payment for supplies would be necessary would not relieve the Soviet obligation to supply coal for the Soviet zone. United States and United Kingdom would have to purchase supplies, not available in Germany, which are required in their respective zones. In light of these facts and your statement that Soviet demand is that the United States and United Kingdom should accept proportionate responsibility for bringing in coal for Berlin it is believed that even in negotiating an interim agreement you are justified in pressing the Soviets to furnish their due proportion of Berlin's coal.

   c. Despite serious domestic shortages increasing pressure is being brought on the United States to export coal for liberated Europe. The amount of such export of necessity has definite limits and will be inadequate to meet the admitted minimum needs in such countries as France, Italy, Norway, and Denmark. The President has

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1 Document No. 430.
2 See document No. 516.
expressed the view that meeting liberated Europe’s minimum coal need to the extent possible from the Ruhr and Saar should have highest priority. In this situation an undertaking to provide approximately 2,000 tons per annum [day] of Ruhr coal to Berlin in face of Soviet refusal to make equitable provision from Eastern Germany would cause serious difficulty for this Government because any action which would inequitably reduce supply of German coal for liberated Europe would increase demand for export from the United States with resulting serious repercussions here.

d. In setting up War Department budget for imports to Germany estimates furnished to Congress were based on full use of indigenous resources to support the Berlin area.

e. No agreement has been reached as to the method by which imports for United Kingdom and French occupation zones from the United States will be financed.

3. No interim agreement should compromise the ultimate position of the United States with respect to the points above enumerated. It is assumed from your suggestion that the proposed agreement is an interim measure until Allied Control machinery has had further opportunity to investigate and that the United States will remain free to assert its position on any points and to terminate the interim arrangement at any time vis-a-vis the United Kingdom, USSR, or French.

4. It is recognized that you may be influenced by factors not known here. Therefore will concur in such decision as you may make in light of foregoing analysis either to enter into appropriate interim arrangement with proper reservations or to continue negotiations pending opportunity to consult with United States representatives who have departed for conference. Desire that you keep War Department advised and that full information be furnished to appropriate United States representatives at conference.

5. This reply has been agreed [to?] by representatives of the State and War Departments. State Department will advise Murphy.

No. 432

840.6352/7-345

The Department of State to the British Embassy

AIDE-MÉMOIRE

The Department of State has considered the Aide-Mémoire presented by the British Embassy (Ref: G 269/–/45)\(^1\) with regard to the messages recently exchanged between the President and the Prime Minister\(^2\) regarding the steps to be taken in Germany concerning coal production.

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\(^1\) Document No. 425.

\(^2\) See documents Nos. 420 and 423.
The Department of State proposes to take the following steps to meet the points raised in the *Aide-Mémoire*:

1. The Department of State has revised the suggested Directive in order to (a) instruct each Commander-in-Chief to seek agreement in the Control Council on a coal program for Germany as a whole; (b) provide for concerted action by the Zone Commanders on the measures required to meet the coal export target for Western Germany, and to carry out any agreed program which may be reached in the Control Council; (c) take into account certain other suggestions made by the British Government.

It will be noted that paragraph 2 has been revised to include the suggested changes put forward by the British Government, and that all exports of coal are subordinated to the civil and military requirements necessary to insure the safety, security, health, maintenance, and operation of the occupying forces, and speedy redeployment of the Allied forces from Germany. This Government does not consider it desirable, however, to make specific provision for the allocation of sufficient coal to prevent the development of disease and unrest in Germany. It is felt, rather, that the original wording of paragraph 7 should be retained to emphasize the importance attached to the proposed export program. The United States Government is aware that maximum exports of German coal can only be achieved by causing great privation and hardship to the German people. This should be clearly understood by the Zone Commanders.

2. The President will inform Marshal Stalin of the directive which the Governments of the United Kingdom, France and the United States are issuing to their Commanders-in-Chief in Germany in view of the acute shortage of coal and urge the Soviet Government to instruct its Commander-in-Chief to concert with the other Commanders-in-Chief in the Control Council with a view to the formulation of a coal production and export program for Germany as a whole and the adoption of measures required to carry out this program. The President will also point out to Marshal Stalin that accounts will be kept of all coal exported from Germany and that all such exports would be without prejudice to agreed decisions on reparation.

The United States Government has received from General de Gaulle a message expressing complete concurrence with the original proposed directive. It has informed General de Gaulle that the Prime Minister has agreed in principle subject to certain points which are now being considered by the two Governments and that it will inform him of the result.

If the British Government concurs with the revised directive enclosed with this *Aide-Mémoire*, the United States Government will communicate once more with the French Government. It is under-

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3 See document No. 420, footnote 2.
4 The enclosure is headed “Proposed Directive to the American Commander-in-Chief in Europe”. Apart from the heading, it is identical with the attachment to document No. 1040, printed in vol. II.
stood that the three Governments will promptly issue the revised directive after general agreement is obtained. W.L.C[layton]

WASHINGTON, July 11, 1945.

No. 433

740.00119 Control (Germany)/7-1245: Telegram

The Political Adviser in Germany (Murphy) to the Acting Secretary of State

SECRET

Hoechst, July 12, 1945—8 p.m.

US URGENT—NIAC

157. Please relay to the Secretary. My 130, July 7. 2

General Clay and I attended the meeting in Berlin on July 10. Clay and Weeks each accepted commitments starting July 15 to supply 20,000 tons of food monthly to the civilian population in Berlin. The meeting stressed that every effort would be made to provide food from indigenous resources but the immediate requirements will necessarily be met in part from imported stocks. This supply of food is proportioned to the size of the American Berlin sector. The commitment was made with the understanding that it would be subject to review and modification by our respective governments and that it would probably be discussed at the pending conference.

General Weeks for the United Kingdom also agreed to supply, after exposition of the many difficulties involved and the state of public opinion in the United Kingdom and the liberated areas, 2,400 tons of coal per day from the Ruhr as soon as rail communications permit and subject to further study by the commandant as to minimum needs. The supply of coal is also to be on a proportionate basis and the Soviet Union will supply either ½ of the total amount or a tonnage to be based on kilowatt usage. A committee of technicians is at present working on this problem.

At the meeting, Strang stated in behalf of the United Kingdom the reservation which I had made at the first meeting regarding Marshal Zhukov’s statement that the Crimea Conference had determined that the western Polish frontier would be along the Oder and Neisse Rivers. Strang insisted that under present agreements the Control Council should consider its jurisdiction over German territory as inclusive of that territory within the 1937 boundaries. Zhukov

1 The gist of this message was included in an unnumbered communication of July 13 sent by Grew to Byrnes by pouch (file No. 740.00119 Potsdam/7-1345).

2 Document No. 429.
reacted mildly, stating that under his orders his jurisdiction did not extend east of the Oder and Neisse line. We felt it best under the circumstances to allow matters to stand at that, since Zhukov made it clear that he had no authority to take any other position.

General Clay in his report to the War Dept 3 has emphasized that the Soviet request has always been limited to the United States and United Kingdom each furnishing a proportionate share of the requirements for Berlin. The Russians, of course, have indicated their willingness to have a complete review of this question made when the Allied Control Council begins operations. General Clay has also pointed out that as we are now in Berlin we have the obligation to see that the civilians living in our zone have sufficient food to live and the minimum of utility service.

General Clay has also made the point, in which I concur fully, that we have very little to bargain with in meeting the Russians in so far as the output of the American zone is concerned. He suggests that we could bargain more successfully if we were given authority to discuss transfers between zones, particularly with relation to Lend-Lease and other forms of aid which are being given directly to the Soviet Union by the United States. We are, of course, convinced that the Allied control machinery will be established but feel that this operation will take weeks, if not months, to function efficiently. Pending the establishment of such machinery it is obvious that we must negotiate with respect to any exchange of resources between the zones.

This meeting went off smoothly. The Russian attitude was conciliatory and I believe that the publicity which first broke in the London press as a result of statements made by Brigadier Hinde in Berlin 4 may have had a salutary effect. In that connection, both General Weeks and General Hinde apologized to the American staff for Hinde’s unauthorized account to the press of the first meeting and the emphasis which he laid on the difficulties confronting the Berlin administration.

Murphy

3 Not printed.
4 Hinde had held a press conference at Berlin on July 8, in the course of which he had indicated (a) that British military government would not begin to operate in Berlin until the problem of supplying the city had been settled by the occupying powers; (b) that in the meantime the Soviet authorities would continue to supply food and fuel to the city; (c) that in these circumstances it was obviously impracticable for the British to govern alongside the Soviet authorities; and (d) that the problem would have to be settled by the Control Council or by even higher authority. The British press, which reported Hinde’s remarks prominently, interpreted the last point as a reference to the possibility that the problems referred to would be discussed at the forthcoming conference of Heads of Government.
No. 434

The Chief of the Mission for Economic Affairs in the United Kingdom (Blaisdell) to the Assistant Secretary of State (Clayton)  

SECRET

[LONDON,] July 13, 1945.

DEAR MR. SECRETARY:

1. This is to acknowledge your cable 5415 of July 4 in which you repeat the text of a letter which you have addressed to me regarding several aspects of the US Government’s policy with respect to the stimulation of German coal production for export and the distribution of exportable German coal surpluses.

2. I am sorry to say that your cable did not reach me until July 8. However on that date I had an opportunity to discuss your cable with Ambassador Winant and we mutually agreed that I should go to Frankfurt to talk with Lt. General Clay to get his slant on the various policy recommendations which you specifically asked me to act upon.

3. On July 11, together with Wayne Jackson of the Department and R. S. McCaffery of this Mission, I had an extended interview with General Clay at US Control Group Headquarters, Frankfurt, Germany.

4. Before I attempt to summarize for you certain of General Clay’s comments with respect to specific aspects of your cable, I want to make clear that General Clay is not only vividly aware of the gravity of the coal position, both as regards US zone requirements and as regards the situation of Europe as a whole, but that he is, as well, making every effort to contribute what he can to the solution of this problem within the powers granted him as he sees them.

5. (a) With respect to your paragraph C–2:  

General Clay pointed out the split jurisdiction which exists as between the Reparations Commission and the Allied Control Commission and the likely difficulties resulting from this none too clearly defined authority. We agreed that this difficulty was a real one but expressed the hope that this jurisdictional aspect of the problem might be resolved at the forthcoming conference in Berlin.

(b) With respect to your paragraph G–2:

General Clay stated that the Combined Coal Committee under the recently set up Combined Resources Allocation Board (CRAB) of ACC constituted in his opinion suitable machinery in terms of “a strong

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1 Printed from a carbon copy forwarded to the Department of State. The original was sent to Clayton at Babelsberg by courier on July 14.
2 Document No. 426.
3 The paragraphs referred to by Blaisdell are not so numbered in the file copy of Clayton’s message.
central organization responsible for coal production in Germany," and that any other agency which might be set up to cut across zonal lines would be extremely impracticable under existing zonal arrangements. In the light of existing conditions we believe this view to be a reasonable one if ways and means can be found to fortify and strengthen the hand of the US side of CRAB. At the moment General Clay and the US element of the Control Group feel that they have little power, except that of persuasion, to induce the other controlling powers to accept any specific US suggestion leading toward the maximum coal production in those zones (the Ruhr and the Saar) not under US control.

All concerned strongly hope that, as a result of the forthcoming conferences in Berlin, the Russians will become active participants in CRAB (that is to say a four-partite [sic] equivalent of CRAB), and it would therefore seem most important that U.S. representatives at the Berlin conferences recognize that the effectiveness of such a four-partite CRAB and its Coal Committee will be in fact, as well as from the US point of view alone, largely determined by the effectiveness of the tools we can put in the hands of our very able US control group. The situation discussed in paragraph (c) below, will serve to illustrate this point.

It also becomes clear after discussions with General Draper, Col. James Boyd, and others in Frankfurt directly concerned with the working of CRAB, that one of the next steps should be the establishment of effective working arrangements between CRAB and the other recently established European economic organizations such as EECE, ECO and PETTO. We were asked numerous questions with regard to the development of these organizations and the extent to which they could supply working data with respect to requirements etc. to be considered by CRAB at the time allocations are made within Germany.

(c) With respect to your paragraph H–3 which states that "the US would press for development of an efficient channel for procurement from sources outside Germany, of those supplies, including food, which are essential to exportable coal production in Germany:"—General Clay stated that this was, of course, most desirable but that his latest directive 4 (which we have not seen), just received from the JCS clearly cut the ground out from under the proposal put forward in paragraph H–3. This is because this directive places the allocation of all imported food (most of which will be from US) on a combined basis, and the British are already in receipt of a large propor-

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4 The Department of Defense has supplied the information that no Joint Chiefs of Staff or Combined Chiefs of Staff directive having the substance and approximate date suggested by this paragraph has been identified.
tion of this food, including most of the wheat, at ports controlled by them. The US Control Group had hoped that, at least in respect of food procured in the USA, it would be in a controlling position and thus in a stronger bargaining position in terms of the implementa-
tion of such suggestions as it might put forward regarding, let us say, the stimulation of Ruhr coal production.

I had no advance knowledge of the existence of the above men-
tioned directive on the combined distribution of food, and I share General Clay’s attitude with regard to its having weakened the US hand in the sense of our US Control authorities being able to indicate the specific material contributions which they might make under given circumstances to the solution of the coal production problem in the British and French zones.

Incidentally, General Clay is most pessimistic about the proba-
bility of getting increased production in the Saar under French occupation, and all informed opinion on this side with which I have been in touch concurs in this view. Under present arrangements I think we can expect little or no coal from this source. You will re-
call that I reported this to you in Washington.

6. To continue with one more aspect of the problem posed in con-
nection with incentive supplies for coal production mentioned in
your paragraph H–3 I think it should be recognized that the procure-
ment of such supplies is only part of the wider problem of a general
German import program and the relationship of such a program
to foreign exchange questions. However, while recognizing that the procurement of supplies which might be sent into Germany for the
express purpose of stimulating coal production must be integrated with
the broader import policy I nevertheless feel that the US should con-
trive to set up a procurement channel for the former which will keep
such supplies on the same level of high priority as we have pro-
posed to put coal production itself.

7. The other aspects of your cable, namely those portions which
require discussion with our French and British colleagues on ECO,
will be covered in a later communication.

8. I am forwarding a copy of this letter to General Clay in
Frankfurt.

Yours sincerely,

THOMAS C. BLAISDELL
TOP SECRET

SUGGESTED UNITED STATES POLICY REGARDING POLAND

SUMMARY

... We should facilitate insofar as our aid is requested the transfer of minority groups but we should not permit the forced repatriation of Poles now in the West or the uncontrolled deportation by unilateral Polish action of the 8–10,000,000 Germans formerly domiciled in the areas claimed by the Soviet-sponsored Polish Government.

[WASHINGTON,] June 29, 1945.

1 For other sections of this paper, see documents Nos. 483, 510, and 521.

No. 436

TOP SECRET

CZECHOSLOVAKIA

EXPULSION OF MINORITY GROUPS

The United States has been officially informed by the Czechoslovak Republic that it desires to expel immediately the Sudeten German and Hungarian minorities. 1 Although the Government of the United States has expressed its sympathy with the concern of the Czechoslovak Government over its minority problems, it opposes any unilateral action to transfer these minorities until a satisfactory agreement is reached with the powers responsible for the maintenance of order and military security in Germany.

The transfer of the Sudeten German minority is part of the large problem of the transfer of German minorities from Poland and other states. The heads of the Allied governments may wish to discuss this question in its larger context in order to provide for an orderly solution of the whole problem of German minorities. Unless an agreement is

1 See document No. 439.
reached, the Czechoslovak Government may attempt unilateral action, since the continued presence of the Sudeten German minority is the most pressing and important political question in Czechoslovakia.


No. 437

The British Embassy to the Department of State

Ref: 512/15/45

Paraphrase of telegram from Foreign Office to Washington
Dated June 22nd, 1945

My immediately following telegram ¹ contains text of instructions I proposed sending to Mr. Nichols. But before despatching these I am anxious to know the views of the State Department. Please discuss these draft instructions with State Department and let us have any comments they have to make as soon as possible. You should point out that we recognise that the matter in its immediate aspect concerns the Americans more closely than ourselves since they occupy at present a large part of Czechoslovakia and also their zone of occupation in Germany marches for many miles with the Czech frontier.

2. It is in our view important that we should make clear to the Czechs that it will be for the Allied Control Commission in Germany, when the main questions of principle have been decided between the Governments, to decide when and by what stages German minorities outside the frontiers of Germany can be admitted into that country. This question will affect the general administration of Germany far more closely than that of the repatriation to Germany of Reich Germans now in Czechoslovakia, which according to His Majesty’s Ambassador in Prague is in the Russian view a matter for the Control Commission to decide.

3. It seems to us that a full exchange of views with the Americans on the whole question of transfers of ethnic minority groups in Europe is desirable, with special reference to United States proposals as reported in Prague telegram No. 44.² Such an exchange of views

¹ Although the text of the message referred to was apparently made available to the Department of State (see document No. 440), it has not been found in the Department’s files.
² i.e., from the British Embassy at Prague to the Foreign Office. Not found in Department of State files.
might lead up to tripartite discussion on the subject at the forthcoming meeting of the “Big Three”. Will you sound the State Department on the latter proposal and let us know their reactions to it?

4. We have now been approached by the United States Embassy on the lines anticipated in Prague telegram No. 44. They are being informed of the instructions sent to you in this and my immediately following telegram.

WASHINGTON, June 28th, 1945.

No. 438

800.4019/0-2845: Telegram

The Chargé in Czechoslovakia (Klieforth) to the Secretary of State ad interim

SECRET

PRAHA, June 28, 1945—6 p. m.

44. Regardless of the importance and gravity of Zecho-Russian relations, the outstanding issue in Zecho, on which the country's reconstruction depends, is solution of the minority problem involving transfer to Germany and Hungary of about three million Czech nationals who constitute 20% of the country's population. Replacement of minority people by approximately the same number of Czechs, 90% of whom will have to be uprooted and transferred, constitutes the second and related phase of this problem. Transfer and replacement of minorities will involve 40% of Zecho population.

Zecho Govt realizes that transfers must be undertaken in agreement with the Allied Govts. However it is essential that the earliest possible agreement be reached in this matter. All reconstruction is makeshift until the transfer problem is solved. The people of Zecho demand an early solution or at least an agreement outlining the proposed stages of the transfer and, most important of all, the time envisaged to complete the operation. This problem unsolved presents the greatest danger to President Beneš' prestige. The possibility cannot be excluded that the situation affords opportunity for a dramatic leader with radical support to arouse the people and seek solution by force, on the model of similar action elsewhere in Europe after 1918.

Klieforth

[No. 438]
The Czechoslovak Under-Secretary of State for Foreign Affairs (Clementis) to the Chargé in Czechoslovakia (Klieforth) ¹

7359/II/S/1945

PRAHA, July 3rd, 1945.

Monsieur le Chargé d’Affaires, On behalf of the Czechoslovak Government I have the honour to make the following communication:

Prior to the cessation of hostilities the President of Czechoslovakia and the Czechoslovak Government submitted to the Allied Governments a detailed memorandum ² accounting for the political necessity to evacuate a predominant part of the German and Hungarian population out of this country.

In this way, they acted as interpreters of elemental and unanimous wishes of the Czech and Slovak nations, who, anxious about the future of the State, entertain the desire to exclude from their midst any elements, that proved by their attitude to have been propagators of national hatred, willing instruments of hostile propaganda and instigators of dissension among states. The ultimate phase of the struggle for liberation strengthened in the Czechoslovak people the conviction that without the removal of a great majority of Germans and Magyars, by the way of transfer, no sound and peaceful development of our State and no lasting peace and stability in Central Europe could be secured.

The proposals contained in the aforesaid memorandum met with agreement, that is to say, no particular objection in principle has been raised. It has merely been pointed out by all our Allies that the transfer must proceed on organised lines, according to plan and in accord with relevant allied bodies.⁵ In view of the fact that in this transfer 2 to 2.5 million [sic] of Germans and approximately 400,000 Magyars are involved, the Czech Government came to the conviction that it is indispensable to carry out this scheme according to plan and on organised lines. The Czechoslovak Government is preparing a plan and a proper organisation of the transfer.

As to the transfer of Germans out of Czechoslovakia, the Czechoslovak Government would suggest that the Great Powers, performing the control over Germany, determine in accord with the Czechoslovak Government the number of people to be transferred into the respective zone of occupation and within fixed intervals. The technical execu-

¹ This note was transmitted to the Secretary of State as an enclosure to document No. 186.
² Not printed.
³ See document No. 440.
tion of the transfer could be secured by the mediation of Czechoslovak coordinating missions, to be attached to the headquarters of each zone of occupation.

In respect of the transfer of the Magyars, the delegate of the Czechoslovak Government could discuss this question with the Control Commission in Budapest, to the effect that a major part of the transfer of the Magyar population out of Slovakia could be carried out on the basis of exchange of population, for there are approximately 345,000 Slovaks living in Hungary, who are desirous to be moved into Slovakia.

As stated above, the Czech and Slovak nations consider unanimously the transfer of Germans and Hungarians an essential necessity for the future of the Czechoslovak State and for the preservation of peace in Central Europe. It is, therefore, obvious that the attention of the entire Czechoslovak public opinion is drawn to this question, which is undoubtedly the most burning of all problems, the solution of which the Czechoslovak Government is endeavouring to attain. Any postponement of its settlement cannot but considerably disquiet all Czech and Slovak population.

As long as this elemental problem is not solved, all administrative, economic and social reconstruction and consolidation of the State is being hampered and delayed.

I should, therefore, Monsieur le Chargé [d']Affaires, feel very grateful if you would convey this point of view of the President of the Czechoslovak Republic and of the Czechoslovak Government to the President Truman so as to make this question an object of discussion and decision for the coming conference of the Three.

A similar note is being addressed to representatives of the Governments of Great Britain and USSR.

Accept [etc.]

DR. V. Clementis

No. 440

The Department of State to the British Embassy

MEMORANDUM

The Department of State has considered the telegram of June 22, 1945 (512/15/45) from the Foreign Office to the Embassy ¹ and the draft instructions to Ambassador Nichols in Praha (6652, June 22, 1945).²

The views of the United States with regard to the transfer of minorities from Czechoslovakia were made known to the Czechoslovak

¹ Document No. 437.
² See document No. 437, footnote 1.
Government on January 31, 1945,\(^8\) in answer to its note of November 23, 1944,\(^4\) in the following terms:

“The American Government fully appreciates the injuries suffered by Czechoslovakia at the hands of Germany and of the German minority during the past decade or so and is prepared to examine the problem in an effort to seek a satisfactory solution for the future. This solution, of course, will have to take into account the needs of Czechoslovakia referred to in your note, and also the broader aspects of the problem in its relation to general measures for the future peace and security of Europe as a whole, as well as the particular problem which will face the Governments accepting the unconditional surrender of Germany, which thereby become responsible, as occupying powers, for the control and administration of Germany.

“There will also undoubtedly arise related questions with regard to the transfer of Germans from other territories. Since this problem may therefore involve an aggregate of some millions of people, it would be a matter of major concern to the occupying powers in the maintenance of order in Germany during the absorption of such people from abroad simultaneously with the repatriation or resettlement of millions of displaced persons now within Germany.

“The American Government therefore feels that transfers of the kind contemplated in your Excellency’s note should only be carried out pursuant to appropriate international arrangement, as suggested in your Excellency’s address of October 8, 1944, and under international auspices. It also agrees with the Czechoslovak Government that any process of transfer should be a gradual one, in order to provide facilities for the orderly settlement of transferred persons. Pending such international arrangements, the American Government feels that no unilateral action should be taken to transfer large groups, and understands from the statements cited above that the Czechoslovak Government does not envisage any unilateral action to do so.”

Inasmuch as there has been no reason to alter these views since they were communicated to the Czechoslovak Government, the Department of State is in agreement with the draft instructions to Ambassador Nichols that the determination of the method and timing of the repatriation of the Reich Germans now in Czechoslovakia and the transfer of the German minority in Czechoslovakia must be left to the Allied Control Council in Germany.

Since the receipt of the Foreign Office telegram, a note, dated July 3, 1945,\(^8\) has been received from the Czechoslovak Government stating that, since the Allied States had made no objection in principle to the proposed transfer of the German and Hungarian minorities, the Czechoslovak Government was preparing a plan for an organized and orderly transfer.

The Department’s reply\(^6\) to the Czechoslovak note reiterates the

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\(^8\) In note No. 155 from Rudolf E. Schoenfeld, Chargé d’Affaires ad interim near the Czechoslovak Government-in-Exile at London, to Foreign Minister Jan Masaryk (file No. 740.00119 E. A. C./1-3145).
\(^4\) Not printed.
\(^6\) Document No. 439.
\(^8\) See document No. 441.
views of the United States, as set forth above, and requests the
Czechoslovak Government to bring its plan for the repatriation of
Reich Germans and the transfer of the minorities immediately to the
attention of the Allied States represented on the Control Council in
Germany and the Control Commission in Hungary through the
appropriate Czechoslovak Coordinating Missions attached to these
bodies.

The Department of State believes that an exchange of views on the
whole question of the transfers of ethnic minority groups in Europe is
not required at this time in view of the clear statements of policy by
the British and American Governments, and could be deferred pending
a possible discussion of this question at the forthcoming tripartite
conference.

WASHINGTON, [July 11, 1945.]

No. 441

820F.4016/7-445: Telegram

The Acting Secretary of State to the Chargé in Czechoslovakia (Klieforth)

SECRET

WASHINGTON, July 13, 1945—7 p. m.

54. Please deliver note along following lines to Zecho Govt (urteil
44 June 28 ¹ and 59 July 4 ²):

US Govt acknowledges receipt of Zecho note of July 3 ³ concerning
transfer of German and Hungarian minorities. US Govt has already
made its views known to Zecho Govt in note of Jan 31, 1945.⁴ At
that time US Govt stated it fully appreciated injuries suffered by
Zecho at hands of Germans and German minority during past decade
and was prepared to examine question in effort to arrive at satisfactory
solution. US pointed out that solution will have to take into account
broader aspects of problem in relation to future peace and security in
Europe as well as particular problems facing Govts responsible for
military occupation in Germany.

In view of importance of questions of minority transfers for Euro-
pean peace as a whole, US Govt believes that transfers as proposed in
Zecho notes Nov 23, 1944 ⁵ and July 3, 1945 should be carried out only
on organized lines and in accordance with international agreement.
US also appreciates importance attached by Zecho Govt to early
solution of problem as basis for national rehabilitation and recon-
struction. Therefore US Govt is gratified that Zecho Govt is
preparing plan for organized transfer of minority population which
will take into account particular problems facing Allied powers. If

¹ Document No. 438.
² This message transmitted a telegraphic text of document No. 439.
³ Document No. 439.
⁴ See document No. 440.
⁵ Not printed.

[No. 441]
plan is presented immediately upon completion to Control Council Germany and Allied Control Commission Hungary, US Govt confident it will receive immediate consideration by states represented on these bodies and will be discussed with appropriate Zecho authorities. End of summary.

For your background information and possible informal communication in your discretion to Pres Beneš, US delegation to Big Three briefed to discuss this question in relation to whole minority problem.

Grew
H[enry] P L[everich]
GREECE
GOVERNMENT AND ELECTIONS

No. 442

Briefing Book Paper

Greece

To take an active and benevolent interest in Greece at this time offers one of the most practical means of demonstrating this Government's determination to play an international role commensurate with its strength and public commitments. Although Greece has been traditionally closer to Great Britain than to any other great power, there has always been a friendly bond between the United States and Greece, the ancient home of democratic ideals. Classical education derived through Rome from Greece helped to shape the republican ideals of the emergent United States. The American experiment in democracy in turn exerted an influence on Greece in its struggle for freedom from the Ottoman Empire in the early 19th century. The bond of sympathy between the two countries has strengthened ever since the renascence of Greece as a modern European nation. American prestige has been built up by our interests in Greece, which, though not extensive, have been of a type to promote good-will: trade, banking, engineering and development projects, philanthropy, archeology, and education. Large numbers of Greeks have emigrated to America. Approximately half a million have become progressive and patriotic American citizens, although retaining strong interest in the land of their origin, and the many who have returned to Greece after living in this country are almost unanimously pro-American in their sentiments.

Traditionally our policy towards Greece has been one of friendliness characterized by refusal to intervene in internal Greek affairs. The Yalta decisions necessitate a reorientation of this policy, for at that meeting this Government indicated its willingness and determination to participate in Allied guarantees that smaller nations liberated from Axis domination should be guaranteed the right of choosing by peaceful and democratic means the government under which they wish to live.\(^1\) It is obvious that tranquillity necessary for constitu-

\(^1\) See vol. II, document No. 1417, section v.
tional elections is closely tied up with economic stability and that we as a nation should not shirk the responsibility of contributing to a revival of economic health. In the case of Greece we have a particularly heavy moral responsibility because among the smaller Allied nations it is the one which has most steadfastly upheld the United Nations cause, materially contributing to the final victory by its unexpectedly effective resistance to Italian and German aggression in the early stages of the war.

It is possible that a closed Russian-controlled economy in the Balkans and an extreme nationalism in certain countries of the Near East will for a time interpose obstacles to American influence. Greece, geographically a part of southeastern Europe but closely associated with the Near East because of its maritime trade and its islands, is a bridge between these two parts of the Eastern Mediterranean; a strong American role there could not but be felt in both directions. Greece is the only one of the Balkans or Near Eastern countries (with the possible exception of Syria and Lebanon) which is not characterized by xenophobia. On the contrary, the Greek people have unmistakably indicated their desire for a closer rapprochement with the United States. The present Greek fear of Russia is probably partly responsible for this attitude—an attitude which this Government deprecates but which is understandable and might better be dissipated by our becoming an active mediator than by our relinquishing all of Greek affairs to the control of Great Britain.

To implement our policy toward Greece we should be prepared:

1. To advance the suggestion, already written into the Varkiza Agreement of February 12, 1945, that at an early date the Greek Government should invite Allied observers to assist in and supervise democratic elections for a constituent assembly and a plebiscite on the question of the form of government. It might even be possible to indicate our belief that a republican form of government offers more possibilities for a peaceful future than the return of a monarchy already stigmatized by totalitarianism.

2. To assist actively in the economic reconstruction and development of the country and its resources, including its merchant marine, and in the revival of its foreign trade. Although we are contributing generously to UNRRA, we should plan to make industrial credits available to Greece, perhaps through the Export-Import Bank, if forthcoming legislation removes present barriers.

3. To encourage Greece to an early reconciliation and the development of good relations with her neighbors by supporting the reduction or removal of commercial, financial, social and cultural barriers. The situation in which British-dominated Greece and Turkey (and perhaps Albania) would become isolated economically and politically from a

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group of Russian-dominated Slavic neighbors on the north would be a real menace to world peace.

4. To adopt positions outlined in separate territorial papers. ③

[WASHINGTON,] June 29, 1945.

③ Not printed.

No. 443

740.00119 (Potdam)/5-2446

Briefing Book Paper ①

TOP SECRET

ELECTIONS IN GREECE

At Yalta this Government agreed to concert with Russia and Great Britain in assisting the liberated nations of Europe "to solve by democratic means their pressing political and economic problems." In the case of Greece, where the United States had no military commitments and was responsible to only a limited extent for the distribution of civilian relief during the Military Liaison period, we made no public comment on the Varkiza Agreement of February 12, 1945, between EAM and the Greek Government, Article 9 of which stipulated Allied supervision for a plebiscite to be held within the current year and subsequent elections; but this Government has been prepared since that time to consider favorably a request from the Greek Government for participation in administering such elections.

Several months elapsed after the Varkiza Agreement without any indication that the Greek Government was actively attempting to implement the proviso calling for elections. In reply ② to a British aide-mémoire of July [June] ③ 1945 requesting the views of this Government on the subject, the Department is suggesting that the British and American Ambassadors in Athens ④ should make parallel representations at once to the Greek Government, pointing out that in the opinion of their respective Governments elections should be held as soon as possible, that the three Allies who participated in the Crimea Conference should have observers present to supervise the elections, and that it is hoped that the Greek Government will agree to the presence of these observers. There will also be no objection on the part of this Government if the Greek Government wishes France also to participate in the supervision of these elections. It is being further

① Annex 5 to the attachment to document No. 177.
② See document No. 443.
③ Not printed.
④ Sir Reginald Leeper and Lincoln MacVeagh, respectively. In the papers relating to the Berlin Conference, however, Leeper is never mentioned as being present in Athens. In his absence Harold Caccia acted as British Chargé d'Affaires ad interim.

[No. 443]
suggested that the Greek Government might wish to give favorable consideration to the recent request of the EAM representatives who signed the Varkiza Agreement that the election of a representative assembly should precede the plebiscite. In this way a democratically elected government, after a period of perhaps six months in which to establish itself, would be in a position to conduct a plebiscite on the question of the monarchy.

It is hoped that the Greek Government will have replied favorably to this approach before the Big Three meeting. At the time of the meeting, the United States Government will recommend that Great Britain, the Soviet Union, the United States, and if considered desirable, France send observers to supervise the elections, at the same time indicating its own willingness to send observers to Greece to help with the polling and the operation of the returning machinery at whatever time within the year is specified by the Greek Government. This step would be made in a spirit of friendly desire to aid one of the United Nations whose normal democratic procedures have been disrupted by years of aggression and occupation, and through no wish to influence the free expression of the will of the Greek people.

In this connection, however, it must be remembered that Marshal Stalin in a recent message to Prime Minister Churchill has stated his belief that the participation of foreign observers in the Greek elections would be an insult to the Greek people and an interference in Greek internal affairs. The Marshal is of course reluctant to see established a precedent which might be used to urge similar supervision of elections in other countries of Eastern Europe in the so-called Soviet sphere.

[WASHINGTON,] June 30, 1945.

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For the text of Stalin's message to Churchill of May 4, which contained the statement summarized here, see Stalin's Correspondence, vol. 1, p. 346.

No. 444

The Secretary of State to the President

SECRET

[WASHINGTON,] July 4, 1945.

MEMORANDUM FOR THE PRESIDENT

Subject: American Participation in the Supervision of Greek Elections.

The question of American participation in the supervision of Greek elections raises an issue of the first importance. This Government has repeatedly affirmed its purpose, as stated by President Roosevelt
in his Message on the State of the Union of January 6, 1945, \(^1\) "to respect the right of all peoples to choose the form of government under which they will live and to see sovereign rights and self-government restored to those who have been forcibly deprived of them".

We have further asserted an obligation to see to it that the right of the peoples of the liberated areas to choose their own government and institutions should not be defeated by interim governmental authorities. President Roosevelt stated this obligation, in the same speech, in the following words:

"Until conditions permit a genuine expression of the peoples’ will, we and our Allies have a duty, which we cannot ignore, to use our influence to the end that no temporary or provisional authorities in the liberated countries block the eventual exercise of the peoples’ right freely to choose the government and institutions under which, as free men, they are to live".

This general obligation on the part of the Allies was specifically formulated at the Crimea Conference. In his report of March 1, 1945, \(^2\) on that Conference, President Roosevelt stated that the three powers had agreed that the political and economic problem "of any area liberated from the Nazi conquest, or of any former Axis satellite, are a joint responsibility of all three governments". The three powers, he continued, would endeavor to see that interim governing authorities were "as representative as possible of all democratic elements in the population", and specifically to see to it "that free elections are held as soon as possible". This purpose to assure to the peoples of the liberated and satellite areas an opportunity to determine their own forms of government through free elections has provided the moral basis of our political policy with reference to the peoples of areas overrun by the Axis. The question of the implementation of this policy is now urgently raised by the still unfulfilled agreement made in February \(^3\) between the Greek Government and EAM that elections to determine the will of the Greek people be held with Allied assistance. Furthermore, the decision made and the procedures employed as to the Greek elections will have a controlling effect upon the policy and procedures to be adopted in other liberated areas and former satellite states.

In view of these facts, it is considered essential that this Government should participate, preferably in association with the other Yalta powers, in the supervision of the approaching Greek elections.

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\(^1\) Text in Congressional Record, vol. 91, pt. 1, p. 65. The portions of the message pertaining to foreign affairs are printed in Department of State Bulletin, vol. xii, p. 22.


\(^3\) The so-called Varkiza Agreement. Text in Woodhouse, Apple of Discord, p. 308.
It is believed, further, that the participation of this Government should not be conditional upon the invitation of the interim governing authorities in Greece, since its obligation in this respect is an undertaking not so much to the interim authorities as to the Greek people themselves. It was specifically stated by the President in his Message on the State of the Union on January 6, 1945, that the peoples' right to choose the government and institutions under which they wish to live should not be blocked by temporary or provisional authorities.

It is recommended, therefore, that the American and British Ambassadors in Athens, who are the only diplomatic representatives in Greece of the Yalta powers, should call the Yalta undertaking to the attention of the Greek Government, and should inform the Greek Government that their Governments are prepared to participate in the supervision of Greek elections and that they assume the Greek Government will wish them to do so. It is anticipated that the Greek Government would thereupon express its desire for Allied participation, requesting the three Yalta Powers, and, conceivably, France, to supervise Greek elections. It is believed important also that our willingness to fulfill the obligation we have assumed with reference to the areas in question should be made explicit and public.

In order that any Allied assistance with elections should be on a scale sufficiently large to be effective, it is suggested that the War Department be asked to furnish five hundred American personnel. Such a mission should be headed by someone other than our Ambassador to Greece, who might find the duties of supervision of elections prejudicial to his diplomatic status.

If you agree, the War Department will be requested to make the required personnel available for temporary duty in Greece.  

JAMES F. BYRNES

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4 At the end of the paper is the following manuscript endorsement by the President: "I agree Harry S Truman".

No. 445

S68.00/6-1645

The Department of State to the British Embassy

AIDE-MÉMOIRE

The Department has received the aide-mémoire of June 16, 1945, from the British Embassy requesting the views of this Government on the Allied supervision of a plebiscite and elections in Greece in accordance with Article 9 of the Varkiza Agreement of February 12, 1945.

1 Not printed.
The Department is in agreement with the Foreign Office that chances for the success of elections in Greece would be enhanced by Allied supervision.

The signatories of the Crimea Communiqué expressed their willingness jointly to assist the liberated countries of Europe in establishing stable governments by democratic processes expressive of the will of the people. In the case of Greece we cannot consider the responsibility of the United States discharged until the Greek people are assured fair elections under circumstances in which the voters will not be subjected to undue pressure from embittered factions.

The Department does not believe that the presence of friendly observers at elections could justifiably be considered a violation of Greek sovereignty. In this connection, it will be recalled that Allied supervision of elections was explicitly authorized in an agreement signed by representatives of both the Greek Government and EAM, and that the political coalition of EAM has repeatedly since that time urged the Greek Government to give evidence of its intention to honor this mutually agreed stipulation.

The Department suggests that, with the concurrence of the British Government, the British and American Ambassadors in Athens, who are the only diplomatic representatives in Greece of the Governments present at Yalta, inform the Greek Government that in view of their obligations to the people of Greece and of their undertakings at Yalta, the British and American Governments feel that the Greek elections should take place under the supervision of the Allies, namely, Great Britain, the United States, the Soviet Union and, if agreeable to the Greek and French Governments, France. They may at the same time refer to Article 9 of the Varkiza Agreement providing for Allied supervision of Greek elections. In case the Greek Government agrees to Allied supervision, the Ambassadors will inform it that the Governments of the United States and Great Britain will take up the matter with the Soviet Government and, if desired, with the French, in the immediate future.

The Department is of the opinion that it would be desirable for the British and American Ambassadors to make the suggested approaches to the Greek Government within the next few days so that the matter may be discussed at the meeting of the Big Three, scheduled early in July.

If agreeable to the British Government, it might also be suggested to the Greek Government that it give favorable consideration to the idea, which has been gaining popular approval in Greece and which has recently been subscribed to by the three EAM signers of the Varkiza Agreement, that elections for a constituent assembly precede the plebiscite. This order of events appears to offer a better solution
to Greek problems in that it would at an early date give Greece a representative political government which would then be in a position to make plans for a plebiscite on the question of the monarchy. It may also be considered desirable that an approximate date be set for the plebiscite, preferably some six months after the convening of a duly elected constituent assembly. Thus the democratically elected government would be given a brief period in which to establish itself.

It is the opinion of this Government that, if Allied assistance is to be offered in the hope of accomplishing fair and free elections in Greece, Allied observers should assist both at the polls on election day and in the operation of the returning machinery. The number of observers mentioned in the British aide-mémoire seems somewhat low, and this Government is now exploring the possibility of making available several hundred personnel for the purpose.

In the absence of extensive information on the Greek National Guard and Gendarmerie the Department is inclined to agree that the use of some British troops to supervise the polling would be advisable. A final decision on this matter, however, might await discussion between the British and the American Ambassadors in Athens.

WASHINGTON, July 5, 1945.

No. 446

868.00/7-745: Telegram

The Ambassador in the Soviet Union (Harriman) to the Acting Secretary of State

CONFIDENTIAL

Moscow, July 7, 1945—midnight.

2472. Sharp protest was made by Brit Ambassador\(^1\) in letter to Molotov dated June 6 (to Dept 2472 rpt Athens 31, London 348) regarding recent criticism in Soviet Press and radio of Greek Govt, Brit policy in Greece and conduct of Scobie and Brit troops in that country. Statement in Shalitov article in New Times June 15 on Greece described by Clark Kerr as misleading and hostile.

HARRIMAN

\(^1\) Sir Archibald Clark Kerr.
Greece

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No. 447

The Ambassador in Greece (MacVeagh) to the Acting Secretary of State

CONFIDENTIAL

ATHENS, July 9, 1945—7 p. m.

690. Glad this problem now receiving attention (urrtel 641, July 5). Fundamental local situation unchanged hence following preliminary comments recommendations offered against background mytel 132, Dec 8, 1944.

Believe Russian participation essential satisfy Left and this necessary allays [sic] suspicions, pacify country. Unable determine urrtel whether commission now envisaged would only supply "friendly observers" to influence by their presence and ultimately pass on fairness of Greek elections, or actually intervene in operation. Latter alternative, involving Allied assistance at polls and use of Brit troops to supervise polling, might justify Soviet view violation Greek sovereignty and also cause endless discussion here as to "undue influence". Have discussed this with Brit Chargé, Caccia, who agrees. Firmer alternative, however, not incompatible expressed desires all parties. EAM and KKE specially vocal demanding Allied "supervision" and this might be usefully recalled Soviet attention. Should Moscow remain firm against sending mission might not three Yalta powers jointly depute us [U. S.?] act alone this matter their name? This not discussed Caccia. Believe Partisan suspicions unlikely attach our action such conditions, but association with Brit to exclusion Soviets certain involve us in anti-Brit charges Partisanship if Leftists unsuccessful and render costly effort help Greece null.

Concerning proposed suggestion to Greek Govt that elections precede Plebiscite this would contravene provisions Varkiza agreement and Caccia feels his Govt more closely involved this agreement than us. He queries advisability intervening to upset it this particular specially as question relative timing elections Plebiscite highly controversial and wholly internal. Caccia has copy Dept's reply of FonOff's aide-mémoire but has not been asked comment.

If Commission constituted Dept's figures would not seem exaggerated for proper job and fully agree wisdom keeping diplomatic mission uninvolved.

MACVEAUGH

1 The gist of this message was included in telegram No. 19 of July 12 from Grew to Byrnes (file No. 740.00119 Potsdam/7—1245).
2 i.e. Allied supervision of Greek elections.
3 Not printed.
4 Document No. 445.

[No. 447]
No. 448

Memorandum by the Acting Secretary of State
[Extracts]

SECRET

[WASHINGTON,] July 10, 1945.

MEMORANDUM OF CONVERSATION

Subject: ... Greek elections.
Participants: The British Ambassador, the Earl of Halifax; Acting Secretary, Mr. Grew.

Lord Halifax called on me this afternoon and the following matters were discussed:

3. The Ambassador then discussed with me my recent aide-mémoire concerning the Greek elections.\(^1\) He said that with regard to approaching the Greek Government and eventually the Soviet and French Governments the British Government was in accord. The British Government did not, however, concur in our recommendation concerning the sequence of a plebiscite and the elections in Greece as it was felt that this was a matter for the Greek Government to determine. I asked the Ambassador if he would not like me to request Mr. Kohler to come in to the conversation in order to discuss the subject in detail but Lord Halifax said that he merely wished to leave his reply\(^2\) to our aide-mémoire and as it was self-explanatory he did not think we needed to discuss the details at this time.

A number of other matters were discussed informally but there was nothing of importance to place on the record.

J[OSEPH] C. G[REW]

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\(^1\) Document No. 445.

\(^2\) Document No. 449.

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No. 449

868.00/7-1045

The British Embassy to the Department of State\(^1\)

PARAPHRASE OF TELEGRAM FROM FOREIGN OFFICE TO WASHINGTON,
DATED JULY 9TH, 1945

The proposal that invitations to the Soviet and French Governments should be issued by the Americans and ourselves and not by

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\(^1\) This document bears the following manuscript notation: "Handed to Mr. Grew by the British Ambassador. July 10, 1945". A summary of this communication was included in telegram No. 19 of July 12 from Grew to Byrnes (file No. 740.00119 Potsdam/7-1245).
the Greek Government is not strictly in accordance with the Varkiza Agreement and it may cause some resentment on the part of the Greek Government. Nevertheless, I do not regard these objections as too serious and I am prepared to support President Truman's proposal\(^2\) particularly as time is getting so short.

2. I am, however, strongly opposed to the suggestion that we and the Americans should advise the Greek Government to hold elections before the plebiscite. My reasons for this view are as follows:

\(a\) this is essentially a matter of Greek internal politics and should be settled by them. Outside interference would probably be resented.

\(b\) opinion in Greece itself does not appear to have crystallized. We should be taking a very heavy responsibility on ourselves if we attempted to direct it one way or the other. This argument has special force since we should be advising a contrary course to that laid down in the Varkiza Agreement. This agreement is the only statement of policy which has so far been accepted by all parties in Greece and we do not wish to be the first to suggest that it should be modified in any essential way.

\(c\) if the plebiscite goes in favour of the King the consequences foreseen by the State Department may ensue, but it is by no means certain that these dangers would be avoided by holding the elections first and by delaying the plebiscite for six months. A better alternative might be to hold the plebiscite and elections on the same day. We ourselves have not yet made up our minds about the different alternatives and we should prefer to await the development of public opinion in Greece itself.

3. I hope the United States Government will agree, but in any case it does not appear that a decision on this point need be taken immediately. It is essential, however, that invitations should be issued this week in order that the matter may be discussed with the Soviet Government at Terminal and we therefore suggest that instructions should immediately be sent to the British and American representatives in Athens to approach the Greek Government on the lines suggested in paragraph five of the State Department's memorandum.\(^3\) We should, ourselves, be in favour of invitations being extended to France, though it appears probable that the French Government will in fact decline.

**WASHINGTON, July 10th, 1945.**

\(^2\) As contained in document No. 445.

\(^3\) Document No. 445.
No. 450

Washington, July 11, 1945—7 p. m.

SECRET

US URGENT—NIACT

670. Brit FonOff telegram July 9 to Brit Emb Washington repeated to Athens is favorable reply to Depts aide-mémoire summarized paragraph 3 Deptel 641 July 5. Brit Emb Athens being authorized make text or paraphrase available to you.

Briefly Brit accept proposal that invitations to supervise Greek elections be issued to Soviet and French Govts by US and UK Govts instead of by Greek Govt though procedure not strictly in accordance Varkiza Agreement.

Brit are "strongly opposed" to advising Greek Govt to hold elections before plebiscite as "this is essentially a matter of Greek internal politics and should be settled by them". Brit consider essential issuance invitations this week in order matter be discussed at imminent Big Three conversations and are in favor including France. Dept agrees and you are therefore authorized to approach Greek Govt along lines outlined Deptel 641, omitting suggestion that elections precede plebiscite. However, if you think advisable you may informally indicate to Greek Govt that Dept perceives no objection to modifying, reversing, or combining procedures for plebiscite and elections if mutually agreed upon by Greeks themselves.

As soon as Dept advised of Greek acceptance of principle, arrangements will be made for presentation to Soviet at Big Three meeting. Contemplated that US and UK Ambassadors in Paris will make simultaneous approach to French Govt. Dept will probably take steps in consultation with Brit Govt to issue public statement, as Depts memo on this subject approved by President states "it is believed important also that our willingness to fulfill the obligations we have assumed with reference to the areas in question should be made explicit and public".

Grew

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1 Document No. 449.
2 Document No. 445.
3 Not printed.
4 i.e., along the lines indicated in document No. 445.
5 Jefferson Caffery and Alfred Duff Cooper, respectively.
6 See document No. 444.
The Ambassador in Greece (MacVeagh) to Prime Minister Voulgaris

Athen[s], July 13, 1945.

EXCELLENCY: Under instructions from my Government I have the honor to inform Your Excellency that in view of Allied obligations to Greece and the undertakings at Yalta, as well as of Article IX of the Varkiza Agreement, the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland have agreed and are willing, in the event of such action being agreeable to the Royal Hellenic Government, to approach the Government of the Union of Soviet Socialist Republics and the Government of France with the proposal that the approaching Greek national elections be held under the supervision of the four Allies named.

My Government feels that if the Royal Hellenic Government accepts this invitation in principle, it should be possible to take up the matter with the Soviet Government during the immediately forthcoming international Conference at Potsdam, while the French Government could be approached at the same time by the United States and United Kingdom Ambassadors in Paris. I am therefore instructed to ask that the Royal Hellenic Government give it the earliest possible consideration.

In anticipation of Your Excellency’s reply, I have [etc.]

LINCOLN MACVEAGH

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1 Enclosure 1 to MacVeagh’s despatch No. 1349 to the Secretary of State, July 27, 1945. MacVeagh sent a summary of this communication and the text of Voulgaris’ endorsement (see footnote 2, infra) to the Acting Secretary of State in telegram No. 704 of July 13 (file No. 868.00/7-1345).

2 MacVeagh presented this letter to Voulgaris on the morning of July 13. The latter returned it at once with the following manuscript endorsement: “On behalf of the Royal Hellenic Government I agree[,] Athens, the 13th July, 1945 The Prime Minister Admiral P. Voulgaris”.

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No. 452

868.00/7-1445: Telegram

The Acting Secretary of State to the Secretary of State

SECRET [WASHINGTON,] July 14 [1945.]

US URGENT

22. Amb MacVeagh and Brit colleague called on Greek PriMin July 13 and presented identical notes stating “in view of Allied obligations to Greece and the undertakings at Yalta as well as of Article 9 of the Varkiza Agreement the Govts of the USA and the UK of Great Britain and Northern Ireland have agreed and are willing, in the event

[No. 452]
of such action being agreeable to the Royal Hellenic Govt, to approach the Govt of the USSR and the Govt of France with the proposal that the approaching Greek national elections be held under the supervision of the four Allies named"[.]. In reply PriMin immediately produced signed statement "on behalf of Royal Hellenic Govt I agree"[.] ¹

You may wish in consultation with Brit to inform Soviets of foregoing developments and express hope that USSR will aid jointly in carrying out Crimea responsibility to Greek people. In event Soviets object to procedure as challenging Greek sovereignty, it might usefully be recalled to their attention that Allied supervision would be in accordance with expressed desires all parties. EAM and KKE especially insistent on "Allied supervision". Quadripartite cooperation most desirable eventualty. However Amb MacVeagh suggests that if Moscow refuses send Mission US Govt might be deputed by Yalta Powers to act alone in name of Three or Four Great Powers. He feels Greek suspicions unlikely attach our action such conditions, but association with Brit to exclusion Soviets and/or French certain to involve US in anti-Brit charges by Leftists if Leftists unsuccessful in elections. This suggestion not discussed with Brit either Washington or Athens but we believe it merits serious consideration.

Brit suggest and we concur that approach to French Govt in Paris by US and UK Amb should be simultaneous with discussions at TERMINAL with Soviets. This message being repeated to Paris so that you may reference it and instruct Caffery directly to take action, repeating to Dept. Full background information cabled Caffery today.

Greek PriMin agreed to keep this matter completely confidential until given release by us, but would be grateful for some advance notice. MacVeagh hopes such notice possible in view PriMin's cooperation.

Assume most acceptable method public release would be joint communiqué from TERMINAL. In event Soviet refusal to participate or to delegate powers we propose Dept concert with Brit FonOff on agreed simultaneous release to be made Washington and London immediately following TERMINAL.

Sent to SecState for action as no. 22[.] Repeated to Paris for information and to Athens.

¹ Cf. document No. 451, footnote 2.
The Secretary General of the British Delegation (Hayter) to the Assistant Secretary of State (Dunn)

[BABELSBERG,] 15th July, 1945.

Dear Dunn, Since I wrote to you last night ¹ about the Greek elections we have heard from the Foreign Office that the Greek Government have agreed with the proposals made to them by the British and American representatives in Athens. The way is therefore open for invitations to be issued to the Soviet and French Governments. The Foreign Office have suggested to the State Department that the invitation to the Russians might be made to their representatives here on July 17th or 18th. This should give time for a Soviet reply to be received and for consideration of any action which might then be required by our two Governments before the end of terminal. The invitation to the French Government could be made in Paris on the same day.

The Foreign Office have proposed to the State Department a draft wording for the invitation, as follows:

"Article 59 [9] of the agreement signed at Varkiza on February 12th between representatives of the Greek Government and representatives of E. A. M. provides for the supervision by observers from the Great Allied Powers of the plebiscite and elections to be held in Greece. In view of this Article and of the undertakings towards the liberated countries assumed by His Majesty's Government and the United States Government in the declaration signed in the Crimea on February 11th His Majesty's Government and the United States Government are prepared to appoint observers to supervise the forthcoming plebiscite and elections in Greece. The Greek Government have agreed and have also agreed to the suggestion put forward by His Majesty's Government and the United States Government that the Soviet Government and the Provisional Government of France should be invited to share their responsibility in the supervision of the Greek plebiscite and elections. His Majesty's Government and the United States Government hope that the Soviet Government (Provisional Government of France) will agree to participate in joint supervision of the Greek plebiscite and elections."

Yours sincerely,

W. G. Hayter

¹ Letter not found.
RECOMMENDATIONS AND LATE DEVELOPMENTS

RELATIONS WITH ALBANIA, BULGARIA, AND YUGOSLAVIA

No. 454

The Ambassador in Greece (MacVeagh) to the Secretary of State
[Extract]

SECRET

No. 1213

ATHENS, June 23, 1945.

SIR: . . .

... I take pleasure in enclosing a copy of Mr. Cromie's first report in the form of a letter to me from Salonika, dated June 15th,1 together with a copy of Captain McNeill's first report which Mr. Cromie forwarded therewith. . . . Captain McNeill's report concerns partisan troop concentrations in Yugoslav Macedonia, a matter of extreme importance from the politico-psychological, as well as the military, point of view, and one regarding which it is most desirable to know the truth, if the truth can be known. Of particular note in this report would appear to be the statement that "no intensification of the autonomous Macedonian agitation in Greece has been detected" as a result of these concentrations, and the implication that Greece has more to fear, at least for the moment, from Bulgarian than Yugoslav disruptive penetration in its northern provinces.

Respectfully yours,

LINCOLN MACVEAGH

[Enclosure]

SECRET

[Undated.]

PARTISAN TROOP CONCENTRATIONS IN YUGOSLAV MACEDONIA

Source: Brigadier Hunt, CO 11 Brigade, 4 Indian Division, Salonika.

1. About 10 May 1945, Yugoslav Partisan troops began to move from central Yugoslavia into Yugoslav Macedonia, and by the end of the month two complete army corps were deployed within easy reach of the Greek frontier. According to information gathered by interrogation of deserters and other persons who have come across the border during the past month, both of these corps are under the command of an army headquarters established in the town of Štip. Each corps comprises at least two divisions; and they are relatively well equipped with German and Russian matériel. There is some artillery, but little or no motor transport.

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1 Not printed.
2. Detailed dispositions of the Partisan troops are not known to the British in Salonika; but it is sure that one of the two new corps is deployed around Bitolj (Monastir) immediately to the north of Florina; and the other is located between Lake Dojran and the Vardar River, within 70 miles of Salonika. The troops are Serb and Montenegrin. They were engaged in harassing the Germans until the beginning of May, and it seems probable that they are among the best of Tito’s troops. No special effort seems to have been made to keep the movement secret, though reliable numbers and unit identifications have been difficult to establish from the vague and conflicting reports available to the British in Salonika.

3. In addition to the newly arrived Serbian troops, Yugoslav Macedonia is garrisoned by a division of soldiers who were recruited locally, and by a “brigade” of ELASites who fled across the Greek border following the disarmament of ELAS. The division of Macedonians is poorly equipped, having nothing but small arms. It consists of two brigades, one of which formerly manned the frontier posts in the Monastir gap, while the other guarded the border between Lake Dojran and the Vardar. About the middle of May most of the frontier posts were taken over by the newly arrived Serbs, but the Macedonian division is still stationed near the border.

4. The ELAS brigade is believed to be concentrated near the town of Kievo (about 40 miles NNW of Bitolj). It consists mainly of members of Gotsi’s band (Slavic Macedonians recruited from the area around Florina, committed to the Autonomous Macedonia movement); but it has been considerably reinforced by Greeks who crossed the border individually and in small groups after the collapse of ELAS in Greece. The exact number of men belonging to this brigade is not known; but the British believe that they are not more than 2500. Morale is bad, and the ELASites are not sure whether they are in a concentration camp or whether they are a part of the Partisan army.

5. The arrival of the two Serbian army corps along the Greek border coincided with the period of friction between Tito and Field Marshal Alexander over Trieste, and the higher British commanders in Salonika were distinctly worried by the threat which such a large concentration seemed to offer. If Tito should wish to invade Greece, no force is available to stop him short of Salonika, and the British have made no effort to concentrate their own or Greek troops to meet an attack.

6. *Comment.* It is possible that Tito wished to threaten Salonika when he ordered two army corps into Yugoslav Macedonia. It is also possible that the movement merely reflects a readjustment of troop dispositions following the German surrender; and, if OSS reports
of the recent increase of Bulgarian influence in Yugoslav Macedonia are well founded, it may be that the Yugoslavs wished principally to reassert their control over this disputed area. No intensification of the autonomous Macedonia agitation in Greece has been detected, as might be expected if Tito intended immediate aggression against Greece. This fact is not conclusive, however, since the Independent Macedonia propaganda organization has hitherto been largely in Bulgarian hands, and Tito may not be in a position to use it, nor yet to improvise a substitute overnight.

No. 455

800h. 9111 R.R./S-2545: Telegram

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State

[Extract]

PLAIN

BELGRADE, June 25, 1945.

201. Current Macedonian press campaign is continued with lengthy editorial in Borsa for 25 June strongly condemning “Fascist reign of terror in Aegean Macedonia.” Methods used by EDES are compared to those of Hitler’s SS troops as well as those used by Greek reactionaries in latter half nineteenth century. Editorial states “attitude of Pan Greek Fascists toward those people (Macedonians) also includes unfriendliness toward Tito’s Yugoslavia and democratic achievements gained by our people in our war of liberation.” It is asserted that ample indications of Greek intentions are provided by slogans used by Greek terrorists such as “to Bitolj” or “we want all of Macedonia.” Editorial concludes that these provocations aim at justifications of Greek Government’s program “to liquidate anti-Fascist forces in Greece” but it is asserted that examples of Istria, Carinthia and Slovene Littoral are proof that Slavs cannot be eradicated. Editorial invokes Atlantic Charter 1 and Crimean 2 and Tehran declarations 3 in appealing for security of Greek Macedonia. Speech by Macedonian Bane Andreev, Minister for Mines in national Yugoslav Government, reproduced in Politiika for 24 June contains following remarks: “Boundary of Macedonia Istria; boundary of Serbia is Djevdjelia and beyond.”

Shantz

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1 Executive Agreement Series No. 236; 55 Stat. (2) 1603.
2 See vol. 11, document No. 1417, section v.
The Ambassador in Italy (Kirk) to the Secretary of State ad interim

TOP SECRET

CASERTA, June 29, 1945—5 p. m.

2814. Gen Oxley head Brit delegation ACC Bulgaria (re our 2540, June 9) has just returned from tour Sofia to Varna, going by route north of Balkan mountains and returning by more southerly route. Russians made strenuous efforts prevent Oxley or party to talk with anyone without presence of Russian officer.

In area north of Balkan mountains Russian troops have been seen in towns of Lovech, Trnovo and Shumen, although they may have been only advance parties preparing for future arrivals. No Russian troops have arrived at Varna or Burgas during past three months but there are and apparently have always been two Russian divisions this area.

Traffic outward from Varna and Burgas has consisted of food and ex-POW's and inward cotton and some airplanes. There is definite increase in numbers Russian troops south of Balkan mountains since Oxley's last visit in April. Every town and village west of Avtos showed signs of Russian occupation.

Towns of Sliven and Plovdiv were seething with Russian troops. At Plovdiv Bulgarian Army Commander was unable see Oxley because he was occupied with several Russian Generals. Accommodation requisitioning at Plovdiv has been extensive and it is reported Red Army HQ will be set up there.

Oxley met several columns and bivouacked units of Marshal Tolbukhin's Army which is beginning to trickle through Bulgaria. They may be returning Russia via Varna although there are no indications at latter place. Route to Varna via Plovdiv is in any case extraordinary.  

Oxley's summary impression was that Russian forces are massing in depth north from Greek and Turk frontiers.

Kirk

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¹ Not printed.
² For the other portion of this telegram, see document No. 693.

[No. 456]
The Ambassador in Italy (Kirk) to the Secretary of State ad interim

TOP SECRET

CASERTA, June 30, 1945—5 p. m.

2823. Gen Oxley head Brit Del ACC Bulgaria (our 2814, June 29 1) reports he is informed Russian division completed crossing of Danube at Ruse about three days ago and moved southward towards Trnovo and Shumen. Oxley’s tentative estimate of Russian troops in Bulgar is ten divs located roughly as follows:

Two divs Varna Burgas; two divs Sliven Kotel area; one div between Yambol and Turk frontier; one div Khaskovo Nomchilgrad; one div Plovdiv area; one div along road south from Gorna Dzhumaya; probably at least two divs north of Balkan Mountains. General opinion is that there are now 200,000 Soviet troops in Bulgar.

Oxley’s msg stated that in spite of doubtful veracity of many sources of info today, above is probably fair picture of situation and it is impossible to obtain any more accurate info.

KIRK

1 See documents Nos. 456 and 693.

No. 458

SECRET

ATHENS, July 4, 1945.

No. 1282

Subject: Developments in the North of Greece: Frontier Incidents and Anglo-Russian Relations.

Sr#: Following my despatch No. 1213 of June 23 1 entitled “Report on Developments in the North of Greece”, I have the honor to enclose herewith a copy of a recent secret report (No. R 125-45 of July 2) rendered to the War Department by the Assistant Military Attaché of this Embassy whom I have caused to be stationed temporarily in Salonika as a special political observer. This report discusses recent incidents, beginning with the 20th of May and ending with the 20th of June, occurring along both the Yugoslav and Bulgarian borders of Greece, most of which have been, as the report states, insignificant in themselves but which in the total are undeniably impressive, and which must be considered as having at least a psycho-

1 Document No. 454.
logical importance in connection with the present international situation in the Balkans.

In an appendix attached to the report the Department will find a list of the incidents treated, three of which Captain McNeill singles out for special consideration as having been particularly disturbing to the British authorities. Two of these occurred early in the period under consideration, and are credited by Captain McNeill with altering the British attitude toward the Russians in the entire area under consideration. "Up to that time they had regarded the frontier incidents more or less as pin pricks due to irresponsible guards", the irresponsibility being evinced on both sides. After May 30, however, "General Boucher decided to treat the Russians in the same way that they treated his own troops. The frontier was closed; and only upon prior notice and authorization from the ACC in Bulgaria, or the British Embassy in Belgrade, will Russians be admitted in the future..." and to avoid further incidents, British troops were forbidden to approach nearer than one mile from the frontier, without special permission."

Captain McNeill notes activity on the part of the Communist Party in Greece aimed apparently at intensifying this distrustful situation. This activity, he says, takes the form of spreading dissatisfaction among the Indian troops in the North, even going so far as "bribery, in the form of offers of money in exchange for weapons and ammunition". When he adds, however, that "British officers generally believe that the policies of the local Communist Party, as well as its monetary resources, stem from Russian sources, probably through the mediation of Bulgarian and Yugoslav agents", he should not be understood to mean more than he says. The fact reported is pertinent so far as it goes, since the belief of the British officers must be considered a psychological element in the situation. But, according to secret sources both British and American, no direct evidence has yet been found to prove financial connection between the Soviets and the KKE. It seems more likely that the latter, which together with its democratic "front", the EAM, undoubtedly continues to constitute the richest political organization in Greece, still derives its monetary resources from the gold contributed by the British to the resistance movement during the Greek occupation. The question of the extent of Russian influence on KKE policies is, of course, another matter, but even here "stemming from Russian sources" may be taken to mean too much. Captain McNeill's final words in this connection are, "KKE couriers between Bulgaria and Greece have been intercepted on two occasions, but the documents in their possession were both times of a relatively innocuous nature." Possibly the Russians,

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2 Ellipsis in the original.
who are showing themselves in these days to be supreme realists, do not feel it necessary, in order to keep the leftist pot here boiling merrily, to do more than fan the flames with a sympathetic press and radio and keep the local communists in a constant state of hopeful expectation of more definite assistance to come.

In conclusion Captain McNeill shrewdly suggests that the Russians, "unaccustomed to the subtlety of a free press" may suspect the British of backing present Greek agitation for territorial revision (see my despatch No. 1228 of June 16 entitled "Continuing Agitation regarding Greek Territorial Claims" 3). But he adds with wisdom that "the behavior of the Bulgarian and Yugoslav frontier guards, and of the Russians in Bulgaria, has certainly not been such as to inspire confidence on the part of the Greeks and British, and, under present circumstances, the Northern Greek frontier is a constant irritant, not only to Greco-Bulgar and Greco-Yugoslav, but also to Anglo-Russian relations."

The Department will note that Captain McNeill's report does not cover the situation on the Greek northwestern frontier with Albania. This situation, which has evoked excited allegations on the part of the Greeks of a definite plan to exterminate the Greek population of northern Epirus, is more difficult to appraise from here because most of the alleged trouble is located on the Albanian side of the border. Also the lack of military forces in the area has so far kept this trouble from touching directly on the British nerve. But that it may eventually become a problem necessitating attention by the Great Powers seems only too likely and separate despatches will be forwarded shortly in its regard.

Respectfully yours,

LINCOLN MACVEAGH

[Enclosure]

SECRET

No. R 125-45

[SALONIKA?], July 2, 1945.

1. During the past two months, British officers stationed in Northern Greece have felt a growing impatience and distrust of Russian behavior toward them. This irritation has arisen chiefly from a series of frontier incidents in which British and Greek troops were treated more as enemies than as allies. In retaliation, British authorities decided early in June not to admit any future Russian parties which might wish to visit Greece unless such visits were authorized by Allied Control Commission, Sofia. . . . A further index of worsening relations lies in the fact that, about a month ago, the Communist Party in Northern Greece began a campaign of propaganda, rumors,

* Not printed.
and bribery designed to demoralize the British and especially the Indian troops which are stationed there.

The Frontier Incidents:

2. Most of the clashes on the northern frontier of Greece are, in themselves, quite insignificant. (See list for 1 month period, 20 May–20 June, Appendix A.) They seem to arise chiefly from cockiness on the part of the Bulgarian frontier guards (due to real or imagined Russian support); and involve nothing more serious than smuggling and cattle rustling. There have been, however, three incidents during the past six weeks which have disturbed the British authorities. These incidents are: Capt. Gill's loss of a jeep north of Komotini; the arrest and interrogation of a patrol which blundered into Bulgaria; the arrest and detention of Mr. King, the British Consul in Salonika when he stepped across the Yugoslav frontier.

3. On 15 May 1945, Capt. Gill, an Indian of the 2/11 Sikhs, was detailed to supervise a Boy Scout picnic, which was transported in British army vehicles to a picnic place within sight of the Bulgarian frontier post on the road North of Komotini, Thrace. He drove ahead in his jeep to tell the Bulgar guard that his party was only a Boy Scout picnic, not the advance guard of an invasion; but when he came up to the Bulgar post (perhaps 30 yds beyond an unmarked frontier line), he found himself covered by rifles, was ordered to fold his arms and wait. After five hours a Russian officer arrived at the frontier post and released Capt. Gill, but kept the jeep. Repeated representations to the ACC in Sofia have not yet secured the return of the jeep.

4. On 29 May a mixed British-Greek patrol in 3 carriers misread their map and crossed over into Bulgaria (at Topoinitsa, NE of Serres). About 100 yards across the boundary, the patrol was surrounded by a Bulgarian force, and after some delay was escorted to a Bulgarian barracks in Petritsi [Petrich?]. On the following day a Russian colonel and another officer came from Sofia, and proceeded to interrogate the members of the patrol separately. Questions were asked about British and Greek troop distribution and strength, unit identifications, morale, equipment, whether or not British troops were going to the Far East, economic conditions in Greece, the strength of ELAS, etc. With the exception of the Greek interpreter, all the members of the patrol refused to give any information, despite some threats directed against the Greek soldiers. Following the interrogation, the Russian officers left, and two days later (1 June) the patrol was brought back to the frontier and released (with the carriers). Before release, however, the interpreter was required to sign a statement to the effect that he had not been interrogated and had been well treated. Note: It appears that the Bulgarian frontier guard
reported the three carriers as tanks, and thought the patrol was the spearhead of an invasion. They were most surprised to find the carriers unarmed, and believed at first that the armament had some-how been jettisoned before capture.

5. On 17 June, Mr. King, the British Consul in Salonika, went picnicking north of Ardea. He and two Red Cross nurses walked up toward the frontier, stopped short of a barbed wire entanglement which they took to be the boundary mark, and fell into conversation with some Yugoslav frontier guards. When Mr. King prepared to leave, the guards told him that he was inside Yugoslavia (by about 20 yards) and refused to permit him to retire without approval from higher authority. High enough authority for Mr. King’s release was not found short of Bitoli, and he and the two nurses were not finally returned to Greece until a week later. Having walked the distance from the frontier to Bitoli (the nurses rode on requisitioned mules), Mr. King and his party rode back to the frontier in a broken down civilian car. They were not interrogated; saw but had no dealings with a Russian mission in Bitoli.

British Retaliation:

6. The turning point in the British attitude toward the Russians came after the interrogation of their patrol on 30 May. Up to that time they had regarded the frontier incidents more or less as pin pricks due to irresponsible guards. Russian parties had been allowed to cross the Greek frontier on several occasions upon the presentation of identification papers, and Russian deserters had not been interrogated, but were handed over to the Russian mission in Athens.

7. As soon as the details of the interrogation of the patrol were known, General Boucher decided to treat the Russians in the same way that they treated his own troops. The frontier was closed; and only upon prior notice and authorization from the ACC in Bulgaria, or the British Embassy in Belgrade, will Russians be admitted in the future. (Despite this order, a party of 4 Russian officers and a driver bluffed their way across the Bulgarian frontier 24 June, and “disappeared” as far as the British knew until they turned up in Athens two days later.) . . .

8. To avoid further incidents, British troops were forbidden to approach nearer than 1 mile from the frontier, without special permission.

Policy of the Communist Party in Greece toward British troops:

9. A further factor which disturbs the British in their relations with the Russians is the current effort of the Communist Party to demoralize British troops. The effort has been directed especially toward the Indians, and takes the form (a) of rumors (e. g., the British
will not allow Indian soldiers to return to India, having sunk the last three ships which were carrying Indian troops home); (b) of propaganda against the British Raj, advocating immediate independence for India; and (c) of bribery, in the form of offers of money in exchange for weapons and ammunition. British officers generally believe that the policies of the local Communist Party, as well as its monetary resources, stem from Russian sources, probably through the mediation of Bulgarian and Yugoslav agents. KKE couriers between Bulgaria and Greece have been intercepted on two occasions, but the documents in their possession were both times of a relatively innocuous nature.

Comment:

10. It must be borne in mind that Greek newspapers of the Right constantly speak of frontier revisions, and of a Greek-British campaign against Sofia. Doubtless the Russians, unaccustomed to the subtlety of a free press, suspect that the British back such a scheme. The interrogation of the British patrol came, in fact, only a few days after a leading Salonika newspaper had announced under banner headlines that British and Greek troops were about to invade and occupy Bulgaria, so that the Bulgarian frontier post had some slight excuse for regarding the patrol as a spearhead of invasion.

11. Nevertheless, the behavior of the Bulgarian and Yugoslav frontier guards, and of the Russians in Bulgaria has certainly not been such as to inspire confidence on the part of the Greeks and British, and, under present circumstances, the Northern Greek frontier is a constant irritant, not only to Greco-Bulgar and Greco-Yugoslav, but also to Anglo-Russian relations.

Approved and forwarded.
Sterling L. Larrabee,
Lt. Colonel, G. S. C.,
Military Attaché.

William H. McNeill,
Captain, C. A. C.,
Asst. Military Attaché.

[Appendix A]

SECRET

20 May Eight Bulgar soldiers occupied the Greek frontier post at Tsingeli (north of Alexandroupolis). Greek National Guard protested to Bulgarian Captain, who withdrew his men.

22 May Patrol of 167 Greek National Guard (1 officer, and 10 men) wandered into Bulgaria north of Komotini by mistake. They were arrested, but released when mistake was explained.

[No. 458]
23 May National Guard patrol was ambushed by Bulgarians North of Komotini at a point within Greek territory. Patrol was searched, interrogated and then released. Bulgarians said they had mistaken the Greek soldiers for smugglers.

29 May Patrol of Camerons (10 British OR's and 5 Greek National Guard) were captured by Bulgars when they crossed frontier by mistake northeast of Serres. Patrol was escorted to Petritsi, interrogated by Russian officers, released 1 June.

30 May Patrol of First Royal Sussex fired on from Bulgarian territory by light machine gun. No casualties. Bulgarians explained that they had not seen troops in that area previously, and thought they were about to cross into Bulgaria.

30 May Yugoslav border guards seized a Greek civilian and his donkey near Gevgeli, in a place which Greeks claim to be part of Greece and Yugoslav guards say is in Yugoslavia. Man has not been returned.

31 May National Guard reports that two Bulgarian soldiers crossed Greek frontier north of Xanthi, kidnapped two Greek civilians, and took them to Bulgaria.

1 June Bulgars scuttled back across Greek frontier upon approach of British patrol. Claimed they had been seeking water.

4 June Patrol of Greek National Guard fired on by Bulgars in area north of Drama, about 4 kms. inside Greek territory. Bulgars withdrew when fire was returned. No casualties.

9 June Seven Bulgarian soldiers crossed Greek frontier north of Ano Parroia, beat a Greek shepherd and stole a few of his sheep.

10 June Several armed Bulgars crossed the Greek frontier north of Potomoi, asked a Greek cowherd about British troops in neighborhood. When told there were British close by (falsely) they moved off northwards.

10 June Bulgarian civilian crossed Greek frontier in northern tip of Evros province. When Greek told him to get back to Bulgaria, Bulgarian frontier guard came across the line and beat up the remonstrating Greek.

13 June One officer and 7 men of the Greek National Guard crossed Bulgarian frontier north of Potomoi to the Bulgarian frontier post. The patrol was sent out to reclaim 700 goats which had been stolen by Bulgarians some days before; and arrangements had been made.
with Bulgaria frontier post to effect the return. But when National Guard patrol had just crossed the line, Bulgarians ambushed them, killed two of their horses, and took the patrol prisoner. One of the men was released on the night of 14 June, and release of the rest was promised. But neither men nor goats have yet been returned (27 June).

17 June Mr. King, British Consul in Salonika, was taken prisoner by Yugoslav border guards North of Ardea when he crossed over the frontier inadvertently. Held for a week, he was returned to Greek frontier post north of Florina on 24 June.

18 June Three Bulgarians (2 soldiers and 1 civilian), crossed Greek border near Koula, attacked a Greek shepherd and stole some clothing from him. Greek frontier guard opened fire, and Bulgarians escaped across the border.

20 June Six Greek civilians were kidnapped near Albanian frontier, and taken to Bileshte in Albania (south of Lake Mikra Prespa).

No. 459

740.00119 Control (Bulgaria)/7-345: Telegram

The Ambassador in Italy (Kirk) to the Secretary of State

SECRET

Caserta, July 3, 1945—11 a. m.

2846. Our 2832, July 1.¹

Oxley ACC Bulgar Brit Del has reported that previous figs on Bulgar Army strength should be revised to read 13 inf divs, 1 cavalry div, 1 guards div at Sofia, 1 armored div in process of formation.

Red Army strength in Bulg today estimated at 250,000 men.

Most Sov aircraft are reportedly in Bulg, and airdromes north and south of Balkan Mts will be taken into use. Bulg War Min info bulletin gives Brit strength in Greece at 9 motorized inf divs, 4 in Greek Thrace and 5 in Turk Thrace. Obviously Russians who travel extensively in Greece know these figs are false but may agree to their publication in order to justify great increases of Sov troops in Bulg.

Kirk

¹ Not printed.
RECOMMENDATIONS AND LATE DEVELOPMENTS

No. 460

860.009 RR/7-945 : Telegram

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State

[Extracts]

BELGRADE, July 9, 1945.

251. Borba and Politika July 8 feature speeches of government officials at meetings throughout Serbia on anniversary of Partisan uprising in 1941.

Borba prints three-column editorial against expansionist threat of "leading political circles in Greece" and prints Greek map showing a greater Greece including Yugoslav Macedonia, half of Albania and Bulgaria, and all of European Turkey. Editorials Blagojević concludes: "The peoples of Yugoslavia, Albania and Bulgaria naturally cannot be indifferent to the course of events in Greece today. The extensive Fascist reign of terror imposed upon the minorities of Greece and open imperialist propaganda directed against the integrity of neighboring Balkan countries brings into question relations between our countries and Greece during a fairly pressing phase which demands a speedy solution."

SHANTZ

No. 461

898.067-1045 : Telegram

The Ambassador in Greece (MacVeagh) to the Acting Secretary of State

CONFIDENTIAL

ATHENS, July 10, 1945—8 p.m.

695. Referring Tito broadcast July 8 stating Gks firing across border trying provoke Yugos while "thousands and thousands" Macedonians and Gks being fed Yugoslavia after escaping terror

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1 The gist of this message was included in telegram No. 19 of July 12 from Grew to Byrnes (file No. 740.00119 Potsdam/7-1245).

2 The reference is to the following passage in a broadcast by Tito, transmitted at 1:30 p.m. E. W. T., July 8, here reprinted from "Daily Report, Foreign Radio Broadcasts, Monday, July 9, 1945" (Washington, Federal Communications Commission, Foreign Broadcast Intelligence Service, mimeographed, 1945), p. S-8:

"Unfortunately our relations with our neighbor, Greece, are not very sound. Our peoples have the greatest sympathy toward Greece because the Greek people in their critical years showed, like the peoples of Yugoslavia, unexampled heroism in the struggle against the German-Italian invaders who wanted to enslave them. The Greek people had [have?] the misfortune of having again on top various reactionaries who are oppressing, not only the Slav people in Macedonia but also the Greek people themselves.

"A few days ago the Greek Minister of Interior declared that not a single Greek or Slav from Greece had passed the frontier to seek refuge in Yugoslavia. Today,
Grk reactionaries, PriMin called today express concern alarm. Said intends fly Salonika tomorrow returning Thurs purpose determine facts personally. Plans give trip no publicity likely complicate situation, but intends make temperate factual broadcast on return.

American observers north Greece fail confirm Tito statements. Disturbed conditions both sides border plentifully reported past months but no recent accentuation while figures given refugees unquestionably fantastic.

Local political struggle intensified ideological grounds. Press public deeply stirred. Right and center accusing Tito waging war nerves Grk national aspirations, call tactics reminiscent Axis methods. Left omitting comment specific charges gladly hails fresh evidence Russia’s Tito’s knowledge Grk patriots persecuted and scores anti-Soviet policy Grk reactionaries.

MacVeagh

here before all of you, I say that there are thousands and thousands, not only of Macedonians, who took refuge in Yugoslavia but of Greeks, real Hellenes, who today live in Vojvodina, where we have put them so that they could be better fed. They escaped from the terror of the Greek reactionaries. Thus by these facts I refute the statement of that Minister who wanted to deceive the world.

"I may say today here that in spite of all our wishes to maintain the best of friendship with Greece on our Greek frontier, without any reason Greek provocateurs, reactionaries, and troops are firing from mortars across our frontier, trying to provoke us. We look calmly on all this. We do not respond to the provocations of the reactionaries because we know they are hated by the Greek people themselves.

"I believe that the Greek people will gain their freedom. We will not succumb to any provocation. This does not represent any danger but it shows only how democracy works in Greece. This is what they show by their provocations. Accordingly, when I speak of our relations with other countries, it is clear that Yugoslavia has made many friends whom she did not have prior to this war and that she will continue on this road and strengthen these relations."

Petros Voulgaris.

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860b.9111 RR/7-1145: Telegram

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State

[Extract]

PLAIN

Belgrade, July 11, 1945.

261.

Borba sharply criticizes Reuters for attitude of “protectionism” and “inclination contrary to fact” in favor of Greeks during Yugoslav-Greek dispute on treatment of Macedonians in north Greece. Editorialist denies charge of Reuters editor that Yugoslavia wishes to make territorial claims on Greece and hence press campaign by pointing out alleged expansionist ambitions of Greek chauvinist officials. He admits that Yugoslavs and “all true democrats” are
against Athens Government and that Yugoslavia hopes question of Greek misrule in Macedonia will be subject of "international forum" if not Big Three Conference.

No. 463

$68.00/7-1445 : Telegram

The Ambassador in Greece (MacVeagh) to the Acting Secretary of State

CONFIDENTIAL

ATHENS, July 14, 1945—2 p.m.

708. Prime Minister's broadcast June [July] 12 following Salonika visit (my telegram 695, July 101) insisted complete quiet prevails northern Greece and no "arbitrary acts" have occurred Greek side border. Stated Greece has "strong allies and sincere friends" and expressed confidence Greek integrity and national claims not endangered. Strongly condemned Bulgarian war atrocities but stressed cordial relations Yugoslav Greek peoples and added official Yugoslav Greek relations will improve when "freely elected" representatives can meet. Local press public opinion exception KKE (Communist Party) applaud PriMins firm moderate stand. KKE organs reprint speech without comment.

Referring general situation, ex ELAS (National Popular Liberation Army) General Bakirdzis following conference with KKE chief Zachariades told OSS agent Athens July 10 "Russia will take positive action to obtain stronger hold over Turkey regardless of what Britain does". Correlating this with Belgrade reports, OSS feels agitation Greek frontier may be smoke screen conceal preparation attack Turkey.

MacVeagh

1 Document No. 461.
ITALY

GENERAL POLICY, REVISION OF SURRENDER TERMS, AND
CONCLUSION OF A PEACE TREATY

No. 464

740.00119 (Potsdam)/S-3446

Briefing Book Paper ¹

TOP SECRET

[Undated.]

ITALY

(a) Redefinition of Policy and Interests in Italy

Our objective is to strengthen Italy economically and politically so that she can withstand the forces that threaten to sweep her into a new totalitarianism. Those forces are: economic distress; national humiliation; uncertainty regarding British intentions toward Italy and American readiness effectively to implement friendly policy; the power and will of the USSR as typified in Tito’s nearly successful move in Venezia Giulia;² internal political confusion and a well organized Communist party; the absence of any machinery for, and indeed any real experience of, democratic government; the knowledge that American troops are being withdrawn and with them the assurance of disinterested protection.

Italian sympathies naturally and traditionally lie with the western democracies; with proper support from them Italy would tend to become a factor for balance in Europe. Her strategic position and economic ties with the Danubian countries would probably make it impossible for her ever to become a purely British sphere of influence, even were that desirable. She would naturally tend toward a balance between east and west, and to encourage such a balance would be wise. With reasonable economic well-being, sound government, and fair treatment by the victorious powers a violent ideological swing to right or left could be discounted. A moderate left movement is not only inevitable but should be encouraged so as to give scope to the essentially sound peasant and laboring classes and in order to avoid exasperating by vain opposition a natural trend.

¹ Annex 6 to the attachment to document No. 177.
² See document No. 558.
If the western Allies are to achieve these objectives they must take immediate steps to improve Italy's economic and political situation. These steps, covered in separate memoranda,\(^3\) fall into two categories:

1. Urgent economic assistance to enable Italy to stand on her own feet again. This assistance falls into three main categories: transportation, coal, and raw materials.

2. Political action to raise Italian morale, make an authoritative government possible, and permit Italy to become a responsible participant in international affairs rather than the ward or the victim of the victorious powers.

\((b)\) Revision of the Surrender Terms

The anomalous status of cobelligerent and unconditionally surrendered enemy hampers every effort both by the Allies, and by Italy herself, to improve Italy's economic and political situation. Any plan to provide credits for essential Italian imports will involve discussions of Italy's status in Congress and Parliament. No Italian Government can establish its authority and prestige at home as long as it is bound by the still secret terms of unconditional surrender. Every move to bring Italy back into the family of nations is opposed on the ground that she is an ex-enemy. This anomaly can be finally solved only through the negotiation of a definitive peace treaty, which would at best require some months. Meanwhile, however, the Italian internal situation and our own efforts would be greatly facilitated by some immediate interim arrangement whereby the agencies of the Allied Governments would have a clear cut policy directive and the Italian Government would have tangible recognition of Italy's substantial contribution toward the defeat of Germany.

Only on a military level, without necessity for approval by all our allies or reference to treaty-making bodies, does an interim arrangement seem immediately feasible. Revision of the surrender terms is suggested for that reason and also because of mounting pressure for their publication. Publication, unless accompanied by announced improvement in Italy's status, would have a demoralizing effect inside Italy, would lead to agitation by groups in this country, and might well be exploited against us by certain foreign powers.

It is therefore recommended that the short terms\(^4\) and the numerous obsolete clauses of the long terms of surrender\(^4\) be terminated and replaced by two simply worded undertakings on the part of the Italian Government in substance as follows:

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\(^3\) Not included in the Briefing Book. For one of the memoranda referred to, see document No. 466.

\(^4\) i.e., the Conditions of an Armistice signed at Fairfield Camp, Sicily, September 3, 1943 (Treaties and Other International Acts Series No. 1604; 61 Stat. (3) 2740).

\(^5\) i.e., the Instrument of Surrender of Italy, signed at Malta, September 29, 1943 (Treaties and Other International Acts Series No. 1604; 61 Stat. (3) 2742).
1. The Italian Government will refrain from any hostile action against any of the United Nations pending the conclusion of a treaty of peace.

2. The Italian Government will maintain no military, naval, or air forces or equipment except as authorized by the United Nations and will comply with all instructions issued by the United Nations on the subject of such forces and equipment.

Allied rights as occupying powers would be terminated except in the areas to be occupied indefinitely (disputed border areas, certain bases, lines of communication, and the colonies). They would be replaced by specific arrangements covering our requirements for redeployment, for maintenance of forces in AMG territory, and for safeguarding our lines of communications to Germany and Austria.

Allied rights to intervention in purely internal Italian political and economic affairs would also be terminated. Control of foreign trade and foreign financial transactions should likewise be terminated.

There would be retained such provisions as those obligating Italy to pay reparations and restore looted property, suppress fascist organizations, repeal discriminatory laws, and surrender war criminals. Clauses which provide a basis for our position regarding war booty and occupation costs, which are matters of final settlement, would also be retained.

The new agreement would become effective simultaneously with the withdrawal of AMG from Northern Italy and would be made public together with the long terms. The Allied Commission would continue to represent the Allies in regard to Italian compliance with the new agreement.

Any undertaking which it might be desirable to obtain from Italy in the immediate future should be secured in connection with the modification of the armistice. It will, for example, probably be useful to obtain assurances of cooperation in the wartime economic controls of the Allies and an undertaking to accord non-discriminatory treatment to nationals, property, vessels, and commerce of all United Nations.

It is also recommended that at the same time the abolition of the Advisory Council⁶ should be announced. This body has performed no useful functions and recently, chiefly through the activities of the Yugoslav representative, has had a certain nuisance value. Its existence has moreover afforded the Yugoslavs and Greece representation in Italy without having to re-establish any form of diplomatic relations with the Italian Government. Should it be decided that further efforts to use the existence of the Advisory Council were not worth the trouble, it would be better to get rid of it now.

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[No. 464]
Council for Italy as an argument in obtaining adequate representa-
tion for ourselves and the British in Soviet-controlled territory are
futile, the only remaining reason to maintain this body in Italy
would disappear.

(c) Conclusion of a Definitive Peace Treaty with Italy

We have agreed with the British to consider negotiations for a
definitive peace treaty, and both governments are formulating their
desiderata.

Early negotiations are desirable, especially in view of the intention
to withdraw our forces from Italy and of the necessity for putting
an end to the question mark concerning Italy's future. We must,
however, avoid (a) hasty solutions dictated by animus toward an
ex-enemy, territorial ambitions, or contingent political situations
rather than by serious evaluation of the interests of future peace;
and (b) a "dictated" as opposed to a "negotiated" peace by allowing
the Italians themselves to come into the negotiations and present
their case before every term has become crystallized through a
process of discussion, disagreement, and ultimate irreducible com-
promise among the victorious powers, all of whom, except ourselves,
will have booty of some sort to claim. Italian participation would
remove any future pretext for Italian repudiation of the treaty on
the argument that it was dictated.

We believe the treaty should be negotiated by the United States,
Great Britain, the Soviet Union, France, Greece, Yugoslavia, Ethi-
opia, and Italy.

The negotiation of a final treaty, especially if it meets the above
requirements, will be protracted. Therefore, we should proceed to
a revision of the surrender terms as an immediately feasible and
urgently needed interim step.

It is recommended that we seek the agreement of the Soviets and
the British to place this matter on the Agenda of the first meeting of
the proposed Foreign Ministers Council.
Memorandum by the Joint Strategic Survey Committee of the Joint Chiefs of Staff

TOP SECRET

[Undated.]

WHEN SHOULD WE AGREE TO MAKING THE PEACE TREATY WITH ITALY AND WHAT TERMS SHOULD BE AGREEABLE TO THE UNITED STATES?

The Joint Strategic Survey Committee is in agreement with a statement of the Acting Secretary of State, that it is to the advantage of this government "to assist and encourage the conversion of Italy into a stable, peaceful and constructive element among the nations of Europe." Consequently, "some constructive steps should be taken to move away from the present anomalous situation of onerous and obsolete surrender terms which are no longer pertinent to the situation today." However, it appears that the Department of State is now considering the matter of permanent settlement of Italian frontiers in Europe and Africa. This Committee wishes to point out that such negotiations concerning frontiers should be approached with great caution and initiated only with a clear understanding of the political-military considerations involved. There is little in recent events or problems in Europe and the Mediterranean area to justify the assumption that negotiations concerning Italian frontiers can be carried through without strong reactions and possibly bitter disagreement among our Allies. Such conditions, at best, would not help in the war against Japan, and might, in fact, prejudice our efforts by keeping in Europe larger United States forces than now intended.

1 This memorandum was prepared in response to a request from Leahy (document No. 155) for recommendations which would be "useful to the President in preparing himself for the [Berlin] conference." It was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: "These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff." Leahy subsequently passed it to Truman.


[No. 465]
The Acting Secretary of State to the President

SECRET

[WASHINGTON,] June 18, 1945.

MEMORANDUM FOR THE PRESIDENT

Subject: Principal Questions of Policy in the Treatment of Italy

During the twenty months since Italy became a co-belligerent this Government, in acknowledgment of Italy's very real contributions to the war and in recognition of the importance of a soundly democratic Italy in achieving general European security and stability, has sought by various means to promote Italian political and economic well-being. The purposes of the program have had wide support in American public opinion, but the measures taken have been inadequate to serve those purposes effectively.

The long-range objective, from the point of view of our national interest, is to enable Italy to become a constructive element in a peaceful Europe. To reach this objective both the political and the economic planning need a more vigorous and realistic treatment.

The problem is immediate. In northern Italy, with its large and restless population in industrial areas left idle and more or less free from military controls, the liberation has not been followed by constructive measures. Anarchy may result from the present economic distress and political unrest unless the work is taken in hand without delay.

There follows an outline of the present situation which is submitted for your approval.

In the economic field the main problems are coal and credit. It is important to note that northern Italy was not badly devastated and that with only moderate support from abroad for the supply of coal, certain key raw materials and transportation equipment the Italians can themselves undertake the major effort in restoring industry and agriculture to production and reactivating the transportation system. The need is urgent, since the program of military expenditure will be terminated within the next few months.

It is evident that even in what remains of the present period of joint responsibility the British will not be able to carry an equal share of economic help to Italy; with the termination of joint activity British resources will be still more difficult to obtain for Italian relief.

A proposal is now in consideration for the use of $100,000,000 of FEA funds from its 1946 lend-lease appropriations, which would be transferred to the War Department to carry the Army supply program forward to November or December, if there is military justification
for its extension to that time. In any case we must now determine what type of financial assistance should be made available to enable Italy to meet its essential import requirements after the military program is terminated.

If UNRRA funds are to be used, a larger American contribution to UNRRA would be necessary, and the allocation of the funds would have to have the approval of the UNRRA Council as well. Loans through the Export-Import Bank, which would in any event be needed to supplement an UNRRA relief program, a direct grant or credit by Congressional appropriation (perhaps including other liberated areas as well) or some new type of relief scheme seem to be the only alternatives.

For any of these projects it would be necessary to set forth, for Congress and for public opinion, the reasonable expectations for an improvement of conditions in Italy, under the Allied machinery now operative. The political situation is equally disturbing, and this at a time when Allied military forces are preparing to withdraw, though we still have important political and economic responsibilities in the administration. The following reforms or projects are considered essential:

1. More rapid progress in converting the Allied Commission from a military to a civilian organization, with a more dynamic American participation, in order to make sure that American ideas and plans are given real effectiveness. The proposed change in the position of the Chief Commissioner, discussed in a separate memorandum, is an important step in this direction;

2. Rapid diminution in the control authority, to place greater responsibility and initiative with the Italian Government;

3. Revision of the Armistice terms. The Department is now working on this matter, the project being to strip down the present document, many clauses of which are no longer applicable, thus providing a more realistic document as a basis for a modus operandi pending the conclusion of a definite settlement. This will require inter-Departmental agreement, negotiation with the British Government, and consultation, at least, with the USSR;

4. Preparation of a general settlement. This is a longer range project, preliminary work on which has started. The British are agreeable to the idea and are also working on a draft;

5. A program of guidance for the Italian Government in arranging for local elections, to precede general elections, and the convocation of a constituent assembly. The real “liberation” of Italy and establishment of democratic government can only be achieved when these civic responsibilities are assumed by the people. The earlier idea of physical supervision or control of elections by Allied administrators and indefinite postponement of constitutional and institutional questions (the Crown) seems no longer practicable.

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1 See document No. 482, footnote 2.
In the measure that progress can be made with these projects the reintegration of Italy in the family of nations (United Nations status, membership in the ILO, etc.) and the consequent self-reliance and initiative in political and economic rehabilitation can be facilitated.

If you approve of action along the foregoing lines, the Department will submit detailed recommendations for a solution of the principal problems.

JOSEPH C. GREW

No. 467

740.00119 Control (Italy)/6-2745

The Ambassador in Italy (Kirk) to the Secretary of State

SECRET

Rome, June 27, 1945.

No. 1805

Subject: Future Allied Policy Toward Italy.

Sir: I have the honor to transmit herewith for the information of the Department a copy of a report prepared in the Allied Commission for the Supreme Allied Commander, Mediterranean Theatre, on the subject of the future Allied policy toward Italy and to suggest that it be read in connection with the reports from this Embassy ¹ on the matter of the substitution of a simple interim arrangement for the present armistice regime in Italy and the establishment of a Tripartite Economic Advisory Council.

Respectfully yours,

A. KIRK

[Enclosure]

The Chief Commissioner of the Allied Commission (Stone) to the Supreme Allied Commander, Mediterranean (Alexander)

SECRET

23 June 1945.

CC 1001

Subject: Future Policy Toward Italy.

1. Italy is at the parting of the ways. Defeated in 1943, she has been fought over and occupied by Allies or Germans for two years; she has suffered civil war in the North where partisans have fought Fascists, and Republican troops have been in battle against the new Italian Army. She is split into eight conflicting political parties with membership of less than 10 per cent of the population and no outstanding leader has come to the fore; she has had five Governments since September 1943; a million of her men have been in exile either as slave labor or as prisoners of war; more than half a million

¹ Not printed.
of her people have suffered dislocation of home; her financial position is precarious; her economy has been totally disrupted; she has no merchant fleet and few foreign markets; without coal and raw materials she faces unemployment amounting to several millions; the country is full of arms illegally held. Like other European countries devastated by the war, the ground in Italy is fertile for the rapid growth of the seeds of an anarchical movement fostered by Moscow to bring Italy within the sphere of Russian influence. Already there are signs that, if present conditions long continue, Communism will triumph—possibly by force.

2. Communist growth cannot be blocked by restrictive or repressive measures. Since the conditions which engender it are both material and moral, the only hope of restraining it in Italy is to ameliorate these conditions—to assist Italy economically, and to lift her morale by admitting her to a position of respectability in the family of nations.

3. It can be argued that the expiation of Italy’s crime of 1940 must rightly be prolonged: indeed, her defeat and the course of battle since 1943 have tended to ensure that. Circumstances, if not the will of the United Nations, will see to it that she will not revert again to the artificial position of a great power which Mussolini’s regime achieved. But already her people have shown, by their profession and acts of co-belligerency with the Allies, not only in the armed forces of the post-armistice Italian Government, but among the Partisans in the North, that they are willing to abandon totalitarianism and work for the same freedoms as the Allies who liberated them. The great majority of Italians desire to see a democratic Italy. They will only permit Communism to take hold because of fear—since that party is the best organized and best armed in the country—or because of apathy arising from a generation of non-participation in democratic political life, the shame of defeat, and the results of privation. Their efforts to attain democracy may be ineffective compared with others: they may appear self centered, and, like many liberated peoples, show scant gratitude to their liberators. But unless they receive help and guidance from the democracies, particularly the United States and the United Kingdom, they will inevitably turn to the USSR and join the group of “police” states, united by Communism, which is extending westward from Russia.

4. It is in the material interests of the United States and Great Britain to prevent this. Nor can the historical and moral issues be disregarded. American and British influence, military, political and economic, have been predominant in Italy for nearly two years. They have brought freedom from the common enemy; they have ensured freedom from hunger; they have not yet provided freedom
from fear. Posterity would judge harshly if the endeavors of two great democratic states were to result in the institution of a second dictatorship in the first European country to be liberated from Fascism and Nazism.

5. An expression of positive policy towards Italy by the US and UK Governments is necessary. The policy should be one which, by restoring confidence in herself and in the Allies, will assist Italy towards recovery as a healthy nation politically and economically. Moreover, it is in the interests of the Allies to make use of Italy. She is geographically important in any strategic plans for regional security in the Mediterranean. She owned a naval fleet (which still exists) which, if properly employed, would be an important addition to regional security. She has a small army which, reorganized under Allied guidance, has won merit and would improve greatly under further Allied help. The industries in Northern Italy lack only raw materials and coal to be employed immediately for Allied war production and to supplement in the Mediterranean the commodities necessary for the clothing and rehabilitation of Europe.

6. But a change in relationship between the three nations must be effected. Having "worked her passage", Italy must be allowed to emerge from defeat through co-belligerency to the position of an active partner, however lowly, in the maintenance of post-war security. If she is to serve as a bastion of democracy in Southern Europe, such a recovery is essential and must be encouraged.

7. The implementation of this policy would require certain positive steps, assurances, and conditions. These might be included in the agreement between the Allies and Italy which would formally terminate the state of hostilities and replace the Terms of Surrender as a prelude to her joining the United Nations now or in the very near future. The agreement might include, among others, the following provisions:

(a) Italy to regain control of her naval fleet for employment under any regional security scheme which might be evolved for the Mediterranean.

The fleet consists of 5 battleships, 9 cruisers, 11 fleet destroyers, 40 small craft and 28 submarines. Two of the battleships are now in the Bitter Lakes, three in Taranto. It is estimated that it would cost five hundred million lire each to make them fit for service. 13 Submarines are in Allied operations overseas. It would require a Navy of 50,000 to maintain the fleet without the battleships, and of 75,000 with them. Even having regard to the comparative ineffectiveness of the fleet, its physical presence would be an assurance towards regional security. But its retention would be a major contribution to Italian morale.
(b) The Italian Army to be maintained at a reasonable strength (say 200,000 or 250,000 men).

In my memorandum 8251/180/EC of 7 June 1945 I have suggested the maintenance of the Italian Army at an interim strength of 140,000 men consisting of five combat groups and one reserve regiment (50,000), three internal security divisions for Sicily and Sardinia, and one internal security brigade for each of ten military regions (40,000), with the remainder to be control and administrative units. In addition, the present strength of 65,000 men of the Royal Carabinieri should be maintained. Such a strength would suffice so long as Allied troops, mentioned in subpara (f) below, remained, but should be increased as these are withdrawn.

(c) The Italian Air Force to be maintained at a token strength, or at present strength.

It is presumed that no military air force will be maintained but it is suggested that sufficient aircraft be allocated to the Navy and Army for reconnaissance and spotting purposes. If, however, it were considered possible to permit an air force, then it is recommended that it be maintained at its present strength. Restoration of civil air transport domestically and in the Mediterranean should be encouraged.

(d) To enable her to fill her role as a "junior partner" in the maintenance of Mediterranean security, the Allies would agree to furnish a military mission to assist in the training and organization of the Italian land, sea, and air forces, similar to the pre-war military and naval missions provided by the United States for certain South American republics.

(e) Similarly, an Allied Police Mission to assist the Italian Government in the reorganization and training of the Police Forces of Italy could be offered.

The introduction of an Allied Police Mission of high quality is essential. Although in two years of occupation the Allies have been compelled to employ the existing Italian Police Forces, they still lack the confidence of themselves, the public, or the Allies. With the difficulties of military occupation it may not have been possible to achieve this. It is essential, however, that immediate steps be taken to overhaul and possibly reconstitute the whole of the public security agencies in Italy, based on democratic principles.

(f) The retention in Italy of an Allied Military Force of five Divisions (excluding Allied Forces in Venezia Giulia) until such time as revitalized Italian civil and military services were in a position to ensure democratic security in Italy.

The role of the Allied troops at all times would be as representatives of the democracies and it would be necessary to arrange for special

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² Not printed.
instruction and even training to this end. Intervention in Italian affairs except in the gravest emergency would be avoided and the greatest care would be taken in the handling of such administrative problems as accommodation and requisitioning. The troops would be not so much forces of occupation in a defeated country but forces of assistance provided by the Allies in order to give confidence to the population and the Government: to strengthen merely by their presence the authority of the Italian machinery of law and order (but only in exceptional cases to supplant it) and to be used in a last resort to prevent the imposition of undemocratic methods by force.

(g) The establishment of an Allied economic organization (joint or separate) to assist Italy in correcting the basic defects of her former economy, in the procurement of raw materials and the rehabilitation of her commerce and industry; and

(h) The provision of an annual quota of coal sufficient to enable Italian industry to function.

A prerequisite for a healthy Italy is the immediate provision of sufficient coal and raw materials to maintain a modicum of the industries of Italy at work and to prevent unemployment on such a vast scale that it must lead to disorder. Provision of raw materials and coal must be assured and equally the retention of an Allied economic organization (or separate U. S. and British missions) to ensure procurement and to advise the Italian Government on the proper use and distribution of such imports is essential. It would contain, of course, a financial section. Some such body as NAJEB or MESC is envisaged with strong Italian representation dependent from the Allied Commission, or its successor. Alternatively, separate U. S. and U. K. economic missions depending from the Embassies or the Governments could be provided. The economic problems of post-war Italy are immense and unless Allied assistance by means of imports and guidance is provided, all other measures to preserve the country may be discounted.

(i) The reassurance of credits in the U. S. and an increase in credits in the U. K. The latter might well take the form of financial assistance with regard to the import of coal.

(j) The replacement of the Allied Commission by a small Allied Mission to coordinate (d) to (h) above and to function as advisors to the Italian Government.

(k) Arrangements with respect to the Italian colonies to be considered with due regard to the interests of the inhabitants and to the assistance given by Italy as a co-belligerent and in no punitive sense.

Little perhaps can be said for the return of any of her colonies to Italy. But if she were to achieve the position of an active partner in regional security in the Mediterranean then it might be possible to allow her, under the same regional agreement, to administer the colony
of Tripolitania. She might also be permitted to be represented on any international body set up to administer Eritrea and Italian Somaliland.

9. [sic] The first and last of these suggested conditions are of course the assurances that would create most satisfaction in Italy and restore the self respect of her people.

10. A further safeguard to preserve Italy among the free nations of democracy, and indeed a duty of the Allies, is the education of the minds of the Italians towards a democratic way of life. Not enough has been done in this direction. We have established freedom of speech and of the press—but freedom without the self-imposed restraints of a democratically educated nation tends to become license. We have done much in the schools and universities. But the people, the Government, and the local authorities, after 20 years of Fascism, need advice on the interpretation of democracy. We cannot expect, nor should we try, to impose Anglo-American methods on a Latin country: but in the field of national and local government, of justice and police methods, of agriculture and labor, of electoral systems and social welfare, the Allies still have much to teach and the Italians much to learn. If the Italians are to become partners with the Allies they must be prepared to assimilate their national characteristics with the principles of democracy and take advice from the two democratic powers who are willing to help them materially.

11. Much can be done in this way by institutions such as the British Council, the interchange of American cultural representatives, and by sympathetic treatment of Italian problems in the Allied press. The Military Mission and the Police Mission would represent direct forms of advice. The Allied Mission referred to in subpara 7(\(j\)) should contain a very small number of highly qualified men who, without semblance of control, would be accepted by the Italian Government and act to them as advisors in their task of setting up a democratic form of administration. Such men might be supplemented by special missions to advise on special problems.

12. The Allied Commission, therefore, should be succeeded by an Allied Mission for the following purposes: Except in Venezia Giulia, and possibly in the Southern Tyrolean provinces, Allied Military Government should have disappeared by September 1945. In order to ensure free elections and a free referendum, it will be recommended that a number of Allied officers, under the direction of the Commission or its successor, remain in the provinces, and a considerable number may be required in connection with the rehabilitation of industry. But by the end of 1945 both the redeployment of Allied troops, except those recommended in para 7(\(f\)) above, and the removal of Allied Commission officers in the field, will probably have been completed. It is recommended that the Head of the Mission with access to the

[No. 467]
United States and British Governments should be charged with the following functions:

(a) As Chief Civil Affairs Officer, the administration of Venezia Giulia and any other areas under AMG.

(b) As Head of the Allied Mission:

(i) To coordinate the work of the military mission or missions.
(ii) To supervise the Allied Police Mission.
(iii) To supervise the Economic Board or to coordinate independent economic missions.
(iv) To coordinate the work of the Displaced Persons and Refugees Sub-Commission with UNRRA, the Inter-Governmental Committee for Refugees, and other organizations until such time as UNRRA took over all such functions.
(v) To supervise the work of the Enemy War Materials Disposal Sub-Commission.
(vi) To interpret to the Italian Government the conditions of any agreement made, vide para 7, and to safeguard Allied interests under such an agreement.
(vii) To provide liaison between Allied Military Commander or Commanders and the Italian Government.

13. To sum up, in order to prevent Italy from leaning toward the USSR and succumbing to its influence, an expression of positive, non-vindictive policy by the US and UK Governments is necessary. This policy should make Italy a useful partner of the Allies in the Mediterranean and so create a healthy Italy. Important conditions are: the rebuilding of her morale by restoring to her the control of her fleet and a non-punitive policy with regard to her colonies; the retention of 5 divisions of Allied troops and the establishment of Allied Military and Police Missions to enable her to regain internal security under a democracy; and practical economic assistance. More must be done to encourage the education of the Italians towards the democratic way of life: the Allied Commission should be replaced by an Allied Mission.

14. In short, neither a laissez-faire attitude toward Italy by the U. S. and the U. K. nor the imposition of a harsh peace is compatible with a policy of preserving Italy as a bastion of democracy in the Mediterranean area.

Ellery W. Stone
Memorandum by the Under Secretary of State (Grew)

[Extract 1]

SECRET

WASHINGTON, July 6, 1945.

MEMORANDUM OF CONVERSATION

Subject: Declaration of War against Japan
Participants: Italian Ambassador, Signor Alberto Tarchiani;
Under Secretary, Mr. Grew

The Italian Ambassador called on me this morning and took up with me the following matters:

1. He left with me a letter addressed to the President enclosing a memorandum outlining the present position of Italy and her vital needs and aspirations. The Ambassador said that knowing how occupied the President must be at this particular moment he had not ventured to ask to see the President personally, and he had therefore sought me as an intermediary for delivering his letter. I said that I would with pleasure see that the letter gets into the hands of the President without delay.

. . . . . . . . . . . . . . . .

[Attachment 3 2]

The Italian Ambassador (Tarchiani) to President Truman

WASHINGTON, July 6, 1945.

Mr. President: On the eve of your eventful voyage to Berlin, allow me to express to you the fervid wishes of the Italian people, and to invite your attention to the enclosed memorandum in which the present position of Italy and her vital needs and aspirations are outlined.

My country places its confidence in the human friendship of America and in the clear sense of justice of her President.

Faithfully yours,

ALBERTO TARCHIANI

1 For the paragraph of this memorandum not printed here, see document No. 236.

2 Printed from a carbon copy with a typed signature which appears to have accompanied the original and to have been detached for the files of the Department of State. For attachments 1 and 2, see document No. 236.

[No. 468]
RECOMMENDATIONS AND LATE DEVELOPMENTS

[Subattachment]

The Italian Ambassador (Tarchiani) to President Truman

MEMORANDUM FOR MR. TRUMAN PRESIDENT OF THE U. S. A.
ON THE POSITION, WISHES AND HOPES OF ITALY

1. Twenty-two months ago, on September 3, 1943, the Armistice was signed between Italy and the United Nations, putting an end to a war in which the Italian people were thrust against their will by Fascist dictatorship and which they always disapproved and opposed.

Such Armistice, the duration of which has no precedent in our times, is still in force today in spite of the fact that Italy has not remained inactive, but has on the contrary enthusiastically joined, since October 13, 1943, the cause of the Allied Nations, taking full part in the common struggle against the enemy.

During twenty months of co-belligerency, Italy has fought at the side of the Allies, with her whole fleet, the forces of her regular army, her air corps, and with more than two-hundred thousand patriots. In the northern provinces under German tyranny, the Italian people have also bravely taken part in the struggle with their active and organized underground forces, contributing in bringing to a speedy and successful end the fight for liberty and democracy on Italian soil.

All through these months of common struggle Italy has endured miseries and sacrifices and suffered tremendous ruins which have brought destruction to a great part of the country.

Several months ago Italy indicated also her willingness to take part with her military means in the war against the Japanese aggressor. The newly formed Italian Government, following the recent American communication, is preparing the ways and means of an effective intervention.

2. Italy has thus proved her continued good faith as a democratic nation; she has fought and is prepared to fight for the common cause and has repeatedly shown her determination to practice the principles of international friendship and cooperation. Yet today, as it is well known, Italy finds herself in the most tragic plight: millions of citizens are homeless, displaced persons within and beyond her borders are innumerable, her entire economic and financial structure is disrupted, millions of workers are faced with unemployment. The provisions set up in the Armistice of twenty-two months ago are still in force and this humiliating position deprives the people and the Government of Italy of the possibility of thoroughly normalizing the life of the country.

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3 Treaties and Other International Acts Series No. 1604; 61 Stat. (3) 2740.
4 See document No. 236, footnote 4.
The Italian people are expecting now from the Allies the acknowledgment of their right to an honorable peace that should raise them from the present situation to a normal status of a well-meaning and well-doing nation. The Italian nation is confident that the United States, which have already given so much evidence of their friendship and comprehension towards her, may take such an initiative which might put an end to her present plight, and the advantageous consequences of which would not be in Italy's favor alone.

3. Italy has a natural geographic frontier that history and civilization have preserved. She wants to be at peace and on the most friendly terms with all her neighbors.

a) With France Italy has frontiers, based upon sound ethnical and geographic principles, which were fixed by mutual agreement between the two countries in 1860 and upon which, for eighty-four years, never was there any claim on the French part. Italy has recently given evidence of her good will and friendship for France by settling through direct negotiations the only problem existing between the two countries. In fact, although Tunisia was inhabited for nearly three ninths of the population [sic] by Italians, Italy has made the substantial sacrifice of giving up all her rights recognized by previous agreements since 1881. The Italian people feel, therefore, that no territorial questions may exist between the two countries.

b) Italy has already declared to be ready to negotiate an honorable and equitable agreement for Venezia Giulia with the Yugoslavs, if her vital national interests are safe where, for more than twenty centuries, a majority of Italians have lived, many hundreds of years prior to the appearance of Slavs in those regions.

If to preserve peace in Europe and the amicable cohabitation of the two populations some compromise would prove absolutely necessary, it is fair and equitable that sacrifices be made by both sides and not only by the Italians: it cannot be forgotten that Fiume and Zara and other areas, at present occupied by the Yugoslavs, are entirely or prevalently inhabited by Italians.

c) The Brenner frontier line is the natural geographic and strategic border between the Italians and the Germans. There was a German minority within the Italian borders: not long ago they were given the opportunity of choosing between remaining in Italy or emigrating to Germany. In fact, a part of them decided to leave and

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6 The reference is apparently to the Treaty of Bardo of May 12, 1881 (text in British and Foreign State Papers, vol. lxxvii, p. 247), to which only France and Tunis were parties, imposing a French protectorate in Tunis. It was not until September 28, 1896, that France and Italy signed three conventions at Paris (see ibid., vol. lxxviii, p. 717) guaranteeing French recognition of the rights of Italians in Tunis in exchange for Italian recognition of the French protectorate.
went to the Nazi Reich, while a substantial share of the alien population freely determined to stay within the Italian nation.\(^6\)

5. As far as the Greeks are concerned, the Dodecanese question—instead of a cause of enmity—may become a link of friendship and understanding between the Italian and the Greek nations, which have no reason for hate or serious conflicting interests.

6. At Tangier Italy has a place among the Powers entitled to preserve the Mediterranean status quo. Such a position constitutes for Italy a bond with all the participating nations and with those which will subsequently join the agreement, in the interest of furthering the internationalization of the zone, as it is heralded by the United States.

7. In the painful period of transition between an upsetting war and a reorganized state of peace, Italy has to face the problems of her economic reconstruction, the gravity of which has already been a matter of consideration on the part of the United States Government.

With the purpose of furthering her economic reconstruction Italy, which is a maritime country, needs to have the possibility of gathering a small merchant fleet for her essential transports.

Italy needs to resume free trade with every allied and neutral country; but a fruitful and fairly balanced partnership could be easily organized between American powerful means and Italian reorganized capacity of skill and labor. Being in dire need of economic assistance, Italy obviously will not be in a position of paying reparations.

To help Italy in the process of reconstruction she must be reinstated in what was stolen from her and particularly the very inadequate stock of gold of the Bank of Italy, the machinery depredated from factories and plants, the works of art—of state and private ownership—of which she has been despoiled.

8. Italian prisoners of war, still detained by the Allies, and particularly those who have so well contributed by their work to the common cause, should be immediately liberated and repatriated by a generous act of humanity and fair play.

The Italian people firmly trust that President Truman and the men who have in their hands the destiny of Italy, will consider with sound wisdom and enlightened comprehension the tragedy that she

\(^6\) For the paragraph omitted at this point, see document No. 249.
Italy

has lived and suffered, her effort toward a quick material and political rehabilitation, her immense contribution to the civilization which all nations enjoy, her strong will to become again, and soon, a distinct active element of equilibrium and progress in a better world.

If all these well-founded reasons are taken in due consideration, the supreme aspiration of Italy for an equitable recognition and an honorable and just peace will certainly be fulfilled.

Washington, July 6, 1945.

No. 469

865.007/645 : Telegram

The Ambassador in Italy (Kirk) to the Acting Secretary of State

SECRET

Rome, July 6, 1945—midnight.

1851. Strictly confidential.

I had a conversation with Parri yesterday evening. The gist of his remark[s] was in particular the necessity for material aid to Italy with emphasis on the immediate requirement for coal to prevent further unrest in the north and in general the difficulty which he was experiencing in his efforts at reconstruction owing to the restrictions imposed by the armistice regime.

Personal contact with the new pres of the council confirms the general impression of his seriousness simplicity and intellectual distinction. Last night however, he gave no indication of the vitality alertness or assurance which even Bonomi displayed and certainly there was lacking any show of dynamic leadership.

In view of the lack of outstanding quality or proven ability in the members of the cabinet it is useless to speculate on the chance of success of this ministry as only time can tell. It must be admitted, however, that in the present circumstances no govt however gifted can prove its effectiveness unless the armistice regime is abolished[,] unless Allied troops are maintained in the country to give confidence to the people in their prevailing state of demoralization and unless material aid is immediately forthcoming to prevent unrest through widespread unemployment and undernourishment.

Kirk

1 The gist of this message was included in telegram No. 11 of July 10 from Grew to Byrnes (file No. 740.00119 Potsdam/7-1045).

[No. 469]
No. 470

740.00119 Potsdam/7-1445

The Assistant Secretary of State (Dunn) to the Secretary of State

[Excerpts]

SECRET

Potsdam, July 14, 1945.

MEMORANDUM FOR THE SECRETARY

Sir Alexander Cadogan, Permanent Under-Secretary at the Foreign Office, called this afternoon and discussed for two hours in a preliminary way a number of matters on the agenda of the Conference.

9. Italy.

Sir Alexander stated that his government agreed with ours in wishing to conclude peace with Italy and that the Foreign Office has been working on a draft for a treaty. He showed no enthusiasm for bringing the Italian treaty before the Council of Foreign Ministers; he wishes first to show the UK draft to us. He agreed that early elections were desirable, to be held in 1945 if possible.

Sir Alexander laid emphasis on the importance of drawing Italy closer to the "West" and of enabling her to rebuild her army sufficiently to keep order at home and resist aggression from without. Sir Alexander assumed that Italy would receive economic help principally from the United States and from UNRRA.

JAMES CLEMENT DUNN

1 Printed from a carbon copy on which there is an uncertified typed signature.

2 For other extracts from this memorandum, see documents Nos. 140, 218, 234, 258, 319, 351, 379, 404, 519, 635, 645, 678, and 708.

3 For a list of persons present at this meeting, see document No. 234, footnote 3.

No. 471

740.00119 EW/7-1545: Telegram

The Ambassador in Italy (Kirk) to the Acting Secretary of State

[Extract]

TOP SECRET

Caserta, July 15, 1945—1 p. m.

2964. SAC 2 informed us last evening that during his recent visit to London Churchill had requested him to confer with officials of

1 The gist of this message was included in telegram No. 35 of July 16 from Grew to Byrnes (file No. 800.00 Summaries/7-1645).

2 Field Marshal Sir Harold Alexander.
the FonOff with regard to proposed peace treaty with Italy. He said that in absence of Eden who was ill, he conducted conversations with Sargent. After studying FonOff draft carefully Alexander informed Sargent and other FonOff officials that in his opinion their draft was far too severe and he could not concur in it. He reiterated his belief that Tripoli should now definitely be returned to Italy without any strings tied and that Eritrea and Italian Somaliland should be given back to Italy with certain conditions attached. He stated that in his opinion the Italians should also be given a small fleet which would be excellent for their morale.

Kirk

No. 472

740.00119 E. W. /7-1545: Telegram

The Ambassador in Italy (Kirk) to the Acting Secretary of State

SECRET

ROME, July 15, 1945—5 p. m.

1893. With reference to Dept’s circular information telegram of July 3, 10 a. m.¹ regarding immediate revision of Italian armistice terms, I submit herewith suggestion for possible use in a draft agreement of a modus vivendi or interim arrangement [to be] signed by SACMed ² to replace the instrument of surrender.

(Begin Summary of Draft Agreement)

SECTION I. ABROGATION OF PRIOR AGREEMENTS

1. Armistice of Sept 3³ and instrument of surrender of Sept 29, 1943 ⁴ and all terms relating to restoration of Italian territory effective Feb 11, 1944 and subsequently shall, from date of execution of this agreement, be abrogated. Following provisions shall govern relations of contracting parties.

SECTION II. ALLIED AID TO ITALY

1. Allied Commission is hereby dissolved with exception of land, navy and air forces subcommissions, which will be attached to Allied Military HQs. A special section composed of representatives of British, Soviet and US Govts will be established at AFHQ to direct foregoing subcommissions or a military mission under AFHQ with same composition may be established for that purpose.

2. In order to facilitate the normal development of Italian economic life there shall be established a Tripartite Economic Advisory Council,

¹ Not printed.
² Field Marshal Sir Harold Alexander.
³ Treaties and Other International Acts Series No. 1604; 61 Stat. (3) 2740.
⁴ Treaties and Other International Acts Series No. 1604; 61 Stat. (3) 2742.

[No. 472]
the members of which will represent the US, UK and Italian Govts.
It will function as described in my 1403, May 24, 6 p. m.  
3. HQs for Allied Military Govt will be at Allied Military HQs.
4. Italian prisoners of war under the jurisdiction of the UK and US
will be liberated from that status or repatriated with the greatest
possible urgency that present transportation facilities permit.

SECTION III. ITALIAN AID TO THE ALLIES

1. Italian Govt and people will abstain from all acts detrimental to
interests of United Nations and will carry out promptly all orders
given by them.
2. Italian Army, Navy and Air Force and equipment will be subject
to SACMed as though under his command. He shall direct the size
and character of Italian military establishment.
3. For a period not yet determined, Allied force requirements in
Italy shall be accorded SACMed by Italian Govt in perpetuation of
rights and powers formerly his by conquest or agreement as follows:
(a) Such areas, facilities, utilities and installations as SACMed may
require will be made available to Allied forces; (b) right to maintain
and quarter troops in Italy; (c) right to declare any area a military
zone; (d) right to convene Allied military tribunals to try and punish
persons violating Allied military orders or performing hostile acts
against Allied forces; (e) right to hold or require Italian Govt to hold
civilian internees, POWs and displaced persons; (f) Italian courts
may not try members of Allied forces or officials of United Nations,
civilian or military; (g) members of Allied forces or officials of the
United Nations may not be taxed without consent of AAC [SAC?]?
(h) complete freedom of movement for Allied forces and officials of
United Nations in Italy.
4. All information concerning military installations and technical
information of value to the United Nations in connection with military
operations in Italy and elsewhere shall be made available to SAC by
Italian Govt.
5. Mutual cooperation between Italian Govt and United Nations
for repatriation or movement of displaced and stateless persons.
6. Cooperation in apprehension and trial of war criminals.
7. SAC or other appropriate Allied authority shall control for
operational purposes, in general interest of the United Nations,
Italian merchant vessels.
8. Italian Govt will establish and maintain an effective foreign
exchange control agency for the purpose of implementing the economic
warfare objectives of United Nations Govts and to assure the most
effective use of Italy’s foreign exchange resources.
The Italian Govt will adopt measures in support of economic war-
fare objectives of the United Nations to be worked out in consultation
with the appropriate United Nations diplomatic missions in Rome.
9. The Italian Govt will be issuing authority for AM lire or such
other lire currency as may be used by the Allied forces in Italy in such
quantities as are required.

* Not printed.
10. The Italian Govt will request the Tripartite Economic Advisory Council for guidance before entering into any agreement or settlement involving the use of Italian external assets for the purpose of paying claims arising prior to Sept 8, 1943.

11. Obligation to pay for supplies imported into Italy by Allied forces is recognized by Italian Govt as well as all services, installations, et cetera, furnished by Allied forces for benefit of Italy.

SECTION IV. POLITICAL STATUS OF ITALY

1. All territory restored to its jurisdiction will be administered by Italian Govt free of control by Allied forces, except in case of military necessity or when assistance or advice may be requested by Italian Govt of Tripartite Economic Advisory Council (see Section II, paragraph 2 above).

2. Italian diplomatic relations with other states will be solely within competence of Govt of Italy.

3. Italian Govt will continue to carry out without control by Allied forces program of defascistization. Italian Govt may request assistance or advice of Tripartite Economic Advisory Council.

4. Italian Govt communications and Italian communications within Italy will not be subject to Allied control or censorship.

5. Allied pledge to Italian people that they may determine their form of Govt is recognized by Italian Govt as likewise binding upon it. In order to ensure the fullest possible expression of the Italian people on this important question, Italian Govt undertakes to submit it to the Italian people in the form of a plebiscite or a national referendum, notwithstanding previous Italian legislation to the contrary.

SECTION V. LIMITATIONS OF THIS AGREEMENT

1. The rights of Allied forces to continue to occupy Italian territory governed by AMG and to continue to use and possess property and facilities now under requisition remain entirely unprejudiced by this agreement.

2. No disposition or predetermination of any disputed Italian territory is contemplated by this agreement, all such questions being relegated to ultimate agreement between Italian Govt and United Nations.

3. Full rights of the Allied forces and of the United Nations to reparations for war damage suffered by them at the hands of the Italian people or Govt or for cost of Allied occupation of Italy will not be impaired by this agreement, which in no sense constitutes a final settlement. (End of Draft Agreement.)

It is further suggested that decision be taken by interested powers to permit Italy to adhere to United Nations Declaration. Italian Govt could then be informed at time of signing of new agreement that Italy would be admitted to ranks of United Nations upon application.

Kirk

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6 Of January 1, 1942. Executive Agreement Series No. 236; 55 Stat. (2) 1600. [No. 472]
RETENTION OF ALLIED FORCES AND OF A COMBINED COMMAND IN ITALY

No. 473

Briefing Book Paper

TOP SECRET

MEMORANDUM FOR THE PRESIDENT

Subject: Retention of Allied Forces in Italy

The attached telegram from Caserta (2801—June 28)\(^1\) indicates that Prime Minister Churchill will take up with you at the meeting the desirability of leaving substantial American forces in Italy and elsewhere in Europe until major problems are settled.

The military requirements of the redeployment program must, of course, come first. Nevertheless from the political aspect it is most important to maintain the Allied character of the forces remaining in Europe during this interim period through at least token American participation. Total withdrawal would inevitably be interpreted as a sign that the United States is relinquishing a direct influence on future settlements and cannot be counted on strongly to implement the principles we have proclaimed. The presence of American troops even in limited numbers inspires confidence because the United States is felt to be the only truly disinterested great power participating in European affairs.

As regards Italy, it is essential to retain Allied troops during the interim period. Many indications point to the fact that subversive elements are counting upon their withdrawal in order to further their own ends, whereas moderate elements have repeatedly asked for the maintenance of Allied, and especially American, forces. There are large quantities of partisan arms still in the hands of the more irresponsible elements, and the natural disintegration of law and order in a defeated, devastated country affords a favorable atmosphere for a resort to violence for the settlement of political and social problems such as that which in 1919 led to fascist totalitarianism. It cannot be excluded, either, that the powerful armed forces which still exist just outside Italy’s frontiers might find in these possible disturbances an excuse to intervene and “restore order”. It is probable that the mere presence of Allied troops will suffice to preserve a satisfactory measure of law and order, precluding the development of a situation which would result in losing all we have thus far achieved in Italy.

Italian internal security forces and the small Italian Army which is now being recreated have thus far done a reasonably satisfactory job

\(^1\) Document No. 172.
in maintaining public order, but they are still largely dependent upon the moral and material support of the Allied forces and could hardly be expected to cope alone with the situation which would undoubtedly arise upon the rapid withdrawal of Allied troops.

The Chief Commissioner of the Allied Commission has formulated a plan for the retention of five Allied divisions in Italy in addition to service and administrative units employed in the redeployment of personnel and matériel and exclusive of Allied forces in Venezia Giulia; this plan is outlined in a telegram from Rome (1693—June 20), also attached.

The principle should be established that Allied troops will not be wholly withdrawn from Italy until after the Italian people have had an opportunity, in accordance with the Moscow Declaration, to choose their form of democratic government. It is therefore recommended that at least a token force of United States troops be left in Italy in order to inspire Italian confidence and to avoid the suspicion and the possible serious trouble which might result if British forces alone remained in Italy.

[WASHINGTON,] July 2, 1945.

No. 474

740.0011 EW/8-50445: Telegram

The Ambassador in Italy (Kirk) to the Acting Secretary of State

SECRET

ROME, June 20, 1945—6 p. m.

1693. Chief Commissioner AC sent the following memo to SACMed containing recommendations on redeployment of Allied troops in Italy:

1. In examining the question of the redeployment and distribution of Allied troops in Italy, consideration must be given to external and internal security and the undoubted duty of the Allied Govts to ensure so far as possible that free elections are held so that the population may express its opinion on (a) the institutional question; and (b) the constitutional Govt of the country without fear.

2. Consideration must also be given to the size and location of Ital land forces.

1 Rear Admiral Ellery W. Stone.
2 Field Marshal Sir Harold Alexander.

[No. 474]
3. If the proposals for the maintenance of an interim Ital Army of 140,000 submitted in HQ AC memorandum 251–180–EC of 7 June 1945 are approved then the following distribution of the troops is recommended: Combat groups one each in Turin, Milan, Brescia, Udine and Bologna. Internal security divisions strength 2500 each: Two divisions in Sicily, one div in Sardinia, one div in each of the military regions viz. Palermo, Bari, Naples, Rome, Florence, Bologna, Genoa, Turin, Milan, Bolzano and Udine.

4. The primary functions of the combat groups are for frontier defence and control. The group at Bologna could be used as a reserve.

5. If the above distribution of the Ital Army is approved then the maintenance of five Allied Div is recommended in addition to the administrative and service units employed in redeployment of personnel and material and exclusive of any Allied forces in Venezia Giulia. Consideration has been given to the fact that Ital troops will not be maintained within fifteen miles of the French frontier.

6. It is recommended that one division be placed in each of the following areas: Milan, Padua, Florence–Bologna, Rome–Naples, Bari.

7. The distribution of troops within these areas is a matter for military consideration. It is obvious, however, that a small force will be needed on the Franco-Ital frontier and possibly in the southern Tyrol and Udine. Mobility would be a prerequisite and during the weeks preceding the election, it would be expedient to allow a very wide distribution of troops in order to cover the larger towns and some of the more important rural areas. They would naturally take the form of a special exercise or operation and need not be considered in detail in this memorandum.

8. It is considered that it would be retrogressive to station Allied troops in Sardinia or Sicily even during the election period. Sardinia can very well be left to Ital troops and in Sicily particularly during election times the employment of Allied troops would be unfair.

9. The role of the Allied troops at all times and especially during the election period would be as representatives of the democracies and it would be necessary to arrange for special instruction and even training to this end. Intervention in Italian affairs except in the gravest emergency would have to be avoided and the greatest care would have to be taken in the handling of such administrative problems as accommodations, requisitioning, etc. The troops would be not so much forces of occupation in a defeated country but forces of assistance provided by the Allies in order to give confidence to the population and the Govt: To strengthen by their presence the authority of the Ital machinery of law and order (but only in exceptional cases to supplant it) and to be used in a last resort to prevent the opposition of radical methods by force.

10. The Allied troops should be maintained in this country until such time as the Italian Army and the forces of public security in Italy can play a competent role in the preservation of security. It is estimated that at the earliest, this cannot take place before Sept 1, 1946. End Memo.

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3 Not printed.
I consider Chief Commissioner’s recommendation regarding maintenance of Allied divisions in Italy as the minimum at least until some basis for stability is established in Italy and some assurance can be found that this area will not be subverted by Communist and anarchist propaganda for imperialistic Russian purposes.

Kirk

No. 475

740.00119 Control (Italy)/6-2945 : Telegram

The Ambassador in Italy (Kirk) to the Acting Secretary of State

SECRET

ROME, June 25, 1945—7 p. m.

1741. Bonomi called on me today following his relinquishment of the office of President of the Council and said that the retention of Allied troops in Italy was essential not only for the development of confidence in the people in the preservation of order inside the country but also as a deterrent to foreign elements seeking to jeopardize that order through intrigue from within or through threats, from without against the security of Italy. See my 1409, May 25,¹ and my 1693, June 20.²

Kirk

¹ Not printed.
² Document No. 474.

No. 476

740.00119 Control (Italy)/7-145 : Telegram

The Ambassador in Italy (Kirk) to the Secretary of State ad interim

TOP SECRET

CASERTA, July 1, 1945—9 a.m.

2828. From a series of conversations (our 2539, June 9 and 2650, June 15 ¹) with Chief of Staff ² and other high ranking British and civilian officials at AFHQ we gather that Alexander during his present visit to England will urge Churchill to endeavor persuade Truman and high ranking American military and political auths during course of forthcoming Big Three Meeting to maintain in this theater for as long as possible Combined Command. While Brit will attempt hold out for maximum retention of a SAC in this theater they are aware that we probably will not go along on this basis and they have already prepared plans for formation of Inter-Allied Service Committee to carry on functions of Allied character until peace settlement is made. They will argue that while purpose for which a SAC was appointed

¹ Neither printed.
² Lieutenant-General W. D. Morgan.
in Med theater no longer exists whole of Europe is in most unsettled state and this applies particularly to south Europe and Balkans where ultimate ownership of territories on frontiers of Yugo Bulgaria Greece Austria Italy and France is in dispute and that general situation will inevitably be uneasy until final European peace settlement. They will insist that possibility of having to use force to impose terms of that settlement or to prevent unilateral military action by any of interested parties will always exist and that responsibility for controlling this situation will be Allied commitment and that only a SAC with prestige and power of putting over Anglo-Amer policy is of vital importance [sic].

Brit will insist further that Allied Command is indispensable for execution of Allied admin responsibilities such as repair and docking of war and merchant ships civil affairs in Venezia Giulia communications and labor solid and liquid fuel local resources and financial affairs.

They will point out that if there is no form of Allied Command action could only be taken after coordination and agreement between Brit and US Staffs concerned which would be so cumbersome and slow as to make impossible orderly execution of Allied admin responsibilities. They will also insist that both politically and from intelligence aspect Balkan countries should be dealt with as whole by one HQ. Their position is that Yugo affairs and reactions will continue affect Italy and Albania and there is always possibility of difficulties and incidents over Yugo Greek Alban Bulgar relations.

As Dept aware Amer mil auths at AFHQ have pressed for early dissolution of Allied Command in Italy and are proceeding rapidly as possible with evacuation of Amer troops from this theater. Morton (our 2801, June 28) informed us before his departure for London with SAC that there would undoubtedly be a high ranking Brit civilian official who would have full authority on all political matters in this theater and would probably bear title “personal rep of PriMin”.

Kirk

\(^3\) Document No. 172.
ITALY

No. 477

865.007-545: Telegram

*The Ambassador in Italy (Kirk) to the Acting Secretary of State*¹

[Extract ²]

SECRET

Rome, July 6, 1945—midnight.

1851. Strictly confidential.

... It must be admitted, however, that in the present circumstances no govt however gifted can prove its effectiveness unless the armistice regime is abolished[,] unless Allied troops are maintained in the country to give confidence to the people in their prevailing state of demoralization and unless material aid is immediately forthcoming to prevent unrest through widespread unemployment and undernourishment.

Kirk

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¹ The gist of this message was included in telegram No. 11 of July 10 from Grew to Byrnes (file No. 740.00119 Potsdam/7-1045).

² For the full text of this message, see document No. 469.

No. 478

740.00119 Control (Italy)/7-745: Telegram

*The Ambassador in Italy (Kirk) to the Acting Secretary of State*

TOP SECRET

Caserta, July 7, 1945—3 p.m.

2890. We have made it so clear how essential to the preservation of (re our 2828, July 1) order in Europe we consider the retention in Europe of Allied troops in general and American troops in particular that we need not emphasize our concurrence in views of SACMed along the lines of paragraph 1 of tel 2828.

It would seem that as long as there is an Allied military commitment in this area, AFHQ should preserve an Allied character.

AFHQ should be reduced in size and moved to Trieste as the vital strategic point in southeastern Europe.

It is our opinion that the office of AmPolAd should be abolished and such information activities of that office as are considered continuously useful should be carried on by a liaison officer from offices of military and/or Naval Attaché to Rome Embassy established at AFHQ who would report to War and/or Navy Depts for information of State Dept.

Kirk

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¹ Document No. 476.

[No. 478]
RECOMMENDATIONS AND LATE DEVELOPMENTS

No. 479

J. C. S. Files

Memorandum by the United States Chiefs of Staff

T O P S E C R E T

WASHINGTON,] 7 July 1945.
C. C. S. 866/1

FUTURE OF ALLIED FORCE HEADQUARTERS, MEDITERRANEAN

1. The United States Chiefs of Staff are in general agreement with views set forth in C. C. S. 866,¹ but note that since C. C. S. 866 was written, the question of combined command in Austria has been discussed in the C. C. S. 481 series.²

2. With termination of operations and redeployment of United States and British forces from the Mediterranean Theater, it should be possible to reduce progressively the size of Allied Force Headquarters (AFHQ). In this regard the United States Chiefs of Staff believe that Field Marshal Alexander should be directed to restrict AFHQ activities to essentially Allied matters and to reduce his headquarters as the number of troops in the theater and commitments diminish. It does not appear possible at this time, in view of commitments mentioned in paragraphs 2 a. and 2 b. of C. C. S. 866, to determine the future of AFHQ, but it is suggested that the situation might be reviewed about 1 September 1945.

3. In light of the foregoing it is recommended that the attached message (Enclosure) be dispatched to the Supreme Allied Commander, Mediterranean (SACMed).³

¹ The views referred to were presented in a memorandum by the Representatives of the British Chiefs of Staff, dated May 25, as follows (J. C. S. Files):

"2. The British Chiefs of Staff consider that the appointment of the Supreme Allied Commander, Mediterranean, should not be terminated until the Quadripartite Commission in Vienna has taken over control of Austria and the situation in each zone and on the lines of communication is firmly in hand. When this condition is fulfilled they believe that a small combined United States-British headquarters will be required to replace Allied Force Headquarters in Italy until:—

"a. The Allied Commission in Italy has been dissolved, and,

"b. Allied Military Government in Bolzano and the Allied commitment in Venetia Giulia have ceased."

² Not printed.

³ A note by the Secretaries of the Combined Chiefs of Staff dated August 1 (C. C. S. 866/3) recorded that the Combined Chiefs of Staff had approved the recommendation in C. C. S. 866/1 as amended by C. C. S. 866/2 (see document No. 480) and that the message to Alexander had been dispatched on July 20.
TOP SECRET

DRAFT

MESSAGE TO SUPREME ALLIED COMMANDER, MEDITERRANEAN

1. It is not possible now, in view of Allied commitments in the Mediterranean area, to determine when Allied Force Headquarters might be dissolved as a combined command. The Combined Chiefs of Staff wish, however, (a) to reduce progressively the size of the Headquarters as troops are redeployed and as other commitments decrease and (b) to restrict the activities of the Headquarters to matters which are essentially Allied in nature.

2. Recommendations as to the future of Allied Force Headquarters are requested on September 1.

No. 480

J. C. S. Files

Memorandum by the Representatives of the British Chiefs of Staff

TOP SECRET

[WASHINGTON,] 12 July 1945.

C. C. S. 866/2

FUTURE OF ALLIED FORCE HEADQUARTERS, MEDITERRANEAN

1. The British Chiefs of Staff have informed us that they have given further consideration to the question of the dissolution of Allied Force Headquarters (AFHQ) and subsequent organization. The Supreme Allied Commander, Mediterranean, and the Commanders-in-Chief Middle East have sent the British Chiefs of Staff their comments on the original proposals, and when these have been considered the British Chiefs of Staff will put forward further draft proposals for the consideration of the United States Chiefs of Staff.

2. In the meanwhile, they agree to the dispatch of the message in the Enclosure to C. C. S. 866/1, amended as follows:—

Delete paragraph 2 and substitute: 

"The Combined Chiefs of Staff will send you direction for the future of Allied Force Headquarters following the TERMINAL Conference." 

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1 Document No. 479.
2 The proposed substitution which follows is in paraphrase.
3 Concerning action taken by the Combined Chiefs of Staff, see document No. 479, footnote 3.
**RECOMMENDATIONS AND LATE DEVELOPMENTS**

No. 481

740.00119 (Control) Italy/7-1245: Telegram

The Ambassador in Italy (Kirk) to the Acting Secretary of State

**TOP SECRET**

CASERTA, July 12, 1945—5 p. m.

2931. Field Marshal Alexander who returned from London last night informed us today that during his sojourn in England he had conferred with Churchill on three occasions. He said that British Prime Minister had displayed keen interest in situation in Italy and promised SAC that he would not fail to impress on President of the US importance of adopting an active policy with regard to Italy. SAC added that Churchill had pointed out that for a people who had been in Fascist camp for over 20 years it would not be difficult for them to slide over almost overnight into Red camp if Allies were not careful. Churchill shared Alexander’s concern with regard to rapid withdrawal of American troops from Italy and Europe in general and stated that matter would be discussed with President Truman.

Alexander said that Churchill also promised him that SAC would be given every opportunity to explain to all members of American delegation at forthcoming Big Three meeting importance of doing everything possible at this time to help Italy back on her feet.

SAC stated that he expected Italy to be given full Allied status in near future.

KIRK

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1 The gist of this message was included in an unnumbered communication of July 13 sent by Grew to Byrnes by pouch (file No. 740.00119 Potsdam/7-1345).

**PROPOSED APPOINTMENT OF JAMES H. DOUGLAS, JR., AS CHIEF COMMISSIONER OF THE ALLIED COMMISSION**

No. 482

740.00119 Potsdam/7-1345: Telegram

The Special Assistant to the Director of European Affairs (Reber) to the Director of European Affairs (Matthews)

**SECRET**

WASHINGTON, July 13, 1945.

20. For Matthews from Reber.

I understand that Field Marshal Alexander has proposed that Stone be retained as Chief Commissioner for a period of three to four

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1 Sent to the Secretary of State over the signature of Grew.
months in view of the difficulty of having a civilian chief commissioner while military government is still maintained in the north of Italy. He has suggested that during the interim Douglas proceed to Italy as Vice President Economic Section with the understanding he would replace Stone at the expiration of this period. The British Chiefs of Staff recognizing that this would probably be unacceptable propose instead that Douglas be appointed temporarily as Deputy Chief Commissioner.

Douglas and the War Department have not yet been informed. It will be possible to postpone the presentation of this British proposal for a few days until you and possibly McCloy have had time to explore the matter further with the British Chiefs of Staff at Terminal. It is further understood that Alexander will arrive there on July 15.

2 Cf. the following memorandum of June 14 from Grew to Truman, headed "Appointment of James H. Douglas, Jr. as Chief Commissioner, Allied Commission in Italy" (file No. 740.00119 Control (Italy)/6-1445):

"A basic principle in our treatment of Italy has been the idea of encouraging the Italians to assume their civic responsibilities, with less reliance on Allied guidance, and to develop a competent administration under their own leadership. To this end we have sought progressively to eliminate the control features of the Allied Commission, and, as rapidly as possible, to reduce the military functions of the Commission and to give to it an increasingly civilian character.

"We now have an opportunity, upon the departure from Italy of Mr. Harold Macmillan (British), who, in addition to his political functions, had been designated by the Supreme Allied Commander, Mediterranean, as 'Acting President' of the Allied Commission, to review that organization from the standpoint of making it a more effective instrument, with emphasis on its civilian functions."

"The President of the Commission is the Supreme Allied Commander, Mediterranean, and if, as we understand, the position of 'Acting President' will not be filled, the Chief Commissioner would thus again be the ranking officer of the Commission, responsible directly to the Supreme Allied Commander, Mediterranean. Recognizing the definite advantages in having a civilian officer in this key position, steps are now being taken through the Combined Chiefs of Staff to relieve Rear Admiral Stone, USN, of these duties and to replace him by Colonel James H. Douglas, Jr., AUS, who has recently returned from service in a key post in the Air Transport Command. The choice of Colonel Douglas has the full approval of the Foreign Economic Administration and the War Department which is prepared to release him from his military status so that he could serve in a civilian capacity. He is fully familiar with the problems involved, is an advocate of the policy of giving to the Commission a more definitely civilian character, and is himself ready to revert to civilian status.

"I think this is an excellent choice, and I should like now to suggest that Colonel Douglas be given the personal rank of Minister, which would facilitate in many ways the performance of his work. I should be grateful if you would let me know whether you would approve such a designation for him."

[No. 482]
POLAND

GOVERNMENT AND ELECTIONS; LIQUIDATION OF THE AFFAIRS OF THE GOVERNMENT-IN-EXILE

No. 483

740.00119 (Potsdam) 5-2445

Briefing Book Paper

[Extract 1]

TOP SECRET

SUGGESTED UNITED STATES POLICY REGARDING POLAND

SUMMARY

Our policy regarding Poland, as defined at Yalta,\(^2\) has for its chief objectives the establishment by the Polish people of a truly democratic government of their own choice, the rapid reintegration of Poland into international life as a United Nation, and its early reconstruction accompanied by the reestablishment of mutually beneficial relations between the United States and Poland. The termination on June 22, 1945 of the activities of the Polish Commission at Moscow by the achievement of agreement between the three Polish groups for the creation of the new Provisional Polish Government of National Unity leaves for immediate consideration the following questions:

1. Establishment of our representation in Poland and transfer of Polish representation here to the new Polish Government;
2. Holding of free and unfettered elections in Poland to provide a popular basis for the new Government;
3. Participation of Poland in reparation, war crime, relief and other similar activities of the United Nations;
4. Determination of the definitive Polish boundaries;
5. Transfer of population incidental to territorial transfers or wartime displacements; and
6. Physical and moral reconstruction of Poland.

While treating Poland scrupulously as an independent state and supporting those elements in the new Government which oppose its becoming a Soviet satellite, it appears necessary to sponsor “Big Three” arrangements for the supervision of the elections and the

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1 For other sections of this paper, see documents Nos. 510 and 521.
2 See vol. ii, document No. 1417, section vi.
determination of the boundaries. Unsupervised elections might give free hand to the growth of Soviet influence and the boundary question involves important ex-enemy territory whose disposition might affect [affect] future peace. . . . We should facilitate insofar as our aid is requested the transfer of minority groups but we should not permit the forced repatriation of Poles now in the West or the uncontrolled deportation by unilateral Polish action of the 8–10,000,000 Germans formerly domiciled in the areas claimed by the Soviet-sponsored Polish Government.

We should support participation by Poland with other United Nations similarly concerned in postwar international activities such as reparations, war crimes, and relief and rehabilitation, but in no circumstances as a Soviet satellite. Our relief work in Poland should be generous and carried out preferably by the American Red Cross. While this Government may not want to oppose a political configuration in Eastern Europe which gives the Soviet Union a predominant influence in Poland, neither would it desire to see Poland become in fact a Soviet satellite and have American influence there completely eliminated. In assisting through credits and otherwise in the physical reconstruction of Polish economy, we should insist on the acceptance by Poland of a policy of equal opportunity for us in trade, investments and access to sources of information. The large population of Polish extraction in the United States will undoubtedly seek to make an internal American political issue of Polish affairs if free relations between the two countries are seriously impeded.

[WASHINGTON,] June 29, 1945.

SUGGESTED UNITED STATES POLICY REGARDING POLAND

It is hoped that the progress recently made by the Polish Commission in Moscow in achieving agreement among the three Polish groups for the formation of the new Polish Provisional Government of National Unity will result in the establishment of a truly democratic and acceptable Polish Government at Warsaw. However, reports from our Ambassador at Moscow 3 indicate there is little fundamental change in the attitude of the Soviet authorities and the Bierut Government on Polish matters. It would thus appear necessary that we maintain our vigilance and continue to pursue a firm and active Policy regarding Poland.

While establishing diplomatic relations with Warsaw as soon as practicable, we should insist on the fulfillment at the earliest possible moment of the pledge, foreseen at Yalta, for the holding of free and unfettered elections in Poland. Soviet military and police formations

3 W. Averell Harriman.
beyond those necessary to protect lines of communications between Russia and the occupied-German areas should be withdrawn in order not to be an intimidating factor in the elections. The prestige and democratic functioning of any government at Warsaw meeting our requirements will adversely be affected by the continuing presence in Poland of large Soviet forces. These elections should likewise be supervised by representatives of the Three Great Powers, otherwise, the presence of Soviet officials and troops in Poland would result in supervision by the Soviet Government alone and in possible undue and undesirable Soviet influence on the outcome of the elections.

We should support actively those elements in the new Government which oppose Poland's becoming a Soviet satellite. Such support should not become open interference in internal Polish affairs but it should be effective enough to enable the democratic Polish leaders to carry out the pledge we have made to the Polish nation. Their task and our task will be greatly simplified if we can use this to foster the maintenance of freedom of expression, freedom of the press and information and personal liberty in reconstructed Poland. The free exchange of information between Poland and the Western World, accompanied by a wide interchange of visitors which is impossible at the present time, should be among our chief objectives, since contact between Poland and the Western World will be reestablished thereby. It is chiefly through support of Mikołajczyk and his fellow democratic ministers in the new government that we can hope to end the present "blackout" in Poland.

[WASHINGTON,] June 29, 1945.

Annex]

THE NEW POLISH PROVISIONAL GOVERNMENT OF NATIONAL UNITY

Sixteen out of the twenty-one members of the new Polish Provisional Government of National Unity were already in the Warsaw Provisional Government or were closely associated with that Soviet-sponsored group before the reorganization. The three Polish groups which met in Moscow under the aegis of the Polish Commission set up at Yalta agreed that seven persons not connected with the Warsaw Provisional Government were to be in the new Government. However, three of these persons because of health or for other reasons refused to take portfolios in the new Government. The following
are the names of the four non-Warsaw Poles who have accepted posts in the new Government:

1. Stanisław Mikołajczyk, Vice-Premier and Minister of Agriculture and Agrarian Reform. He has been the leader of the Peasant Party, the largest party in Poland, since 1937. He was Prime Minister of the Polish Government-in-exile from July 1943, after the death of General Sikorski, until November 1944 when he resigned because the majority of his Government would not accept the proposals for the reestablishment of relations between the Government-in-exile and the U. S. S. R. worked out by Mikołajczyk and Marshal Stalin in October 1944. Mikołajczyk is considered to be a truly democratic Polish leader and is reputed to have a large following in Poland. He is the principal candidate the American and British Governments put forward under the Yalta agreement as a member of the new Government.

2. Jan Stańczyk, Minister of Labor and Social Welfare. Stańczyk has been for many years a prominent leader in Polish labor circles and in the Polish Socialist Party. He is well known in both American and British labor circles.

3. Władysław Kiernik, Minister of Public Administration. Unlike Mikołajczyk and Stańczyk, who have resided abroad since the partition of Poland by the U. S. S. R. and Germany in 1939, Kiernik, who is a prominent leader in the Peasant Party, remained in Poland. He is reputed to be well respected by democratic elements and is a close associate of Witos and Mikołajczyk.

4. Czesław Wycech, Minister of Education. He is also a member of the Peasant Party. Little is known about Wycech outside of Poland although Mikołajczyk is reported to have confidence in him.

Mr. Mieczysław Thugutt, a member of the Peasant Party in London and who was offered the Ministry of Posts and Telegraphs, is reported to have refused to accept the portfolio.

Mr. Kołodziejski, a non-party man who was former Librarian of the Polish Parliament and who is reported to be a strong figure behind the scenes in Poland, refused to join the Government for personal reasons.

Mr. Zuławski, a prominent leader from the Socialist Party in Poland refused to join the Government because of his age and poor health.

The other sixteen members of the new Polish Government for the most part must be considered as persons who may be Poles at heart but who realize that their political strength comes from Moscow and not from the Polish people. Some of them are reliably reported to have been active Comintern agents for many years, and therefore it is to be expected that they will follow closely directives from Moscow.

By way of background, it will be recalled that the Soviet-sponsored Warsaw Provisional Government which was recognized by the Soviet
Union on January 1, 1945 was the successor to other Soviet-sponsored Polish committees. The steps leading up to the formation of the Warsaw Provisional Government may be outlined as follows:

In March 1943 there was formed in Moscow from the many thousands of Poles who had been deported to the Soviet Union in 1939 after the Ribbentrop-Molotov Pact a small committee known as the Union of Polish Patriots. This group, which was led by Wanda Wasilewska, a Soviet citizen of Polish origin who is married to Alexander Korneichuk, an Ukrainian playwright, one-time Soviet Vice Commissar for Foreign Affairs and now an official of the Ukrainian Government, held itself out as representing true democratic Poles. Shortly after the Red Army had liberated eastern Poland in 1944, there was established at Lublin, Poland, a group known as the Polish Committee of National Liberation. This Committee which was headed by Osiobka-Morawski, the present Premier of the new Government[,] absorbed the Union of Polish Patriots.

A short time thereafter a new organization was created known as the Polish National Council headed by Boleslaw Bierut, the President of the new Polish Government. This organization, which allegedly was set up along parliamentary lines, claimed to be truly representative of the majority of the Polish people and the source from which the Polish Committee of National Liberation obtained its authority and power. The combined Polish National Council and the Polish Committee of National Liberation formed the organization from which was set up the Provisional Government of Poland, which was accorded recognition by Stalin on January 1, 1945.

The Polish National Council, in which Polish sovereignty is said to reside, still exists and is part of the new governmental apparatus of Poland. Mr. Bierut, who is reliably reported to have been a Comintern agent for over twenty years, is still President of the National Council and thereby Provisional President of the Polish State.

In the newly reorganized governmental setup, three non-Lublin Poles have been added to the Presidium of the National Council which formerly was made up of five members including Bierut, Marshal Rola-Żymierski and Kowalski. The three new members who occupy positions of future parliamentary importance are Mr. Szwalbe, a left wing Socialist; Mr. Witos, long-time head of the Peasant Party and close associate of Mikołajczyk; and Mr. Grabski, a close collaborator of Mikołajczyk, from London who has no definite

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4 The reference may be to either the German-Soviet Treaty of Non-Aggression, signed at Moscow, August 23, 1939, with its secret additional protocol, or the German-Soviet Boundary and Friendship Treaty, signed at Moscow, September 28, 1939, with its supplementary protocols, notes, and joint declaration. For texts, see Department of State, Documents on German Foreign Policy, 1918-1945 (Washington, Government Printing Office, 1949- ), series D, vol. vii, pp. 245–247, and vol. viii, pp. 164–169.
party affiliations. Bierut stated recently in Moscow that as soon as
the new Government is formed the National Council, which formerly
had 140 members, would be enlarged considerably by the inclusion of
Polish democratic leaders not directly affiliated with the Soviet-
sponsored Warsaw Government. So far as is known, this action has
not yet been taken.

It will be seen from the above that in actual fact the composition
of the new Polish Provisional Government of National Unity is made
up, for the most part, of the same group which formed the Soviet-
sponsored Warsaw Government. While there has been too little
time yet to predict with accuracy whether the new Government will
act in a more democratic way than the former Soviet-sponsored
Government, there are indications from many of the statements
made by Bierut and his associates that the new Government will
endeavor to carry on the same program as heretofore. For instance,
Mr. Gomułka, one of the Vice-Premiers and Secretary General of the
Polish Communist Party, indicated at a press conference in Moscow
last month that the new Government would endeavor to establish
a one-party system purporting to represent all political parties.
Under this system there would be presented to the electors, in the
usual Soviet manner, a single list of candidates in the promised “free
and unfettered elections” called for by the Yalta decision.

Therefore, while the formation of the new Government is a definite
and positive step forward, it is by no means certain that the Polish
people will be given an opportunity to pick a government of their own
choice and that Poland shall in fact be free and independent. We
should, nevertheless, continue to use our full influence in order to
assist the Polish people to establish a free and democratic government
as we interpret that term. This may prove a difficult task and it is
not beyond the realm of probability that we may face another Polish
crisis in the not too distant future.

A list of the new Polish Provisional Government as recently reported
from Warsaw is attached.

[WASHINGTON,] July 6, 1945.

[Subattachment]

TOP SECRET

THE POLISH GOVERNMENT OF NATIONAL UNITY
Edward B. Osóbka-Morawski . . . Premier
Władysław Gomułka . . . . . Vice-Premier
Stanisław Mikołajczyk . . . . . Vice-Premier and Minister of Agri-
culture and Agrarian Reform

[No. 483]
Wincenty Rzymowski ..........  Minister of Foreign Affairs
Marshal Michał Rola-Żymierski. Minister of National Defense
Władysław Kiernik .............  Minister of Public Administration
Stanisław Radkiewicz ..........  Minister of Public Security
Konstanty Dąbrowski ..........  Minister of Finance
Hilary Mine ..................  Minister of Industry
Jan Rabanowski ...............  Minister of Communications
Prof. Michał Kaczerowski .....  Minister of Reconstruction
Jan Stańczyk ..................  Minister of Labor and Social Welfare
Czesław Wycech ...............  Minister of Education
Henryk Światkowski ..........  Minister of Justice
Władysław Kowalski ..........  Minister of Culture and Art
Stefan Matuszewski ..........  Minister of Public Information
Dr. Franciszek Litwin ........  Minister of Public Health
Mieczysław Thugutt ..........  Minister of Posts and Telegraph
Jerzy Sztachelski ............  Minister of Supplies and Trade
Dr. Stefan Jedrychowski .....  Minister of Foreign Trade
Stanisław Tkaczow ...........  Minister of Forestry

No. 484

860v.013/0-2145: Telegram
The Acting Secretary of State to the Ambassador in the Soviet Union
(Harriman)

SECRET
WASHINGTON, June 22, 1945—3 p. m.
US URGENT—NIAC1

1370. Dept concurs in your action as Commissioner in accepting
the settlement.¹

For your information, I have telegraphed the President ² giving
him an outline of your 2218, June 21,³ regarding agreement on Polish
Government. I have recommended that he give favorable considera-
tion, if the British Government concurs, to grant recognition to the
newly-constituted government as the new Polish Provisional Gov-
ernment of National Unity.

As soon as I hear from the President I shall inform you of his
decision.

Grew

¹ See document No. 486.
² Then at Olympia, Washington.
³ Not printed.
The Acting Secretary of State to the Ambassador in the Soviet Union (Harriman)

TOP SECRET

WASHINGTON, June 22, 1945—7 p. m.

US URGENT—NIAC/7

1382. Top Secret for the Ambassador.

As indicated in Depts 1370 June 22 3 p. m., this Govt is giving careful consideration to recognizing in the near future the Provisional Government of National Unity as the government of Poland. It would be most helpful in making our decision if we could have prior assurances from the competent members of the new Polish Govt, the more important of whom are now in Moscow, on the points enumerated below which are in conformity with the facilities extended by this Govt to duly accredited diplomatic and consular officials in the United States:

(1) This Govt would expect the new Polish Govt to grant to the Embassy to be established in Poland adequate facilities to communicate by mail telegraph radio and by courier with the Dept of State and with other American missions in Europe.

(2) This Govt would expect that the Ambassador and members of his staff would be given every appropriate facility to travel throughout Poland in order to carry out the legitimate functions of the Embassy and would be granted without delay permission to enter and to leave the country on receipt of application therefor;

(3) This Govt would expect that consular offices would be permitted to be established at such commercial and shipping centers as might be considered appropriate by this Govt.

Please, in such manner as you deem appropriate, take up the foregoing at the earliest opportunity with Bierut and any other members of the proposed Provisional Govt of National Unity whose support or views would in your opinion be helpful and point out that presumably the new Polish Govt will wish to maintain consulates throughout the United States and will desire its representatives to enjoy unlimited travel facilities in the United States.

You may likewise say in a personal and unofficial capacity that if facilities were promptly extended to representatives of the American press to visit Poland the reaction in this country would undoubtedly be immediately sympathetic.

While the Dept does not desire to imply that this Govt will make its recognition of the Polish Government of National Unity conditional on the granting of the assurances requested above it would

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1 Document No. 484.
obviously facilitate matters if a favorable reply were received at the earliest possible moment.

We hope for your early and favorable report.

Grew

No. 486

860c.01/5-2345: Telegram

The Ambassador in the Soviet Union (Harriman) to the Acting Secretary of State

PLAIN

Moscow, June 23, 1945.

US URGENT

2231. Polish Commission tonight agreed to following communiqué for release at twenty-four hours GMT June 23:

"On the question of the formation of a Provisional Polish Government of National Unity.

As has already been announced, the Peoples Commissar for Foreign Affairs of the USSR, V.I. Molotov, the British Ambassador, Sir Archibald C. Kerr, and the Ambassador of the United States of America, Mr. W. A. Harriman, were empowered by the Crimea Conference of the three Allied powers to consult with members of the Provisional Polish Government and with other democratic leaders from within Poland and abroad concerning the reorganization of the Provisional Polish Government on a broader democratic basis with the inclusion of democratic leaders from Poland itself and of Poles from abroad, and concerning the formation of a Provisional Polish Government of National Unity.

Between June 17 and 21, a series of meetings has taken place between members of the Provisional Polish Government and other democratic leaders from Poland and abroad who have come to Moscow, regarding the reorganization of the Provisional Polish Government and the formation of a Provisional Polish Government of National Unity. As a result of these meetings between members of the Provisional Polish Government and the above-mentioned democratic leaders, complete agreement has been reached on the formation of a Provisional Polish Government of National Unity on the basis indicated above. The text of this agreement, which has been submitted to the Comitéon on the Polish question, reads as follows:

'Representatives of the Provisional Government of the Polish Republic: President, M. Bolesław Bierut; Vice President, Mr. Władysław Kowalski; Premier, Mr. Edward Osóbka-Morawski; and Vice Premier, Mr. Władysław Gomułka.
Democratic leaders from Poland: Doctor Władysław Kiernik (who arrived in place of Mr. Wincenty Witos, who is indisposed), Dr. Henryk Kołodziejski, Professor Doctor Adam Krzyzanowski, Professor Stanisław Kutrzeba and Mr. Zygmunt Zuławski.

Polish democratic leaders from abroad: Mr. Stanisław Mikołajczyk, Mr. Antoni Kołodziej (who arrived in place of engineer Juliusz Zakowski) as well as Mr. Jan Stańczyk—arrived in Moscow on invitation of the Commission set up on the basis of the Crimea decision and consisting of Mr. Molotov, Peoples Commissar of Foreign Affairs of the USSR, Sir Archibald Clark Kerr, Ambassador of Great Britain and Mr. Averell Harriman, Ambassador of the United States of America.

The above-mentioned representatives of the Provisional Government of the Polish Republic as well as democratic leaders from Poland and from abroad, convinced that the feeling of national dignity and sovereignty of the Polish state require that Polish affairs be settled by Poles themselves, reached full understanding as regards the reorganization of the Provisional Government of the Polish Republic. This understanding is expressed in the following decisions unanimously adopted:

a. Invitation to Mr. Wincenty Witos from Poland and Mr. Stanisław Grabski from abroad to join the Presidium of the National Council of Poland.


c. Full composition of the Government of National Unity will be published in Warsaw within the next few days.¹

Simultaneously it was decided to invite to participate in state activities a number of Polish democratic leaders hitherto resident abroad, among them Mr. Popiel, chairman of the Christian Labor Party as well as Messrs. Kołodziej and Zakowski.

President Bierut undertook to notify the Commission consisting of V. M. Molotov, Sir Archibald Clark Kerr and Mr. W. A. Harriman of the above decisions.

Moscow[,] June 21, 1945.[¹]

V. M. Molotov, Mr. W. A. Harriman, and Sir Archibald C. Kerr, acting on the authorization of the Crimea Conference as the Commission on the Polish question, have noted with satisfaction the agreement reached between the Provisional Polish Government and the other democratic leaders from Poland and abroad on the formation of a Provisional Polish Government of National Unity.”

¹ See the subattachment to document No. 483.

[No. 486]
No. 487

860.01/6-3345: Telegram

The Acting Secretary of State to the Ambassador in the Soviet Union (Harriman)

SECRET

WASHINGTON, June 23, 1945—1 p. m.

US URGENT—NIACT

1389. The President has approved in principle recommendation that we recognize the new Polish Provisional Government of National Unity. (ReDept 1370, June 22.1)

As soon as it is announced that the new Government is functioning in Poland (paragraph e of your 2231, June 23 2), the Secretary will telegraph to the Polish Minister of Foreign Affairs in Warsaw informing him that the US Government has decided to recognize the new Government. It is then planned to have the President announce that we have accorded recognition to the new Government.

In this connection, Dept also proposes that in making this announcement the President reiterate the provisions of the Yalta agreement to the effect that the new Polish Provisional Government of National Unity shall be pledged to hold free and unfettered elections on the basis of universal suffrage and secret ballot. The President will also announce that Ambassador Lane and his staff will proceed to Warsaw as soon as possible.

Dept hopes that before the foregoing steps are taken you will have had an opportunity to obtain the assurances outlined in Dept 1382, June 22.3

Repeated to London as 5062 of June 23.

GREW

1 Document No. 484.
2 Document No. 486.
3 Document No. 488.

No. 488

860.01/9-2545: Telegram

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State

SECRET

LONDON, June 25, 1945—7 p. m.

US URGENT

6398. . . .

Warner also told us that FonOff was considering suggesting to Dept through Brit Emb at Washington that when New Warsaw Govt notifies US Brit and Soviet Govts that it has been established in
conformity with the Yalta Agreement it add a pledge in this message
of notification to hold free elections.

Robert Hankey who served at Brit Emb Warsaw from 1936 to
1939, and who is at present in Eastern Dept of FonOff will, when
recognition is extended[,] go to Warsaw as Chargé d’Affaires. Sent
Dept as 6398, rptd to Moscow as 219.

WINANT

No. 489

80c.01/16-2645 : Telegram

The Acting Secretary of State to the Ambassador in the Soviet Union
(Harriman)

SECRET

WASHINGTON, June 26, 1945—7 p. m.

US URGENT—NIACT

1425. Dept would appreciate receiving your reactions to the
British Government’s suggestion contained in London’s telegram
repeated to you as no. 219 that recognition be accorded when the
new Warsaw Government notifies the three Governments that it
has been established in conformity with the Yalta agreement and it
has added a pledge in the message of notification that it will hold
free elections.

It is clear from the Yalta declaration that the new Government
“shall be pledged to the holding of free and unfettered elections” and
that the new Government “has been properly formed in conformity
with the above”. Any reasonable interpretation of the Yalta agree-
ment shows that the question of the pledge to hold elections is a
condition to recognition. Are you of the opinion that the pledge
given by Bierut is sufficient to cover this point or do you feel that
we should agree with the British suggestion? As an alternative we
might put into the message the Secretary is to send to the Foreign
Minister a sentence indicating that we understand that the formation
of the new Government is a preliminary step and that in conformity
with the Yalta agreement we understand that this new Government
is pledged to the holding of free and unfettered elections as soon as
possible. The press has been asking whether we have already re-
ceived a definite pledge from the new Government regarding elections
and therefore we must be prepared to make some concrete statement
on this point. Dept would appreciate receiving an early reply.

1 Document No. 488.
Text of suggested message from the Secretary to the Polish Foreign Minister is contained in my immediately following telegram.\(^2\)
Repeated to London as 5202.

\(^2\) Not printed. Cf. enclosure 1 to document No. 496.

No. 490

860c.01/6-2045: Telegram

The Ambassador in the Soviet Union (Harriman) to the Acting Secretary of State

[Extract \(^1\)]

SECRET

Moscow, June 26, 1945—7 p. m.

2274. . . .

. . . . . . .

I discussed with Bierut specifically the points raised in Dept’s 1382, June 22, 7 p. m.\(^2\) . . . Bierut said that our reps would be given every opportunity to travel within Poland and see what they wished.

I emphasized the importance of rapid communications between our Emb in Warsaw and Wash. Bierut said the Govt was working on this and anxious to establish direct radio communication with the US. I explained that we now had regular trans-Atlantic air service to England, France, Frankfurt, and Stockholm and that we would wish to establish an Amer connecting service with one of these points and Warsaw. Bierut said he understood the importance of air communications with Amer and that these arrangements could be worked out after our Amb’s arrival in Warsaw. He said that the port of Danzig would be open by July 1 and suggested that UNRRA and other shipments from Amer should be delivered to that port. He agreed to the dispatch of naval officers from the mil mission here to Danzig and Gdynia to inspect present condition of facilities and is anxious for these officers to discuss with Polish authorities the requirements of those two ports.

I mentioned the value of the establishment of Amer consular offices in Poland and Polish consulates in the US and suggested that the details could be settled when our Amb arrives in Warsaw. Bierut agreed.

I had previously raised with Gomułka the question of Amer correspondents in Poland and had been assured that the Polish Govt desired Amer correspondents in Poland as soon as diplomatic relations were established.

\(^1\) For the first section of this message, see document No. 522.
\(^2\) Document No. 485.
During the conversation I had the opportunity to ask Bierut directly whether it was their intention to adopt the Russian attitude of suspicion towards foreigners or to continue Poland’s traditional attitude of free relationship with the western countries. He replied without hesitation that the latter would be the policy of the govt and emphasized the admiration that all Poles had for America and hoped for close and friendly relations with the US in all fields. It is my feeling that Bierut is sincere in his statements, but I cannot predict to what extent the Russians will attempt to put a brake on Polish desires for open contact with the west.

Harriman

No. 491

8000.01/6-2845 : Telegram

The Ambassador in Italy (Kirk) to the Secretary of State ad interim

SECRET

Caserta, June 28, 1945—noon.

2795. Broad showed us a tel he has just recd from ForOff instructing him if SAC
1 perceived no objection to proceeding Polish GHQs in Italy and explain to Gen Anders in as favorable a manner as possible why Poles abroad should welcome formation of new Pole Govt. ForOff was [has] authorized Broad to give to Anders story of Moscow negotiations more or less as outlined in Depcirtels on this subject
2 and to point out obvious advantages accruing to Poland by constitution of new Govt. . . .

Sent Dept, rptd Moscow 188.

Kirk

1 Field Marshal Sir Harold Alexander.
2 Not printed.

No. 492

8000.01/6-2845 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State ad interim

SECRET

Moscow, June 28, 1945—7 p. m.

2313. Secret for the Acting Secretary.

Following is briefly my reaction to the Polish Agreement. I am somewhat disappointed that the outsiders did not get seven instead of five posts in the new Govt—one additional Socialist and one from the Christian Labor Party. I believe this could have been done if the outside Socialists had taken a stronger position in the negotiations with the Warsaw reps. Zulawski if his health had permitted would
have been accepted. There appears to be a gentlemen’s agreement that the Christian Labor leader, Popiel will be admitted to the Govt on his return from London. The Socialists also hope to consolidate their party and obtain stronger representation in the Govt at a later date.

I feel that Mikołajczyk is better off not to be Prime Minister under the present difficult situation both economic and political and that he has as strong a position as he could hope for as Deputy Prime Minister and Minister of Agriculture which latter post will necessitate his traveling around the country. With four new members of the Peasant Party in important posts in the Govt he should be in a position to exercise substantial influence.

The matter which gives all concern is the retention of the independent Ministry of Internal Security under a Communist. This Ministry is developing a secret police on the Russian style. The manner in which this Ministry is administered is the crux of whether Poland will have her independence, whether reasonable personal freedoms will be permitted and whether reasonably free elections can be held.

Mikołajczyk does not expect the full freedoms which he would like for Poland and the Polish people. On the other hand he is hopeful that through the strength of the Peasant Party a reasonable degree of freedom and independence can be preserved now and that in time after conditions in Europe become more stable and Russia turns her attention to her internal development controls will be relaxed and Poland will be able to gain for herself her independence of life as a nation even though he freely accepts that Poland’s security and foreign policy must follow the lead of Moscow.

During the course of the negotiations I spent a good many hours with the principal Warsaw leaders, Bierut, Morawski and Gomułka. . . . Mikołajczyk recognizes the importance of the Communist Party and of these men particularly the two Communists in the all important relations with Russia and says that he is ready to work closely with them even though they represent only a very small fraction of the Polish people.

I feel that Mikołajczyk and his associates have been wise in accepting the best deal they could make on their own and not coming to Clark Kerr and myself for direct assistance on improving the present agreement since it is the future decisions that are all important. It is impossible to predict the trend of events in Poland but I believe that the stage is set as well as can be done at the present time and that if we continue to take a sympathetic interest in Polish affairs and are reasonably generous in our economic relations there is a fair chance that things will work out satisfactorily from our standpoint.

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1 Stanislaw Radkiewicz.
The Ambassador in the Soviet Union (Harriman) to the Secretary of State ad interim

SECRET	Moscow, June 29, 1945—6 p. m.
US URGENT

2322. Polco. The Polish Amb 1 handed me this afternoon a message addressed to Pres. Truman signed by Osóbka-Morawski PriMin with the request that I transmit it to my govt. Translation of text of message is quoted in my next following tel. 2

Modzelewski referring to the second pgh of the message stated that the new govt had at its first meeting recognized the Yalta decisions in their entirety and that this of course applied to the holding of elections as well as the other matters contained therein.

The word "Provisional" has not been included in the title of the new govt. I did not notice this until after the Amb had departed. It will be recalled that at the last meeting of the Commission Bierut on behalf of his associates of the Warsaw Govt and the new Ministers pledged himself unequivocally to the acceptance of the word Provisional unless the Brit and American Govts were prepared to agree to its elimination Mr. Molotov having already indicated the Soviet Govt's approval of its deletion.

I have asked the Brit Amb 3 to raise this question with Modzelewski when he calls on him later this afternoon. 4

I find also that the Moscow morning papers in referring to the new govt have omitted the word Provisional so that it is to be assumed that in Poland in the announcement of the formation of the new govt the word Provisional has not been included.

I will comment (ReDept's 1426, June 26, 7 p. m.) on the draft text of the proposed reply 5 in a subsequent message.

The list of the members of the new govt 7 conforms to the tentative list handed me in Moscow by Mikolajczyk except for the addition of the two new Ministries created at yesterday's meeting of the presidium.

I therefore consider it as conforming with the agreement approved by the Commission.

HARRIMAN

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1 Zygmunt Modzelewski.
2 Not printed. For the final text of Osóbka-Morawski's message, see Department of State Bulletin, vol. XIII, p. 47.
3 Sir Archibald Clark Kerr.
4 The word "Provisional" was subsequently inserted in the phrase "Polish Provisional Government of National Unity" in Osóbka-Morawski's message.
5 Not printed.
6 See enclosure 1 to document No. 496.
7 See the subattachment to document No. 483.
No. 494

The Ambassador in the Soviet Union (Harriman) to the Secretary of State ad interim

[Extract]

SECRET

US URGENT

Moscow, June 30, 1945—2 p. m.

2345. Polco. Sent Dept as 2345 rptd London as 332; ReEmb’s 2334, June 29, midnight.  

... Bierut in his conversation with me as reported in my 2259 June 25, 5 p. m. 1 did not raise the constitutional question in connection with the legality of the obligations of the pre-war Govt. He did indicate that he wished to scrutinize the transactions of the Govt in Exile in order to satisfy himself that they were undertaken in the interests of the Polish State. This seemed to me a reasonable attitude because of the controversies that have existed between the two groups. Bierut and all the Poles show the keenest desire to obtain at the earliest moment the assets of the Polish State abroad and economic assistance from the US in their vast task of reconstruction.

HARRIMAN

1 Not printed.

No. 495

The Ambassador in Italy (Kirk) to the Secretary of State ad interim

TOP SECRET

Caserta, June 30, 1945—8 p. m.

2826. We were informed by Broad this morning that he lunched with Anders at latter’s HQ yesterday and talked to him along lines of his instructions from FonOff as briefly set forth in our 2795, June 28. 1

Our Brit colleague stated Anders listened most politely to what he, Broad, had to say and expressed his appreciation for latter’s kindness in taking trouble to call on him. Polish Commander then requested Broad to forgive him in advance if he spoke to him frankly. He went on to say neither he nor his troops could possibly accept as genuine Polish Govt so-called govt recently set up in Moscow. They

1 Document No. 491.
had no illusions about Russian game. In his opinion only responsible, honest Pole in that group was Grabski, who was 80 years of age. He personally felt settlement made was part of present Russian policy to make concessions at this time in order better to advance their cause at later date. He said he expected Russians to cooperate with western powers to limited extent until Amer and Brit troops were withdrawn from continent Europe and until substantial Brit and Amer credits and assistance were obtained. In his opinion Russians were fully aware of eagerness of Brit and Amer capitalists to accept large orders from USSR. He added Russians would amaze world with speed with which they would be able rebuild destroyed industries and rehabilitate their country in general, thanks to Brit and Amer aid. They would also squeeze heavy price from US and Great Brit for proper behavior in Far East. Anders said he could not in all honesty advise any decent Pole to return Poland at this time. He himself was convinced that Stalin desired control whole of Europe and he thought Red Army would be on march in eight or ten years against western powers. He himself preferred keep his excellent army of 100,000 men together in Italy and wait and see. He commented he hoped US and Great Brit would eventually abandon wishful thinking which was now controlling their policies with regard to USSR and would recognize reality that Stalin like Hitler would not stop, but could only be stopped.

Anders requested Broad inform Alexander and Brit Govt that he would, of course, hold his army in good order in spite recent agreement in Moscow on Polish Govt so long as no agents of newly formed Polish Govt were sent to Italy to propagandize among his troops or to Mid-East to agitate among families of members his army.

Kirk

No. 496

The Secretary of State ad interim to the President

WASHINGTON, July 2, 1945.

MEMORANDUM FOR THE PRESIDENT

Subject: Formalities of Recognition of the new Polish Provisional Government of National Unity.

There is enclosed for your approval a suggested reply to the Polish Prime Minister announcing the establishment of diplomatic relations with the new Government. There is also enclosed a suggested public
statement for you to issue at 7:00 p.m., Eastern War Time, on the
day chosen for recognition.¹

For technical and legal reasons, it is essential to fix an exact hour
for the establishment of diplomatic relations. It is proposed, there-
fore, if you approve the attached drafts, to telegraph them ahead of
time to Ambassador Harriman with instructions that he inform the
Polish Ambassador in Moscow confidentially in advance of the action
to be taken by you and of the exact hour of recognition. This step is
necessary in order to make sure that the Polish Government is ap-
praised beforehand of the exact hour on which recognition is to take
place.

If you approve the attached drafts,² I will see that the mechanics are
worked out.

JOSEPH C. GREW

[Enclosure 1]

SUGGESTED MESSAGE FROM THE PRESIDENT TO THE POLISH PRIME
MINISTER REGARDING RECOGNITION OF THE NEW POLISH GOVERN-
MENT ³

I am gratified to learn from your message ⁴ to me transmitted
through your Ambassador at Moscow that the Polish Provisional
Government of National Unity was established on June 28, 1945 in
conformity with the Crimea decision. I am pleased to note that
Your Excellency’s Government has recognized in their entirety the
decisions of the Crimea Conference on the Polish question thereby
confirming the intention of Your Excellency’s Government to pro-
cceed with the holding of elections in Poland in conformity with the
provisions of the Crimea decisions. The Government of the United
States of America therefore on the basis of its assurances given at the
Crimea Conference hereby establishes diplomatic relations with the
Polish Provisional Government of National Unity. I have chosen as
Ambassador Extraordinary and Plenipotentiary to Poland Mr.
Arthur Bliss Lane, whom I have instructed to proceed to Warsaw as
soon as possible.

Accept [etc.]

HARRY S. TRUMAN

¹ This enclosure bears the following manuscript endorsement by Truman:
“OK HST”. The suggested statement was issued on July 5 with only minor
editorial changes. See document No. 501.
² The original of Grew’s memorandum bears the following manuscript endorse-
ment by Truman: “Approved HST”.
³ Truman signed the draft as submitted and it was dispatched for delivery to
Osóbka-Morawski on July 5. The text of this message was issued as a White
House press release on the same date. See Department of State Bulletin, vol.
xiii, p. 48.
⁴ See ibid., vol. xiii, p. 47
POLAND

No. 497

Leary Papers: Telegram

President Truman to Prime Minister Churchill

[WASHINGTON,] 2 July 1945.

83. Ambassador Harriman has informed me and I concur that the new Polish Provisional Government of National Unity has been established in conformity with the Crimea Decision. As you know, the new government has addressed parallel communications to us requesting that we accord recognition.

On the basis of the assurances given by the New Government and on the recommendations of Ambassador Harriman, I plan to accord recognition to the New Government to become effective at 7 p.m. Eastern War Time on July 3.

I feel that now the matter has moved this far forward any further delay would serve no useful purpose and might even prove embarrassing to both of us. I hope, therefore, you will agree to accord recognition simultaneously with us.

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1 Presumably sent to the United States Naval Attaché, London, via Navy channels.
2 See document No. 493.

No. 498

Truman Papers: Telegram

Prime Minister Churchill to President Truman

TOP SECRET

LONDON, 3 July 1945.

Prime Minister to President Truman. Number 101. Personal and top secret.

1. I was surprised by your number 83, giving me only a few hours' notice of your decision to recognize the new Polish Government. Our position is different from yours. The old Polish Government is seated here in London, with officials and very large staffs. It administers a Polish army of 170,000 men, whose attitude has to be carefully considered. It is, of course, our intention to recognize the new government, but we should hope that some consideration could be shown to us in meeting difficulties which you, in no way, share. We had been hoping to give the London Poles at least twenty-four hours' notice, which seems only reasonable, as they have to tell all their employees about their immediate future, and that three months' salary will be paid, etc.

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1 Sent by the United States Military Attaché, London, via Army channels.
2 Document No. 497.
2. I would, therefore, ask you whether you would not substitute 7:00 p.m. Eastern War Time, July 4th for July 3rd. If you feel unable to do this, I fear there can be no synchronization.

No. 499

President Truman to Prime Minister Churchill

TOP SECRET

WASHINGTON, 3 July 1945.

85. I have just received your message No. 101 and in view of the reasons given by you I concur with your suggestion that we delay temporarily the recognition of the new Polish Government.

The twenty-four hour delay suggested by you would mean that we would accord recognition on Independence Day. I, therefore, suggest and hope you will concur that we postpone recognition for forty-eight hours; that is, until 7 p.m. Eastern War Time, July 5.

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1 Presumably sent to the United States Naval Attaché, London, via Navy channels.

2 Document No. 498.

No. 500

The Ambassador in the United Kingdom (Winant) to the Secretary of State

SECRET

LONDON, July 4, 1945—noon.

US URGENT

6714. Warner has expressed to us FonOff's deep appreciation of agreement to postpone temporarily recognition of new Polish Govt. (Dept's 5385 July 3, 4 p.m.1) This gives FonOff, Warner said, some much needed additional time to complete as far as possible arrangements for meeting problems arising from withdrawal of recognition from London Poles. Warner mentioned specifically in this connection the servicing of Polish troops and refugees. Up to now, he said, this has been done by Polish Govt agencies in London "with our money". This activity can now be only partially liquidated. To work out a plan to carry on under proper safeguards what remains of it is a complicated matter. FonOff is very anxious, Warner added, to ensure such a measure of control so that representatives of new

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1 Not printed.
Polish Govt in London cannot complain that means remain here through which old Polish group can disseminate "propaganda". Sent Dept as 6714; rptd Moscow as 233.

Winant

No. 501

White House Press Release

Statement by the President

It is with great satisfaction that I announce that effective today as of 7 p.m., Eastern War Time, the Government of the United States has established diplomatic relations with the newly formed Polish Provisional Government of National Unity now established at Warsaw. The establishment of this Government is an important and positive step in fulfilling the decisions regarding Poland reached at Yalta and signed on February 11, 1945.

The new Polish Provisional Government of National Unity has informed me in a written communication that it has recognized in their entirety the decisions of the Crimea Conference on the Polish question. The new Government has thereby confirmed its intention to carry out the provisions of the Crimea decision with respect to the holding of elections.

Mr. Arthur Bliss Lane, whom I have chosen as United States Ambassador to Poland, will proceed to Warsaw as soon as possible, accompanied by his staff.

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1 Issued July 5; reprinted from Department of State Bulletin, vol. xiii, p. 47.
2 Text printed ibid.

No. 502

SECRET

US URGENT

Moscow, July 5, 1945—9 p.m.

2419. I delivered this evening to the Polish Amb the texts of the President's message to Osóbka-Morawski and of the public statement re the recognition of the Polish Provisional Govt of National Unity (ReDeptel 1505, July 3, 4 p.m.) the Polish Amb expressed his appreciation for being provided with these texts and stated that he would

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1 Not printed. For the texts referred to, see documents Nos. 496 and 501.
transmit them to his govt immediately and that the announcement of recognition would appear in tomorrow’s morning papers in Poland.

The Brit Amb is also sending a communication to the Polish Amb this evening.

HARRIMAN

No. 503

The Chargé Near the Polish Government-in-Exile (Schoenfeld) to the Secretary of State


No. 778


Sir: I have the honor to report that, in compliance with your telegram No. 25 of July 4, 10 p. m.,¹ I called on Mr. Adam Tarnowski, Polish Foreign Minister, this evening at 6.45 and delivered to him a note (copy of which is enclosed) notifying him of the United States Government’s recognition of the new Polish Provisional Government of National Unity as the Government of the Republic of Poland, and the termination of the Mission of the American Embassy near the Polish Government in exile established in London.

After reading the note, Mr. Tarnowski said that the action of the United States Government was of course not unexpected but he regretted its decision none the less. He said he could not understand why the United States and Great Britain were pushing Poland into the arms of the Bolsheviks. The Polish Government established in London had no illusions about Soviet policy toward Poland. The United States and British Governments seemed still to nourish such illusions. He thought they would later have regrets. What hurt the Poles most, he said, was the claim that the arrangements arrived at at Yalta and at Moscow were fair and just. He could not believe that they were so. Poland, he continued, had suffered 150 years of enslavement and had in the end recovered its freedom and independence. It would continue to struggle for its freedom and independence and he felt confident it would eventually secure them.

I told Mr. Tarnowski, who had spoken with evident feeling but with quiet courtesy, that the policy of the United States Government had been directed toward assuring a free and independent Poland. I said that he would recall that President Wilson had been the exponent of the idea of a free and independent Poland after the last war.

¹ Not printed.
I had no doubt that this continued to be the aim of the United States Government.

I added that I desired to thank him for his consistent courtesy toward me personally and to express my appreciation of the cooperation which this Mission had received from his Government in the past. Mr. Tarnowski replied that he wished in turn to express his appreciation of the agreeable relations which the Polish Government had had with this Mission.

Respectfully yours, 

RUDOLF E. SCHOFENFELD

[Enclosure]

The Chargé Near the Polish Government-in-Exile (Schoenfeld) to the Polish Minister of Foreign Affairs (Tarnowski)

No. 266 

LONDON, July 5, 1945.

EXCELLENCY: Since the Government of the United States of America has, in conformity with the decisions of the Crimea Conference, decided to recognize effective at 7:00 p.m. Eastern War Time July 5, 1945 the new Polish Provisional Government of National Unity as the Government of the Republic of Poland, I have the honor to inform Your Excellency that the Mission of the American Embassy near the Polish Government in exile in London will terminate as of that time.²

Accept [etc.] 

RUDOLF E. SCHOFENFELD

² Similar notice was given to the Polish Embassy at Washington and to the Embassy of the Polish Provisional Government of National Unity at Moscow.

No. 504

The British Ambassador (Halifax) to the Secretary of State

His Majesty’s Ambassador presents his compliments to the Secretary of State and has the honour, on instructions from His Majesty’s Principal Secretary of State for Foreign Affairs,¹ to inform him that the Foreign Office has telegraphed instructions to His Majesty’s Ambassador in Moscow to concert with the Ambassador of the United States in addressing to the Polish Ambassador, some five hours in advance of the agreed time of release (7 p.m. Eastern War Time, Thursday, July 5th), a communication, in the terms of the text handed to the State Department yesterday,² according formal recognition to the newly established Polish Provisional Government of

¹ Anthony Eden.
² Not printed.
National Unity. This communication will be in the form of a message from the Prime Minister, Mr. Winston Churchill[,] to the Polish Premier, M. Osóbka-Morawski, which Sir Archibald Clark Kerr will request the Polish Ambassador in Moscow to forward immediately to his government in Warsaw to become effective at the time agreed.

In addition to the foregoing, Lord Halifax is further instructed to inform Mr. Byrnes that, although His Majesty’s Government is proceeding to recognize the new Polish Government of National Unity, the Foreign Office is by no means satisfied with the assurances that have so far been forthcoming from the Polish Ambassador in Moscow regarding the participation of the recognized Polish political parties in the elections which the government is pledged to hold. His Majesty’s Ambassador has accordingly been instructed to address immediately in this sense, a note to the Soviet Government stating that the Prime Minister reserves the right to raise this matter at the forthcoming meeting of the three heads of State as a point that affects the implementation of the Crimean decisions. Sir Archibald Clark Kerr is instructed to explain that a similar communication is being made to the United States Government. He is furthermore instructed when making the communication to the Polish Ambassador referred to above, to inform him of the nature of the note which he is handing to the Soviet Government and to add that a similar communication is being made to the United States Government.

WASHINGTON, July 5th, 1945.

No. 505

860c.01/7-545: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

[Extract]

SECRET

LONDON, July 5, 1945—noon.

6749. . . .

Same [British] official ¹ said that FonOff had concluded yesterday with Polish Govt in London agreement whereby all leases, including lease on Polish Emb property, would be taken over by Brit Govt. Most leases are of short duration but Brit Govt will turn them over to new Polish Govt if it so desires or will continue them on own account.

WINANT

¹ Not identified.
The Ambassador in the United Kingdom (Winant) to the Secretary of State

SECRET

US URGENT

6836. We were told today by FO official directly concerned Polish affairs that Hankey will leave for Warsaw July 10.

Same official said that Interim Treasury Committee for Polish Questions which will be appointed to liquidate Polish civilian ministries will consist of one Pole for each of ministries to be liquidated acting under Brit supervision. The list of Poles finally approved contains alterations made at request of Mikołajczyk supporters. (Sent to Dept as 6836; rptd to Paris for Lane as 441) FO official emphasized, however, that Poles on committee have no official representative status but will act merely as advisors to Brit on liquidation. Some Polish Ministries, particularly Ministry of Information, are considered already to have been liquidated. Work to be done by committee will include payment of pension to Polish ex-soldiers, social security benefits to civilians, grants to students and discharge of similar continuing obligations, pending agreement for assumption of such obligations by new Polish Govt.

We were also told that like arrangements are being negotiated by service ministries with Polish armed forces. Brit intention is to keep Polish units in organized status for time being but to liquidate or at least reduce Polish General Staff and higher command echelons as soon as possible.

The foregoing arrangements have been effected mostly by oral agreements. Emb is attempting to secure text of agreement re assumption by Brit Govt of Polish leases in London,\(^1\) however, and will forward if released by FO.

\(^1\) Not printed.

[No. 506]
The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State

SECRET

LONDON, July 9, 1945—6 p.m.

6900. FonOff official directly concerned Polish affairs gave us following information this afternoon.

Re establishment Brit Emb, Warsaw. Hankey has postponed date departure for Warsaw until July 12 and may not leave until July 15. . . Brit are now negotiating in Moscow for direct air service UK to Warsaw, but Hankey may have to go via Brit plane to Berlin and via Russian plane from Berlin to Warsaw.

Re status Polish troops in UK and western Europe. Brit War Office has issued circular to all Brit Commanders of Polish detachments directing them to assure Poles in units under their command that no Pole will be returned to Poland against his will. (Sent to Dept as 6900 rptd to Paris for Lane as 447) Brit hope to abolish Polish Ministry of Defence in immediate future. They have already introduced Brit Liaison Mission into Polish General Staff and in time hope also to reduce General Staff and to limit its functions to purely administrative matters.

Re Brit control Polish assets in UK. We were shown a copy of the agreement which Brit Treasury concluded with former Polish Govt in London whereby it obtained control of its assets. Agreement is in form of power of attorney and assignment of assets. It assigns Polish assets listed in an annex to Brit Govt for six months and conveys full power of attorney to Brit Govt acting through interim Treasury committee to utilize or dispose of assets. Since document is of a private character copy could not be made available to Emb, but if further information re contents is desired FonOff probably would be willing to allow us re-examine it.

Re first Brit contacts with members Polish Commission to secure property of Polish State. Two members of Commission to secure property of Polish State, Drożniak and Kołodziejski, arrived in London July 7. Officials of FonOff had informal meeting with them this morning. They found that Poles expected to take over all assets former London Polish Govt immediately and without reservations. They were told that Brit could not deal officially with them until FonOff had received an official communication from Polish Govt setting out their terms of reference and powers to negotiate.
Brit stressed desirability of Poles sending fully accredited Amb to London as soon as possible and informed Polish reps that telegram had been sent to Brit Emb Moscow for transmission to Polish Amb pointing out that it would be impossible for Brit Govt to undertake formal conversations with Polish reps in London unless foregoing conditions were met. Brit also pointed out to Polish reps and in telegram that question of surrendering to [sic] Polish assets in UK would have to be linked with repayment of advances to former Polish Govt in London and that surrender of assets could not be made unconditionally, since some agreement would have to be reached for protecting pensioners and for meeting other continuing obligations of former Polish Govt. Brit also suggested to Polish reps that, after they were formally accredited, negotiations should be undertaken between Polish reps and interim Treasury Committee.

WINANT

No. 508

740.0011 E127-1545

The Second Secretary of Embassy in the United Kingdom (Thompson) to the Assistant Secretary of State (Dunn)¹

SECRET


MEMORANDUM

Subject: Poland (Outstanding Questions)

Mr. Dunn: The British apparently contemplate asking for some assurance of the right of Polish political parties to take part in elections in Poland.

In view of the fact that our Ambassador is expected to arrive in Warsaw shortly, it is suggested that the question of Polish elections not be raised at this meeting. Upon the basis of Mr. Lane’s reports we may wish at a later date to make some concrete proposals on this subject to the Soviets but any attempt to raise the matter here in general terms would almost certainly result in a strong Soviet rebuff and would probably unduly arouse Soviet suspicions.

One step which we might profitably take would be to press for the early establishment of consulates in Poland which would put us in a better position to observe conditions in Poland and to exert our influence for free elections.

¹ Printed from the ribbon copy, which is unsigned.

[No. 508]
TOP SECRET

European Territorial Settlements

I. Germany

In general all territories seized by Germany either before or during the course of the war will automatically return to their rightful owners. Major territorial claims against Germany are treated below. On Polish claims against Germany this Government agrees that east Prussia (except for the Koenigsberg district), the former Free City of Danzig, German Upper Silesia and a portion of eastern Pomerania should be ceded to Poland. The American Government would prefer that other German territory east of the Oder should remain German. However, the British have agreed to the cession to Poland of all territory east of the Oder 3 and this Government would probably not wish to stand out alone if the Russians insist on this point. 4

[WASHINGTON,] June 29, 1945.

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1 Annex 13 to the attachment to document No. 177.
2 For other extracts from this paper, see documents Nos. 259 and 398.
4 Another version of this paper in the Department of State files, also dated June 29 (file No. 740.00119 Council/6-3045), has the following sentence added at this point: “It is believed that this Government should refuse to sanction, at this conference, the transfer to Poland of the territory between the Oder and the Neisse.”
Briefing Book Paper

[Extract 1]

TOP SECRET

Suggested United States Policy Regarding Poland

Frontier Question

The Crimea Conference settled the problem of Poland's Eastern frontier by adopting a slightly modified Curzon Line as forming the Polish-Soviet boundary. The Conference also recognized that Poland should receive substantial accessions of territory in the North and West and that the new Polish Provisional Government of National Unity should be consulted with regard to their extent by [but?] the Conference declared that the final delimitation of the Polish-German frontiers should await the peace conference. With the rapid liberation of Polish territory which was accompanied by a large scale withdrawal of the German population therein, the Lublin Government took over almost immediately all the territory of pre-1939 Poland. Later, it likewise took over with the consent and the assistance of the Soviet authorities the territory of the Free City of Danzig and extensive areas in East Prussia and Western [Eastern] Germany stretching approximately to the Oder Neisse Line. Both the British Government and ourselves protested vigorously to Moscow against the formal transfer by the Soviet Government of this territory to Poland and its incorporation into the Polish State by Warsaw. We felt that this transfer was an

1 For other sections of this briefing paper, see documents Nos. 483 and 521.
2 For the decisions of the Yalta Conference, see vol. ii, documents Nos. 1416 and 1417.
3 For the origin and a description of the Curzon Line, see Foreign Relations, The Paris Peace Conference, 1919, vol. xiii, pp. 793-794. See also the map facing p. 748, post.
4 These protests were referred to by Stalin at the Fifth Plenary Meeting of the Berlin Conference, July 21 (see vol. ii, p. 209). Following is a summary of the protests in question:

Harriman wrote to Molotov on April 8, 1945 (Moscow Embassy Files—715 Boundaries—Poland):

"I have been instructed to inform the Soviet Government that my Government has received a number of press and radio reports attributed to responsible officials of the Provisional Polish Government now established in Warsaw to the effect that certain territories in the Soviet military zone, including the Free City of Danzig and several districts in Lower and Upper Silesia which were a part of pre-1937 Germany, have been formally incorporated into Poland. Apparent confirmation of these reports appears in the TASS report of Mr. Osóbkowski's speech which was published in Prawda for April 2, 1945.

"I am instructed to request on behalf of my Government information as to the facts underlying these reports. I should be grateful if you would send me this information at an early date."

Kennan reported to the Secretary of State on April 18 that Vyshinsky had replied, in part, as follows (file No. 862.014/4-1845):

[No. 510]
infringement both of the Crimea Decision and of the general tripartite understandings regarding the disposal of occupied German territory, and saw in it an effort by the Soviets and the Soviet-dominated Poles to confront us with another "fait accompli". While the motivation for these excessive territorial demands is not clear, it is possible that the following factors figured in the Soviet, if not the Polish calculations:

1. By including a large section of German territory in Poland and the probable transfer of some eight to ten million Germans, the future Polish state would in all probability be forced to depend completely on Moscow for protection against German Irredentists' demands and in fact might become a full-fledged Soviet satellite.

(Footnote 4—continued)

"It is well known that the German population of Silesia is leaving with the withdrawing German troops and that only the Polish population remains behind. The greater part of the German civilian population has also evacuated from Danzig to Germany. In these circumstances the urgent necessity of a base [the urgent necessity arose] for the creation of a civil administration from Poles who constitute the basic population of above mentioned areas. The direction of civil affairs in Silesia and Danzig has also been transformed to the competence of this Polish civil administration, all of which has no relation to the question of boundaries."

On May 8 Grew instructed Kennan to deliver to Vyshinsky a memorandum substantially as follows (file No. 862.014/5-845):

"The United States Government fails to understand the statement in Mr. Vyshinsky's letter to the effect that the establishment and competence of the Polish civil administrations set up in the Free City of Danzig and certain Soviet occupied German territory have no relation to the question of the future boundaries of Poland. This statement and other statements in Vyshinsky's communication give rise to the impression that the Free City of Danzig and occupied German areas so administered remain effectively under Soviet military occupation with the local administration thereof entrusted only as a matter of convenience to indigenous Polish officials who are in no way the agents of or responsible to the Provisional Polish Government now functioning in Warsaw. The United States Government is unable to reconcile the assertions of the Soviet Government with the numerous reports and public statements made to the effect that the Polish Provisional Government now functioning in Warsaw has by decree formally incorporated into its state system certain enemy territory occupied by the Red Army and has appointed Poles from Poland proper as municipal and provincial officials to administer such enemy territory as integral parts of Poland. Moreover, additional reports from Poland ascribed to official sources there indicate among other things that the Provisional Polish Government now functioning in Warsaw is (1) setting up its complete state apparatus and enforcing its laws in these areas, (2) engaged already in a large scale transfer of Poles from other areas to this enemy territory and (3) planning the extension of its administration over additional enemy territory now under Soviet military occupation. Such reports declare that these and similar acts attributed to the Provisional Polish Government now functioning in Warsaw have been effected with the full knowledge and approval of the Soviet occupation authorities.

"In the above circumstances, the United States Government informs the Soviet Government that changes such as these in the status of occupied enemy territory arising from the unilateral action of the occupying power without prior consultation and agreement between the several United Nations concerned disregard the principles upon which the agreements setting up the control machinery for Germany and the Protocols on the occupation were based. The Government of the United States wishes to make it clear that the Free City of Danzig and occupied German territory now subjected to Polish administration, as well as all other enemy territory held by the Red Army, remain in fact enemy territory under Soviet military occupation, and must be held as such pending the conclusion
2. If it should not in the end prove possible to establish a workable world security organization and the Soviet Union should elect to rely on its own resources for its security, the advantages are obvious of having the Polish frontier as far West as possible, particularly if the future Polish Government should be more or less under the domination of Moscow.

3. By giving the future Polish state maximum compensation in the West, it may be the hope of the Soviet authorities that the Polish people would more willingly accept the loss of 42 percent of former Polish territory in the East.

While it appears that the Soviet Government is now sponsoring "compensation" for Poland from Germany, up to the so-called Oder-Neisse River Line (line (a) on attached map 6) which would include the cities of Stettin and Breslau in Poland and make it necessary to transfer from eight to ten million Germans from these areas, and while the British Government may not object to "compensation" for Poland up to the Oder Line (line (b) on attached map), the United States Government should use its influence to obtain the less radical solution outlined below which it is felt would, from a long range point of view, contribute materially to the future peace and tranquillity of Europe. Moreover, the suggested solution would in

of such agreements and understandings as may be reached after full and complete consultation and deliberation between the Allied powers concerned."

Kennan was also instructed to state that the United States Government was "naturally prepared to recognize the Western frontier of Poland when delimited in accordance with the applicable decisions of the Crimea Conference" but that it "must until such time insist that no transfer be made of enemy territory under Soviet occupation to the Polish Provisional Government now functioning in Poland." Kennan reported to the Acting Secretary of State on May 11 (file No. 862.014/5-1145) that he had carried out these instructions on that date. Kennan reported further on May 15 (file No. 862.014/5-1545) that Roberts, the British Chargé at Moscow, had sent to Vyshinsky a protest which followed "in general a parallel line".

Kennan reported on May 17 (file No. 862.014/5-1745) that Vyshinsky had replied the day before to the United States protest of May 11.

"In his reply, which refers only to the establishment of a Polish civil administration in Danzig, Vyshinsky states that it is quite natural that the Polish civil administration acting under the direction of the provisional Govt is functioning according to Polish law. He denies that this circumstance can be considered to disregard the principles on which the agreements for establishing control machinery for Germany and the protocols on German occupation were based. In justification of this position he cites the military necessity which he advanced in his letter of April 15 . . . . He insists that it is necessary to keep this fact in mind since the Crimea decision recognized that Poland must receive substantial additional territory to the north and west which, he says, thus not only does not exclude but presupposes the possibility of a Polish administration functioning in this territory. He again emphasizes as self-evident that the final determination of Poland's western boundary will be made at the peace settlement as envisaged in the Crimea decision." 8

8 No map is attached to this paper in any copy of the Briefing Book which has been found. The various lines mentioned in the text appear, however, on a Department of State map dated January 10, 1945, which was annexed to the Briefing Book paper entitled "Suggested United States Policy Regarding Poland" prepared for the Yalta Conference. A reproduction of this map is here reprinted (facing p. 748) from Foreign Relations, The Conferences at Malta and Yalta, 1945, insert facing p. 233.
all probability be much more acceptable to world opinion and in-
crease the prospects of [that?] completely wholehearted American
acceptance of membership in a world [organization would?] not be
jeopardized from the start by having to accept untenable settle-
ments such as that suggested by and already put into effect in certain
respects by unilateral action on the part of the Lublin Poles.

Our policy regarding the unsettled frontier shall be as follows:

In the North, Poland should receive the Free City of Danzig and
the bulk of East Prussia and in the West, the only rectification of 1939
Polish-German frontier should be to include in Poland a small strip
of German Pomerania west of the so-called Polish Corridor in order
to eliminate the German salient in this area and to give Poland additional
sea coast and Upper Silesia which is predominantly Polish in popula-
tion and is particularly important from the industrial point of view.

While this solution would reduce considerably the size of Poland
compared to its prewar frontiers, it would include only areas which
are predominantly Polish, would make for a viable Polish state from
an economic point of view and would reduce to a minimum the prob-
lem of the transfer of populations (these boundaries are indicated on
the attached map).

In regard to the British attitude, Mr. Churchill has already indi-
cated that he favors compensation for Poland in the West which would
stretch broadly along the Baltic Sea on a front of two hundred miles.
This statement would indicate that the British Government's plan
for compensation from Germany would correspond roughly with line
(c) on the attached map (which approximates the suggested American
solution outlined above).

Since the British Ambassador at Moscow has recommended to
Bierut and other members of the Polish Government that the question
of Poland's western boundaries be taken up with the "Big Three"
immediately after the formation of the New Government of National
Unity, it might be well to make an effort to attain tentative concur-
rence with [by?] the British on our proposed solution. Thus when the
consultations on this matter provided in the Crimea Decision take
place, it would be ensured that the British and ourselves do not work at
cross purposes in face of apparent agreement on the part of the Poles
and the Soviets to face us with a "fait accompli" in this matter.

If our full and determined efforts to attain this solution fail, we
should then concentrate on obtaining a solution of the Polish frontier
which would minimize the possibility of irredentism and population
transfers and should only with reluctance accept the Oder Line (line b)
and should resist to the utmost acceptance of the Oder–Neisse Line
(line a).

6 Sir Archibald Clark Kerr.
In connection with any final frontier settlement agreed upon, we should insofar as practicable and in collaboration with the other United Nations be prepared to assist in the orderly transfer of minority groups provided the Polish Government so desires.

[WASHINGTON,] June 29, 1945.

No. 511

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

EASTERN POLAND BETWEEN THE RIGA LINE AND CURZON LINE
RECOMMENDATIONS

The United States Government, in the agreement of the Big Three at the Crimea Conference (February 11, 1945), approved the Curzon Line (with Extension A) as the boundary between Poland and the U. S. S. R. Deviations from the Line in some regions of five to eight kilometers are to be allowed in favor of Poland.

BASIC DATA

The area between the Riga and Curzon Lines includes pre-1914 Austrian and Russian territory. Eastern Galicia was renounced by Austria in the Treaty of St. Germain, September 10, 1919, and was awarded to Poland on March 15, 1923 by the Principal Allied Powers, acting under Article 87 of the Treaty of Versailles. The former Russian territory was acquired by Poland through the Treaty of Riga, March 18, 1921.

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1 See vol. ii, document No. 1417, section vi.
2 For the origin and a description of the Curzon Line, see Foreign Relations, The Paris Peace Conference, 1919, vol. xiii, pp. 793-794. See also the map facing p. 748, post.
4 The Riga Line is the boundary established by the Treaty of Riga of March 18, 1921, between Poland and the Russian Socialist Federated Soviet Republic (acting on its own behalf and with the authorization of the Soviet Socialist Republics of White Ruthenia and the Ukraine). Text in League of Nations Treaty Series, vol. vi, p. 123.

[No. 511]
In the partition of Poland in September 1939, the Soviet Union occupied both the formerly Russian and the formerly Austria[n] territory east of the Curzon Line, as well as some territory west of that line, principally the province of Bialystok, only to lose it temporarily (summer 1941 to spring 1944) to the Germans.

The Soviet Government on January 11, 1944 first proposed to the Polish Government-in-Exile, that the Curzon Line should be the future Polish-Soviet frontier. Subsequent discussions, at Teheran and with Churchill and Mikolajczyk at Moscow in October 1944, made clear that the Soviet Government understood Extension A to be the Curzon Line through Galicia. Churchill’s speech to the House of Commons on December 15, 1944 specified Extension A. The agreement of the Big Three at the Crimea Conference stated:

The heads of Government consider that the eastern frontier of Poland should follow the Curzon Line, with digressions from it in some regions of five to eight kilometers in favor of Poland.

The Provisional Government at Warsaw has publicly endorsed the Yalta agreement as it applies to Poland.

The part of former Poland east of the Curzon Line has an area of 70,049 square miles. Its total population, according to the Polish census of 1931, was 10,574,785, of whom 3,841,908 were Polish-speaking, 3,925,108 were Ukrainian-speaking, 910,462 were White Russian-speaking, 10,737 were Russian-speaking, 707,088 were listed as “local” inhabitants of the Province of Polesie, 889,225 were Yiddish-speaking, 79,385 were German-speaking, and 75,917 were Lithuanian-speaking.

On September 9, 1944 the Polish Committee of National Liberation signed at Lublin agreements with Ukrainian S. S. R. and the White Russian S. S. R. providing for the voluntary evacuation of Ukrainian and White Russian population from the territory of Poland and Polish population from the territory of the Ukrainian S. S. R. and the White Russian S. S. R. This exchange is in the process of being carried out. In principle the United States Government has approved such transfers (v. statement of the Secretary of State to the press, December 18, 1944).

[WASHINGTON,] July 3, 1945.

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11 Not printed. For a summary of the provisions, see New York Times, September 15, 1944, p. 5.
POLAND

No. 512

Briefing Book Paper

TOP SECRET

POLISH TERRITORY ANNEXED BY GERMANY IN 1939

RECOMMENDATION

The territory of pre-war Poland annexed by Germany in 1939 should be returned to Poland.

BASIC DATA

Poland acquired the so-called "Corridor", the Poznań [Posen] area, and the major part of the Upper Silesian industrial area from Germany after the first World War, in the Treaty of Versailles. Although President Wilson had played a prominent role in establishing an independent Poland and in acquiring for it the Corridor outlet to the sea, the United States in the separate treaty which it signed with Germany, August 21 [25], 1921, disclaimed (Article II, paragraph 3) any obligation for the territorial provisions of the Treaty of Versailles.

Poland's possession of this territory formerly a part of the German Empire was the source of much friction between Poland and Germany from 1919 to 1939. This territory was re-incorporated into Germany after the military defeat of Poland in September 1939. It, along with Danzig and additional territory which had not been a part of pre-1914 Germany, was organized into two Reichsgau, Westpreussen-Danzig and Wartheland.

At the time of the conquest the American Secretary of State issued this statement (October 2, 1939):

More than twenty years ago the United States recognized and has since maintained diplomatic relations with the Polish Government. Poland is now the victim of force used as an instrument of national policy. Its territory has been taken over and its Government has had to seek refuge abroad. Mere seizure of territory, however, does not extinguish the legal existence of a government. The United States therefore continues to recognize the Government of Poland as in existence.

The population of the annexed territory (excluding Danzig), which comprises the richest agricultural and industrial parts of pre-war Poland, was in 1939 about 10,000,000 of which only 680,000 were Germans. After the German conquest, many Germans, approximately

1 See document No. 513 (and attachments), infra.
2 Treaty Series No. 658; 42 Stat. (2) 1939.
3 Cordell Hull.
4 Ellipsis in the original. For full text, see Department of State Bulletin, vol. 1, p. 342.
500,000 Volksdeutsche from the Baltic states and Eastern Europe and another 500,000 Reich Germans, were settled in the area in accordance with the Nazi plan to Germanize the annexed territories. There is no reliable data as to how many Germans remain there now, but it is presumed that a substantial majority of them fled before the advancing Red Armies. Nor is there as yet any reliable information as to whether the Poles plan to expel all Germans, as their pre-liberation statements indicated, or whether the Germans will be retained in order to make use of their labor.

[WASHINGTON,] July 3, 1945.

No. 513

740.00119 (Potsdam)5-2446

*Briefing Book Paper*

**TOP SECRET**

**INTRODUCTORY STATEMENT CONCERNING GERMANY’S EASTERN FRONTIER**

The Inter-Divisional Committees on Germany and on Russia and Poland\(^1\) have recommended that Germany should be required to cede Upper Silesia, East Prussia and the portion of Pomerania east of the Kreuz–Dramburg line and that the remainder of German territory east of the Oder, and the territory between the Oder and the Neisse, should remain in German possession.

For the purposes of this present series of summary recommendations the eastern frontier of Germany has been divided into the six segments discussed on the following pages.

Two underlying documents (H–160 and CAC–341)\(^2\) have attempted to analyze the character of this whole frontier problem and to make as reasonable a recommendation for settlement as could be devised, given the complexity of the factors which need to be taken into consideration.

It has been recognized, however, that these recommendations represent a judgment of what appears to be the most desirable solution and not as an unbending resolution on the part of this Government. Patently it would be out of the question for us to say that we would accept only the frontier line here suggested and would have nothing to do with a frontier moved farther to the West. The position here taken rests on the thought that this Government should counsel

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\(^1\) Regarding these two interdivisional committees, see Notter, *Postwar Foreign Policy Preparation, 1939–1945*, p. 177.

\(^2\) Not printed. These memoranda, prepared in the Department of State and dated, respectively, January 1 and January 4, 1945, were not included in the Briefing Book.
against, and express grave reluctance to approve, a line west of the one recommended. If the Polish and Soviet Governments press insistently, and if they are supported by the British Government, we shall have no recourse but to agree to the cession of the area east of the Oder. It is believed, however, that this Government should refuse to sanction at this Conference the transfer to Poland of the territory between the Oder and the Neisse.

[WASHINGTON,] July 4, 1945.

[Attachment 1]

TOP SECRET

EAST PRUSSIA

a. Recommendation:—East Prussia (except for the Koenigsberg district, which presumably will go to the Soviet Union) should be ceded to Poland.

b. Basic Data:—East Prussia remained under German sovereignty, although physically separated from the rest of Germany, after the "Corridor" was transferred to Poland by the Treaty of Versailles. The western and part of the southern boundaries of East Prussia were fixed by the Principal Allied and Associated Powers, August 16, 1920, following a plebiscite in the Marienwerder and Allenstein districts, held in accordance with the Treaty of Versailles. Under the final settlement, Poland received a narrow riparian strip along the east bank of the Vistula, varying in width from a few feet to a half mile.

The area of East Prussia under the 1920 boundaries was 14,283 square miles, its population (May, 1939) was 2,496,017. According to the census of 1925—the most reliable index of linguistic distribution—the Polish population of East Prussia was 40,502, to which might be added the 62,596 Masurians, Slavs who speak a dialect akin to Polish, residing in the district of Allenstein. Polish sources estimate the Polish population of East Prussia at over 400,000. The whole of East Prussia is claimed by the Warsaw Polish Government. The Soviet Union favors Polish acquisition of East Prussia or all of the province except for the northeastern sector, including the chief city and part [port] of Koenigsberg which it intends to annex. The Polish Government insists on the deportation of all Germans from the area to be annexed, to Germany.

[WASHINGTON,] June 30, 1945.

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4 See ibid., p. 281.

[No. 513]
TOP SECRET

Danzig

a. Recommendation:—The former Free City of Danzig should be ceded to Poland.

b. Basic Data:—The Danzig area was renounced by Germany in the Treaty of Versailles, June 28, 1919, and proclaimed a Free City with a High Commissioner appointed by the League of Nations on November 9, 1920, in accordance with the terms of this treaty. It was re-incorporated in Germany on September 1, 1939. It is claimed by Poland as a port essential to Polish economy. In the post-war disposition of the former Free City, whose legal status is quite complex, the League of Nations and Danzig itself, as well as Poland and Germany, are interested parties. The question is closely connected with that of East Prussia.

The total area of the Free City of Danzig was 731 square miles. The population in 1936 numbered 412,000. According to the Danzig census of 1923, out of a total of 366,730, there were 12,027 persons speaking Polish or Kashub; the remainder were German-speaking. The Polish Government apparently intends to expel to Germany the German population of the Danzig area.

[WASHINGTON,] June 30, 1945.

TOP SECRET

German Upper Silesia

a. Recommendation:—German Upper Silesia (Oppeln district) should be ceded to Poland.

b. Basic Data:—The area in question is the former German Regierungsbezirk of Oppeln, which included the territory awarded to Germany by the Conference of Ambassadors, October 19, 1921, following a plebiscite held in accordance with the terms of the Treaty of Versailles, plus several local districts to the west of the plebiscite area. Its area is 3,750 square miles, its population about 1,500,000. It is a highly industrialized region closely affiliated economically with the larger complex of heavy industries in southwestern Poland. The greatest concentration of industry is in the extreme east, covering about one-tenth of this total area and including one-third of the population. In addition to coal, iron and steel production, the area

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6 See ibid., p. 250.
7 See ibid., pp. 212–215.
was responsible (in 1937) for about two-thirds of Germany's zinc ore output and over a quarter of its lead ore.

In 1925 the exclusively German-speaking element made up 57 percent of the total population in the territory which formed part of the plebiscite zone, 72 percent in the industrial district. The western districts outside of the plebiscite zone, with a population of about 323,000, are almost wholly German-speaking. The Warsaw Polish Government demands the deportation to Germany of the German population of this area.

[WASHINGTON,] June 30, 1945.

[Attachment 4]

**TOP SECRET**

**EASTERN POMERANIA**

a. **Recommendation:**—That portion of Pomerania which lies east of the Kreuz-Dramburg line should be ceded to Poland.

b. **Basic Data:**—The area in question is that part of Pomerania which lies east of a line drawn from the confluence of the Netze and Draga rivers just west of Kreuz, thence to Neuwedell, from there to Dramburg, and west of Belgard to the sea. It comprises an area of 6,812 square miles with a population of 835,000, almost entirely German. It is among the poorer agricultural sections of Germany, with many large estates of low value per hectare. Its cession to Poland would represent no serious economic loss to Germany; together with East Prussia it comprises most of the region of the larger Junker estates. For Poland it would mean a greatly extended sea frontage on the Baltic and an improved strategic position in relation to Germany. This territory is claimed by the Warsaw Polish Government.

[WASHINGTON,] June 30, 1945.

[Attachment 5]

**GERMAN TERRITORY EAST OF THE ODER**

(Excluding East Prussia, Upper Silesia and Eastern Pomerania)

a. **Recommendation:**—The American Government would prefer a solution under which the territory would remain part of Germany. However, the British have agreed that all territory east of the Oder shall be ceded to Poland and this Government is not prepared to

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[No. 513]
make an issue of the matter if, as is certain, it is pressed by the Russians.

b. Basic Data:—This territory consists of parts of the Prussian provinces of Pomerania, Brandenburg and Silesia. Its area is 10,473 square miles; its population in 1939 was 2,104,553, almost entirely German. Cession to Poland would establish as a frontier the most prominent geographic feature available as a line of demarcation in this area, but would destroy the natural unity of the Oder basin. If the river line were strictly adhered to it would divide the important metropolitan areas of Stettin, Frankfort and Breslau. The area is mainly agricultural and, in Silesia, of considerable value.

The Warsaw Polish Government has laid claim to this territory and also to the major cities lying on the west bank of the Oder. It has also hinted at the need of a further belt of territory west of the Oder, perhaps 30 kilometers in width, to strengthen the strategic frontier. The German population presumably, would be deported from the entire area annexed.

WASHINGTON, June 30, 1945.

[Attachment 6]

TOP SECRET

TERRITORY BETWEEN THE ODER AND LOWER NEISSE RIVERS

a. Recommendations:—This territory should remain part of Germany. There is no historic or ethnic justification for the cession of this area (as well as of the trans-Oder region referred to immediately above) to Poland. Such action would doubtless create economic and population difficulties of the greatest magnitude for Germany and arouse an intense spirit of irredentism. Maintenance of the Oder–Neisse frontier might well become the most critical security problem in Europe during the coming years.

b. Basic Data:—This area includes parts of the Prussian provinces of Silesia and Brandenburg. It is a rich agricultural area of 8,106 square miles and a population of 2,700,000, almost entirely German. It is claimed by the Warsaw Polish Government; its annexation would, as in other similar instances, involve the deportation of its German population to Germany.

Cession of this area to Poland, in addition to East Prussia, Upper Silesia and other German territory east of the Oder, would reduce the Polish-German frontier to 250 miles and provide Poland with its most defensible frontier in the west. It would facilitate Polish-Czech communications and afford Poland primary railroad lines from the Baltic southward through Liegnitz and Breslau.

WASHINGTON, June 30, 1945.
Memorandum by the Joint Strategic Survey Committee of the Joint Chiefs of Staff

[Extract]

TOP SECRET

Dismemberment of Germany

Since the political orientation of Poland with respect to either the Eastern or Western European powers cannot be foreseen, this Committee is reluctant to recommend extension of the western boundary of Poland to the Oder River. However, from the military point of view, it would appear impracticable to offer serious objections to this transfer of territory from Germany if the U.S.S.R. insists upon it. The bargaining possibilities of this issue, however, should be recognized.

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1 This memorandum was prepared in response to a request from Leahy (document No. 155) for recommendations which would be “useful to the President in preparing himself for the [Berlin] conference”. It was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 28, together with other reports, under cover of a memorandum which stated explicitly: “These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff.” Leahy subsequently passed it to Truman.

2 For another extract from this memorandum, see document No. 332.

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740.00119 Control (Germany)/7-745: Telegram

The Political Adviser in Germany (Murphy) to the Acting Secretary of State

[Extracts]

SECRET

HOECHST, July 7, 1945—8 p. m.

US URGENT—NIACT

130. There was a second meeting of the Berlin Kommandatura this afternoon in Berlin at Marshal Zhukov’s headquarters attended by Zhukov and his staff, General Clay, General Weeks representing the American and British control groups, Sobelev and myself. . . .

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1 The gist of this message was included in telegram No. 11 of July 10 from Grew to Byrnes (file No. 740.00119 Potsdam/7—1045).

2 For other portions of this message, see document No. 429.

[No. 515]
Discussion of the fuel supply elicited some illuminating comments from Zhukov. Zhukov said that as the Silesian coal deposits were now in another jurisdiction, i.e. Poland, they were not available. I expressed surprise, stating that it was my understanding that Silesia formed part of the Soviet zone of occupation of Germany. Zhukov corrected me, saying that Germany did not exist and that everyone knew that the Crimea Conference established the Polish frontier along the Oder and Neisse rivers. I replied that I had been laboring under the impression that for the purpose of the Control Council for Germany the territory whose resources would be available was as described in the agreement on zones of occupation recommended by EAC and approved by the govts. Zhukov left no doubt in our minds that any resources east of the Oder Neisse line are not available in the joint administration of German territory. I would appreciate the Dept's immediate advice on this point.

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MURPHY

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3 i.e., the protocol signed at London, September 12, 1944. For text, see Treaties and Other International Acts Series No. 8071; United States Treaties and Other International Agreements, vol. 5, pt. 2, p. 2078; Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 118.

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No. 516

740.00110 Control (Germany)/7-945: Telegram

The Acting Secretary of State to the Political Adviser in Germany (Murphy) 1

SECRET

WASHINGTON, July 9, 1945—6 p. m.

U. S. URGENT

85. With respect to Marshal Zhukov's statement 2 that the Crimea Conference established the Polish frontier along the Oder and Neisse rivers, we can only comment that he has been misinformed. It was there agreed that at a subsequent time Poland should receive an increase of territory in the west but this Govt has not accepted any specific line and has not agreed to a date for the transfer of German territory to Poland. Our understanding that delineation of new Polish-German frontier is a matter for later understanding is unqualifiedly confirmed by Vyshinski's letter of May 16 to Harriman 3 in which the deputy commissar emphasizes as self-evident that the

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1 The gist of this message was included in telegram No. 12 of July 10 from Grew to Byrnes (file No. 800.00 Summaries/7-1045).

2 See document No. 515.

3 See document No. 510, footnote 4.
final determination of Poland’s western boundary will be made at the peace settlement as envisaged by the Crimea agreement.

Until that understanding has been reached we can only adhere to the protocol of Sep 12, 1944 which, in describing the zones of occupation, defined the Germany to be occupied as that “within her frontiers as they were on the 31st Dec, 1937”.

The US position has been made abundantly clear to the Sov Govt in a communication to SovFonOff based on Dept tel May 8.4

Specific comments on Berlin food and coal problem will follow.5

GREW
J[ohn] D H[ickerson]

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4 See document No. 510, footnote 4.
5 See document No. 431.

No. 517

740.00119 Potsdam/7-1045

The Polish Deputy Minister of Foreign Affairs (Modzelewski) to the Ambassador in the Soviet Union (Harriman) 1

My Dear Ambassador: On the commission of my government I have the honour to send you herewith a memorandum with enclosures concerning the Polish postulates as regards the Western frontiers of the Polish Republic.

I would be very grateful if you were as good as to convey to your Government the enclosed material so that it might be used when those questions are possibly examined at the forthcoming Big Three Powers Conference.

Yours sincerely

Z MODZELEWSKI

Moscow, July 10th, 1945.

[Enclosure]

The Statement of Poland’s Position With Regard to the Problem of Her Western Frontier

What the world wants is peace, a durable peace capable of safeguarding at least the next few generations from the horrors of a new war. The guarantee for this durability has to be sought in such a solution of territorial problems as may ensure possibilities of existence and development to all nations and states.

The new European settlement should tend to having international problems decided not on the strength of titles of possession acquired in the course of long historical processes, as these titles are often

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1 This paper bears the following manuscript notation: “Read on trip”.

[No. 517]
based on force and injustice, but with regard to the present needs of
the nations and their capacity for development.

The free and democratic Poland has the right to be a state suffi-
ciently powerful to shape her political and economic life independ-
ently, strengthened by her relations with the three Allied Powers, and thus
ensure an adequate standard of existence and chances of further
development to her population. These rights of Poland have been
endorsed by the decisions of the Crimean Conference. The three
great Allies were quite clear as to this that a free and strong Poland
will be an element positively working for European peace, and so
registered their common desire to see a strong, free, and democratic
Poland established, agreeing that Poland should receive appreciable
territorial compensations in the North and in the West. As to the
extent of these compensations, in due time the new Polish Provi-
sional Government of National Unity was to be consulted.

As the Provisional Government of National Unity was constituted
in Warsaw on June 29th, 1945, the Government's decision is to make
Poland's position with regard to her Western frontier quite clear:

To be independent and strong Poland must be a state with an
adequate territory. As her Eastern frontier has been fixed by the
Crimean Conference along the so-called Curzon Line, Poland wants
to fix her Western frontier on the Odra (Oder) and the Lusatian Nisa
(Lausitz Neisse), including Stettin.

The political situation of the world has radically changed. Poland
wants to suit her policy to the changes, and at the same time to
contribute to the consolidation of peace in Europe. This is possible
only if Poland is going to have a territory corresponding to the dem-
ographic and economic needs of the nation. The Polish territory
ought to form a natural and compact geographical unit, as she did at
the time of the reign of the Piast dynasty (X.–XIV. centuries), when
she was a homogeneous state spreading over the systems of the Odra
and the Vistula. Poland ought to have enough arable land to feed her
people, and natural riches, making industrialization possible. Before
this war, Poland was unduly agricultural, a country with undeveloped
industries, a low standard of life, a very limited capacity for consump-
tion. This economic backwardness was the result of unsuitable
territorial settlement. Silesia, Pomerania and East Brandenburg
remained severed from Poland, the Odra was cut off from Silesia, the
Warta [Warthe] from the Poznania. Vistula was carked by the Danzig
Free State, while Poland was also cut off from the Baltic Sea by the
political barrier of East Prussia. Insufficient and insufficiently varied
raw materials, as well as the economic backwardness, the result of 150
years of foreign domination, made industrialization difficult. As a
consequence, the surplus of the agricultural population had to emi-
grate. Between 1918 and 1939 about 2.5 millions, that is about 10% of Poland’s population, emigrated. In the last years before the war many countries became closed to emigration, so that the demographic pressure increased dangerously. Polish farm hands were compelled to look for seasonal work in Germany, tilling land above all in the Odra basin and East Prussia. Their work was increasing the economic potentialities of Germany, and Poland’s economic dependence.

The New Poland must seek to avoid all these handicaps, to be a healthy state, with an adequate territorial basis. Poland was the first country to make a stand against the Germans, and by her resistance facilitated the process of the armament of her Allies. It is only fair that Poland, after having suffered the heaviest losses, and made the greatest sacrifices, should emerge out of this war with a territory corresponding to her needs, the result of her contribution to war effort and to victory.

The following are the arguments in favour of Poland’s position:

1. The Moral Basis.

Throughout the war, Poland was unwavering in her loyalty to the Allies, and, through her consistently anti-German stand, was setting an example to other nations. The community, as well as the individual citizens steadily rejected all offers of cooperation with the Germans. By continuing to fight at home and abroad, on many fronts, irrespective of sacrifices, the Poles have, in the measure of their possibilities, contributed to the Allied success. For this Poland ought to obtain moral and material compensation, in proportion to her demographic and economic needs.

Steady in the pursuit of their own policy, the Germans were preparing the extermination of the Poles. Hence the systematic “liquidation” of the Polish nation, the attitude of denigration and contempt for Polish culture, the practice of turning people out and compelling them to work in Germany, etc. This policy was pursued consistently, and was bent, by the recourse to cruelty and violence, on achieving the total extirpation of the Polish element, thus removing the most serious obstacle in the way of imperialistic expansion. And all this time Polish culture and Polish property were exposed to devastation and pillage.

This is the foundation of the Polish right to reparation. Moral reparation for the revolting and criminal treatment of the Polish community, and material reparation for the destruction and pillage of the nation’s property. Poland, the faithful ally of the victorious powers, has a right, as a matter of human justice, for her perseverance, her sacrifices and losses, to be indemnified in natura, by getting workshops, i.e. land, works, mines, buildings, and also objects of culture.
value, and, above all, a territory corresponding to the needs of the nation.

2. The Territory of the New Poland.

All the three Allies have recorded their desire that Poland should be strong. She can be strong only if she is going to have a sufficiently large territory.

According to the Crimean decisions, Poland is about to lose in the East an area of about 184,000 sq. km, or about 47.5% of her former Territory. This piece of land was inhabited in 1931 by some 11 million people, that is to say, about 35% of the total population. As the number of Poles in this equalled some 4,000,000, and as these will be able to settle in the West, the effective loss of population to Poland will equal some 7,000,000, or 20%.

As the Western and Central Poland has been much more densely populated than the East, then, in case of inadequate territorial compensations, Poland will be threatened with overpopulation and compelled to send emigrants abroad. By having her Western frontiers fixed on the Odra and the Nisa, Poland would gain no more than some 105,000 sq. km (Eastern Prussia included).

Poland, within her new frontiers, would have an area of some 309,000 sq. km, smaller by some 80,000 sq. km (22%), than that she had in 1939. Poland's claim[s] are, therefore moderate.


a. The number of Poles, according to the latest computations (see map Nr. 1²) is, in 1945, some 25 millions. Together with the returning emigrants and Polish citizens of other nationalities, this total may rise to 26 millions:[]

The density of population is an indication of the degree to which economic exploitation of the land has advanced. As the average density of population in Poland before the war was 83 to 1 sq. km, her new area should comprise at least 314,000 sq. km.

A territory of 309,000 sq. km is a minimum territory for a nation with such a vitality as that of Poles to-day.

b. By natural processes, the Polish population, in the years 1921–1931, has increased by some 5 millions people. Poland has, therefore, to reckon with a yearly increase of some 200-250 thousand people, who have to be fed and employed.

The Polish nation can lead no normal existence under circumstances compelling it to steady emigration. In view of: 1) the huge natural growth of the population, 2) the desirability of putting an end to emigration, 3) the necessity of admitting re-emigrants to the country—

² Not printed.
it is absolutely essential for Poland to possess an area adequate to the needs of her population.

Transferring the frontier line to the Odra and the Nisa will make the satisfaction of the most pressing demographic needs of the nation possible.

c. Poland, as is well known, was agriculturally the most overpopulated country in Europe. As a consequence of transfers of territory, the problem for Poland may become less acute in case the territories East of the Odra and the Nisa should be made parts of Poland.

Before the war, the number of the unemployed among the farming population was about 4 millions. These men ought to be given work on the land of their own country, so as to be free from the necessity of seeking seasonal work in Germany.

The Western territories, bounded in by the Odra and the Nisa, will yield to Poland some 5.5 million hectares of arable land, where some 2 million men might settle.

4. Poland’s Historical Rights.

Prehistorical records have shown that since about the year 2000 B.C. the basins of the Odra and the Vistula were inhabited by peoples belonging to the Pre-Lusatian, Lusatian (see map Nr. 1 3) and Vend (see map Nr. 2 3) cultures.

On the strength of certain resemblances and of their geographical basis these peoples show traits in common with the Slavonic races. They have formed the demographic foundation of the Polish nation. Thus the lands between the Odra and the Vistula may be considered as the primordial territories of the Polish State.

The historical records since the X. century of the Christian era show that Poland’s position on the Odra was a firm one (see map Nr. 3 3), and that at certain periods Poland was extending considerably further westwards.

Only since the XIII. century Poland was beginning, under the German pressure, to give way and to recede towards the East.

Since the middle of the XIII. century the Teutonic Knights were the active exponents of German imperialism. For two centuries they were attempting the extermination of Slavonic peoples living on the shores of the Baltic Sea.

United in a common effort, under the leadership of Poland, Slavonic and Lithuanian forces finally succeeded in breaking down the Teutonic might in the battle of Grünwald–Tannenberg, in 1410. After a period of internal weakness, caused by religious strife, the re-awakened

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3 Not printed.
German imperialism achieved in the XVIII. century the downfall of Poland.

Poland's history shows the need for Poland's return to the Odra territories, out of which she had been ousted by force and subterfuge and to which she has rights well grounded, in history.

Her present policy must be a consistent continuation of that of the Piasts, for deep political reasons and out of consideration for the future of the State.

5. *Polish Character of the Western Lands.*

Fairly large territories with a preponderating Polish element were not included within the boundaries of Poland in the years 1918–1939. One of these was East Prussia's Southern part with a Polish population of some 300–400 thousand.

Even the German census of 1933, particularly tendentious, none the less had registered some 250,000 Poles there. In the 7 Southern districts the Poles were decidedly in the majority (see map Nr. 4a, 4b, 4c 4).

Another province with a Polish majority is that of the Silesian Opole (Oppeln) region. The German statistics for the years 1905–1910 were registering 1,213,265 (resp. 1,258,138) Poles, constituting 60,0%, resp. 57,3% of the total population. In the district of Syców, Namysłów and Brzeg, there were living, at that time, some 150 thousand Poles (see map Nr. 5 4).


The geographical situation is of necessity the main basis of every state's policy. The same is true of Poland. Poland lies at the Eastern outskirts of Western Europe, forms part of the transcontinental bridges between the Adriatic and the Baltic, and the Baltic and the Black Seas. Commercial routes of old have tended to cross the Continent along these, and these tendencies remain unchanged even today. Two other trans-continental routes: that across Central European plains, and the Sub-Carpathian one, also cross Poland, linking capitals and industrial centres of many European states. The geographical position predestines Poland to play the part of an intermediary between the West and the East, and between the North and the South.

For ages, Poland has been the meeting ground of Latin and Byzantine cultures. Poland ought to form again a link between the two cultures. Poland's future, therefore, is bound up with her rôle as an intermediary in the widest sense of the word, and [*ans?] intermediary in

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4 Not printed.
exchange, transit and communication. Only a strong and independent state can fulfil this mission.

Poland is striving to attain her natural boundaries. These are: in the South—the Sudetes and the Carpathians; in the North—the Baltic shore; in the West—the Odra and the Nisa. The area thus delimited forms a compact geographic entity, based on the systems of the Vistula and the Odra, pointing Poland’s natural way to the Baltic.

The Odra was a stake for which Poles and Germans gave fought [sic] fiercely. Its loss was the beginning of Poland’s decline. To make a successful stand against the Germans, Poland must regain her boundary on the Odra. The river forms one of Europe’s essential dividing lines, a natural boundary between the Slavonic and the German world. The system of the Odra is much better developed towards the East; its tributaries reach deep into the Vistula basin, while it is practically disconnected from the Elbe.

Thus the conception of Poland as a country forming itself along the lines of the Piast tradition, makes it possible to utilize its geographical position fully.

The New Poland will have for her framework the systems of the Vistula and the Odra, of the Warta and the Nisa. Not a piece of this territory should be allowed to remain in German hands, and this is most particularly important with regard to the left bank of the Central and Lower Odra, to the Stettin hinterland, and to the islands in the Stettin Bay. This claim is a minimum one, supported by the public opinion of the whole country. In formulating it, Poland is as moderate as she is likely to be firm in her insistence on points which she regards as indispensable conditions of free national existence and free state policy.

7. Economic Links between Western Provinces and Poland.

Since the beginning of the second half of the XIX. century, the Eastern provinces of Germany, with their Polish majority, were unable to support their own population. Practically, the whole surplus population had to emigrate to Western Germany, and to other countries. The Polish element was growing stronger every year, without, however, increasing its economic strength, as the hostile policy of Prussia was effectively preventing this. The Eastern Prussia and the Silesia, artificially severed from Poland, their natural hinterland, were unable to develop normally. After 1918, the Silesia, the Odra and Stettin, cut off from Poznania and Pomerania, also were unable to develop successfully. This was felt, above all, in Silesia, as there was no access to Polish markets in the East. As a consequence of all this, practically the whole area of Eastern Germany was a land with much emigration.

[No. 517]
The most symptomatic of all are the data for the years 1933–1939, the years of Hitler’s régime, when no effort was neglected to strengthen Germanism in the Eastern marches, and to weaken the Polish element as much as possible. The results were, however, disappointing, and the process of emigration was going on in spite of everything.

The following are the figures concerning emigration in the years 1933–1939:

<table>
<thead>
<tr>
<th>Region</th>
<th>Emigrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Prussia</td>
<td>117,214</td>
</tr>
<tr>
<td>Frankfurt Reg.</td>
<td>31,945</td>
</tr>
<tr>
<td>Stettin Reg.</td>
<td>16,314</td>
</tr>
<tr>
<td>Kösln (Koszalin)</td>
<td>54,121</td>
</tr>
<tr>
<td>Marches of Poznan</td>
<td>46,996</td>
</tr>
<tr>
<td>Silesia (Opo1e)</td>
<td>82,883</td>
</tr>
<tr>
<td>Breslau Reg.</td>
<td>70,000</td>
</tr>
<tr>
<td>Liegnitz Reg.</td>
<td>28,884</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>448,357</strong></td>
</tr>
</tbody>
</table>

As a consequence of expanding to the West, Poland will have to face certain losses in agricultural production. According to provisional computation, in spite of the inclusion of Western territories with the Odra as the frontier-line, the yearly wheat harvest will decrease by 300,000 tons (14%), compared with that before the war. A slight decrease will be shown by the production of barley (3%), hay (1%), rape-seed (1%), agrimony (1%); much more appreciable will be the falling away in the seed production (flax: 44%, hemp (68%), buckwheat (66%), millet (55%), maize (94%), hops (71%), and tobacco (48%).

At the same time Poland will obtain certain surpluses: in the production of rye (2%), oats (6%), potatoes (4%), clover (4%); also (more appreciable ones) of sugar-beet (90%), of siliquose plants (23%), of flax-fibre (73%), and hemp-fibre (13%).

Altogether then, with her Western boundary fixed on the Odra and the Nisa, Poland will be in a fairly satisfactory situation regarding foodstuffs.

The industrial situation will be radically changed. The former Polish Eastern provinces harboured 20% of Polish industries, 29% of Polish trade, and 22% of artisans’ workshops. These, however, were mostly small businesses. Not only will the number of factories etc. after the inclusion of Western territories increase, but also the industrial output. In industry, trade, and handicrafts the unemployed peasants will have chances of finding work. Poland will remain an agricultural country, much more highly industrialized than before.

Expansion to the West will do much to further Poland’s industrialization and to facilitate economic recovery. The incorporation
of these lands will on the one hand absorb the surplus of the farming population, and, on the other hand, will ensure a convenient and ample market. Within the Reich, these lands were a non-paying borderland and had no chances of normal development. Their industrial production was meant chiefly for export abroad (see Annex Nr. 4). Whereas within the framework of the Polish State the industries will be working under favourable conditions, their chief market being the internal one.

The Odra and the Vistula connected in Silesia by a canal (Gliwice-Przemsza), form a ring, out of which routes emanate in all directions. Among the water-ways the most important is the Odra itself, supplying the shortest connection between the Silesian district and the Baltic Sea.

By the Versailles Treaty, Poland was cut off from the Baltic by a German barrier, facilitating further German expansion eastwards. Thus handicapped, she managed to maintain herself firmly on her small strip of the sea-shore, and there to build the port of Gdynia, which in a few years became the foremost harbour in the Baltic.

At present Poland wants to dominate a long strip of the sea-shore between the Odra and the Pregola (Pregel), with the ports of Stettin, Gdynia, Gdańsk and Elbing, so as to put an end to the former German hegemony on the Baltic. The importance of ports as trading centres lies in their being attached through politics and communications to their natural hinterland. Only under such conditions can ports, the sea-shore and the hinterland enjoy common prosperity.

Poland is the natural hinterland of the Baltic ports between the Odra and the Pregel. Not only Gdynia, but also Gdańsk (Danzig), in spite of its abnormal political situation, could thrive, in the years preceding 1939, thanks to Polish imports and exports:

<table>
<thead>
<tr>
<th></th>
<th>Gdynia (thousands of tons)</th>
<th>Gdańsk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1928</td>
<td>1937</td>
</tr>
<tr>
<td>imports</td>
<td>193</td>
<td>1718</td>
</tr>
<tr>
<td>exports</td>
<td>1765</td>
<td>7288</td>
</tr>
</tbody>
</table>

Stettin has a chance to be much more important as exporting centre for goods from the Odra Lands, and as entrance port for goods that these lands need, when the political frontier obstacle is removed. At first, Poland will be compelled to import large quantities of industrial products necessary for the rebuilding of the country, thus becoming a fairly capacious market for foreign goods.

The possession of Baltic ports will much facilitate Poland’s international commercial relations. The industries, when rebuilt, will, after satisfying the needs of the internal market, be able to export the small surpluses of their production abroad. Polish goods which
already have been introduced to world markets, will be able to make their appearance there again. Poland will need many raw materials and industrial products, and thanks to ports, will manage the transport much more easily. Such being the situation, Poland will tend to harmonize her economy with the planned economy of the world.

The creation of barriers and political “corks”, such as Gdańsk and the East Prussia were, was a political and economic nonsense, and should not be allowed to happen again. Just as Gdańsk cannot exist without the Vistula, nor London without the Thames, so Stettin is unthinkable without the Odra and the Warta. For economic reasons and in view of its situation Stettin ought to be incorporated into Poland (see Annex Nr. 5.)

Conclusion

The trend of modern history is to make ever plainer the growing inevitable solidarity of fate between the European nations. That is why in present-day politics the independence of Poland is not only her own concern, but the concern of all other states as well.

Out of regard for this truth, world affairs are being regulated on a grand historical scale. When the whole Eastern chapter is being crossed out of Polish history, with equal justice the Eastern chapter ought to be crossed out of German history, the chapter telling the story of German rapacity. So far, no German generation has renounced the idea of conquering the East. An end must, therefore, finally be put to the German danger, the place d’armes must be taken away from the Germans. Poland must dominate the Odra. This is to the interest of all peace-loving nations of the world.

The Odra–Nisa frontier, the doing away with the nest of the Junker tradition in East Prussia, will mean the liquidation of a convenient place d’armes, making possible German aggression against Poland. Putting an end to East Prussia and making the frontier line of 1912 considerably shorter (about 350 km) will greatly facilitate defence. The Odra–Nisa frontier is a natural one, the easiest to defend. It will mean the removal of the German wedge that existed between Poland and Czechoslovakia in 1939. Thus it may serve not only with regard to Poland, but also to the Soviet Union, and the whole Slavonic world, as the best rampart against the ever-possible German aggression.

Poland has to be an independent state, she has to return to her primordial lands, and to continue the old political tradition of her Piast rulers as a national state, in harmony with the modern democratic ideas. Such Poland will be a symbol of victory of the Allied Democracies over Hitler’s fascistic régime.
**Poland’s Demographic Needs**

The census of 1931 fixed the number of the population at 32,348,000. The Poles numbered 21,993,000 or 68/9%. In 1939 the population of Poland was estimated at 35 mil. of persons. On the supposition, that in the period of 9 years the percentage of Poles remained unchanged, their number, in 1939, amounted to some 24,2 mil. This is also confirmed by the statistics of the natural increase. In 1931–1935 the yearly natural increase of Poles amounted to some 280,000, (1,31%); in 1936–1938 the yearly natural increase dropped to 255,000, (1,15%). During the war the increase dropped remarkably, but not more so than in Germany, where it oscillated between 0,5 and 0,7%. Supposing that in Poland it decreased by one half, we may put tentatively the yearly increase of Polish population in war-years at 120,000.

The results may be tabulated as follows:

<table>
<thead>
<tr>
<th>Case</th>
<th>Description</th>
<th>Estimated Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>number of Poles according to the census of 1931</td>
<td>21,993,000</td>
</tr>
<tr>
<td>b)</td>
<td>natural increase 1931–35 at the rate of 280,000</td>
<td>1,440,000</td>
</tr>
<tr>
<td>c)</td>
<td>natural increase 1936–38 at the rate of 255,000</td>
<td>765,000</td>
</tr>
<tr>
<td></td>
<td>together</td>
<td>24,138,000</td>
</tr>
</tbody>
</table>

According to the above results the number of Poles in 1939 amounted to about 24 mil. persons. To this number must be added the natural increase for the period of 7 years at the rate of 120,000 mil. [sic] a year, or 840,000; this would make altogether a total of about 25 mil. From this number, however, we must subtract the losses during the war which may be computed at about 2,5 mil, exclusive of citizens of other nationalities. As a consequence of this the total number of the population may be estimated at 22,5 mil.

Nevertheless the Polish element will be considerably reinforced by the return of Polish emigrants from Western and Eastern Europe (about 500,000) and by the return of Poles resident in Germany. The German census of 1925 showed that in Germany were living 902,112 persons of Polish speech (including the bi-lingual). Polish students estimate the number of Poles, who were resident in Germany in the years preceding the war, at 1,2 to 1,5 million. If we add to this the population wishing re-polonisation, we can suppose that with this the population will increase by 1,5 to 2 mil. persons. Adding to this the representatives of other Slavonic nations and the Jewish population, united in loyalty to the democratic Poland, we shall finally fix the figures of Poland’s population in 1945 at about 26 mil.

The density of population is an indication of the degree to which economic exploitation of the land has advanced.
Supposing that in post-war years Poland should be able to make a start under conditions not more difficult than those obtaining before the war, then, with the density of population also maintaining its pre-war standard (83 per sq. km), the area of the New Poland should not be less than 314,000 sq. km.

The inclusion of territories east of the Odra and the Nisa will make Poland a country extending over 309,000 sq. km, a minimum territory for a nation with such a vitality as that of Poles to-day.

By natural processes, the Polish population, in the years 1921-1931, has increased by some 5 million people.

In the years 1922-1931 the yearly natural increase amounted to more than 300,000, while in the following years it slightly decreased. Relatively, the increase oscillated between 11 and 15 pro mille.

There is ground for supposing that, immediately after the war, the rate of the increase is likely to show again a growing tendency. Poland has, therefore, to reckon with a yearly increase of some 200-250 thousand people, who have to be fed and employed. The population of Poland will quickly increase, and after three generations, will reach the maximum density compatible in Europe with an economic structure of a mixed, agricultural-industrial, character. The surplus population should not be compelled to emigration because of want of land, as was the case before the war.

Between 1919-1925, 577,800 people migrated from Poland; between 1926-1930, 964,000; between 1931-1935, 229,000; in the succeeding years the number of emigrants was oscillating between 50 and 100 thousand a year (1937—102.400; 1938—129.100).

By this process of compulsory emigration, the effective loss of population to Poland, between 1921-1931, amounted to more than 2,5 mil. inhabitants (10% of the total population).

About 60% of Poland’s population live on the soil. There is no reason to think that this percentage may, within the next few years, appreciably decrease. As farmers will continue to be the preponderant element, Poland ought to secure for them the land on which to work. Before the war, the number of the unemployed among the farming population was about some 4,000,000. These men ought to be given work on the land of their own country, so as to be free from the necessity of seeking seasonal work in Germany. Poland’s only chance is to get for them land in the West, where Polish peasants used to toil in large numbers before the war.

The Western territories, bounded in by the Odra and Nisa, will yield to Poland some 5,5 mil. hectares of arable land where some 2,000,000 men may be able to settle.
Polish Historic Rights

Prehistory has made it plain that peoples inhabiting the basins of the Odra and the Vistula since about the year 2000 B.C. can be considered as Pre-Slavonic. During the bronze epoch in the years 1350–1200 B.C., there emerged a population of the Pre-Lusatian type of culture, which in the years 1200–1000 B.C. formed the Lusatian culture proper.

Many Slavonic scholars identify it with the Pre-Slavonic culture and call it accordingly. This culture had two main centres: the West one on the Odra and the east, in Pomerania proper.

In the beginning, the Lusatian culture was limited only to Lusatia proper, Bohemia, Silesia, and the so called “Great Poland”, but in the period of its greatest development, in the years 700–400 B.C., it covered a considerable part of middle Europe (see map Nr. 1).

The people of Lusatian culture dwelt in fortified strongholds. During the second century B.C., owing to the invasion of the Goths, Gepids from Scandinavia, the Vend culture made its appearance.

In the period of the migration of nations, between 400–600 A.D., the Vend culture transformed itself into the Slavonic culture. In this epoch, it showed a strong tendency to expand and, once more, it secured the territories along the river Elbe (see map Nr. 2). The Slavs were again spreading far to the west, beyond the Elbe.

In the years 600–1000 A.D. there emerged in the Polish territories the so called “Old Polish” culture. The representatives of this culture lived in fortified settlements (e.g. Szczecin, Wolin); in Pomerania itself there has been recorded the existence of 200 such strongholds.

On the strength of resemblances between all these cultures (viz. Pre-Lusatian, Lusatian, Vend, Old Polish) and their analogous distribution, historians have pointed out a closer connection between them.

Thus it has been established that the whole of the basin of the Odra, as also that of the Vistula, had had, without intermission, a Slavonic population, which became the demographic substratum of the Polish nation. Taking all that into consideration, we have to look upon the territories between the Odra and the Vistula as the cradle of the Polish state.

Towards the end of the first millennium A.D., the Slav nations became politically organized entities, and in the second half of the tenth century Poland started the course of her historical life.

From the middle of the XII century, however, the situation began to change. Poland lost her resiliency and power of resistance. Internal disputes weakened her and were taken advantage of by the
Germans. First West Pomerania, (Stettin, Kamień, Kołobrzeg—Kolberg) fell away. The frontier was pushed back to Ś ł ę pesso (Stolp). Then, the Germans occupied the sea coast up to the mouth of the Vistula. The Knights of the Cross entered on their career of expansion, and achieved the conquest of East Prussia. Then, in the beginning of the XIV century, they captured Gdańsk (Danzig) thus putting an end to the connection of Poland with the sea through the Vistula.

The loss of Gdańsk had a detrimental effect on the economic life of the whole basin of the Vistula. The German pressure caused a change in Polish policies. The Odra ceased to be one of Poland’s boundaries, and the Poland of the Piast dynasty gave place to that of the Jagiellons (end of XIV century).

The centre of political interest moved further to the east. A new Jagiellon Poland embraced Ukrainian, White Ruthenian and Lithuanian lands, as a consequence of the Union with Lithuania (end of XIV century). The culminating point of this policy was the Lublin Act of Union (1569).

The Polish Empire with an Eastern orientation lasted for four centuries. This policy has, however, finally contributed to the downfall of this state. For a century and a half there continued political captivity.

The First World War restored its liberty to Poland. As delimited by the Versailles and Riga treaties, Poland was a compromise between Eastern and Western orientation.

With regard to Germany there was, subsequently, oscillation between a customs war and a pact of friendship. In the years 1939—1945 war again was passing over Poland, with all its unspeakable cruelties, bent on the destruction of everything that was Polish.

Circumstances now have changed radically. Poland’s situation is clear. Its only mortal enemies are the Germans.

The Poland of to-day has to revive the old Piast policies, and to return to its ancient territory on the Odra, from which she had been ousted by force and subterfuge. This is dictated by the present international situation. Security against possible German aggression being the chief aim, a common defence-line along the shortest line connecting the Baltic and the Sudetes, the maintenance of an Alliance and of friendly relations with the U. S. S. R. and the democracies of the West, follow as consequences.

[Annex 3]

THE EBING OF POPULATION FROM THE GERMAN EAST

From the German Eastern provinces the population was ebbing steadily to the Western and the central parts of Germany.
The decline in the natural increase of population, due to emigration processes, within the period: 1841–1910, amounted in East Prussia to 729,4 thousand, in Pomerania to 744,2 thousand. After the war, during the years 1910–1925, the decline in East Prussia was 178,1 thousand, in the Borderland 9,2 thousand.*

On the other hand, a small rise occurred in Pomerania (36,9 thousand). This, however, was caused largely by the employment of different methods in the census of 1925 than in that of 1910, and, above all, by the outflow of Germans from the former Prussian provinces, returning then to Poland. But already in the years 1925–1933, 72,000 people emigrated from Pomerania, and 19 thousand from the Borderland.† Jointly there emigrated from Pomerania in the last years (up to 1933) 848,000 persons, from Silesia 980,000 persons, and from East Prussia 914,000 persons.

The most characteristic are the data for the years 1933–1939,‡ that is for the period of the Hitler régime, when everything possible was being done to strengthen the German elements in the east, and at the same time to weaken Poland. In spite of this desired results were not attained; the emigration ebb was going on.

In East Prussia, within those years, 117,214 people left the country (9% of the total population), whereas the total natural increase amounted scarcely to 102,324.

Similar was the situation in the Frankfurt regency, from which 31,945 people had departed, and in the Stettin (Szczecin) regency (emigration 16,314). Much greater was the emigration from the Köslin (Koszalin) regency, as it affected not only the rural population (33,993), but at the same time the urban one (20,728). The same regards the so called “Poznania Borderland” where the decrease of the rural population amounted to 26,753 persons, and that of the urban to 20,243 persons.

From all Pomerania a continuous ebbing of the population was going on. It was at its intensest in Silesia. From the Oppeln (Opole) region 82,883 persons emigrated, 46,370 of which came from the countryside, the rest from towns and mostly from large towns, with a population of over 100,000 inhabitants (20,537 persons). The same thing happened in the Breslau (Wroclaw) regency (70 thousand emigrants), and in the Liegnitz (Legnica) regency (28,884).

On the whole over 160,000 people migrated from Silesia to the interior of Germany.

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‡ *Wirtschaft und Statistik*. Berlin 1942.

[No. 517]
These figures are very eloquent. Despite unsparing efforts made by the Hitler government to raise the eastern provinces economically and to attach them more closely to the state, the increase of population could not be sustained, because these territories had been torn away from their natural hinterland.

As a result of this the population in the provinces on the eastern bank of the Odra was increasing since the year 1871 at a much slower rate than it did in the remaining parts of the Reich, reversing the situation in the preceding period.

Growth of the population in %:  

<table>
<thead>
<tr>
<th>Region</th>
<th>from 1816 to 1871</th>
<th>from 1871 to 1910</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Prussia</td>
<td>125</td>
<td>12,5</td>
</tr>
<tr>
<td>East Pomerania</td>
<td>100</td>
<td>20</td>
</tr>
<tr>
<td>Lower Silesia</td>
<td>70</td>
<td>25§</td>
</tr>
<tr>
<td>East Brandenburg</td>
<td>83</td>
<td>42</td>
</tr>
<tr>
<td>Upper Silesia</td>
<td>125</td>
<td>55</td>
</tr>
<tr>
<td>whereas the remaining Reich</td>
<td>55</td>
<td>68</td>
</tr>
</tbody>
</table>

The most typical items are East Prussia and Pomerania, both agricultural provinces. Silesia, being industrial, does not show so great a decline, for the population migrating from the country was for the most part finding employment in the local industries.

The analogous fact of an increase of population faster in the West of Germany than in the East has been noticeable after the war. Thus e. g. the population of the whole Reich rose in the years 1918–1933 by 13,4%, whereas to the east of the river Odra it increased only by 10,4%.[1]

It was owing to the process of emigration that the increase of population in the districts of eastern Germany was so small. The average for the years 1925–1933 was:

The regency of:
Köslin (Koszalin) ......................................... 0,09
Frankfurt (Słubice) ....................................... 0,18
Schneidemühl (Piła) ..................................... 0,19
Legnitz (Legnica) ....................................... 0,20
Stettin (Szczecin) ...................................... 0,39

This increase is extremely low if compared to that in the Polish voivodship of Pomerania, where the yearly increase of population was 18 times higher than in the adjacent German Köslin (Koszalin) regency.[1] The density of population in the eastern German provinces is, generally, rather small. In the following regencies of the

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German Pomerania (having regard to the new administrative boundaries of 1938), it amounted to:

<table>
<thead>
<tr>
<th>Area</th>
<th>Inhabitants per sq. km</th>
</tr>
</thead>
<tbody>
<tr>
<td>the Borderland</td>
<td>41, 1</td>
</tr>
<tr>
<td>the Köslin (Koszalin)</td>
<td>51, 4</td>
</tr>
<tr>
<td>the Stettin (Szczecin) with the town of Stettin</td>
<td>80, 5</td>
</tr>
</tbody>
</table>

In the entire provinces of Pomerania the average was that of 59 inhabitants per one sq. km, whereas the neighbouring Polish voivodships, differing neither as to their geographical nor economic conditions, had:

- Pomerania ........................................ 66 inhabitants per 1 sq. km**
- the Poznań voivodship .......................... 79 inhabitants per 1 sq. km

[Annex 4]

THE ECONOMIC DECAY OF EAST GERMANY

The most important product of Silesia is coal.

Before the war, in 1910, nearly 30% of the output of the Upper Silesian coal was directed to the nearest provinces of Poland and Bohemia, as well as to Austria, while the remaining 70% were sold to Germany. The 50%, however, of the remainder was sent to the Upper and Lower Silesia, and also to Eastern German provinces: to Pomerania and to East and West Prussia. Altogether the amount of coal sold to Poland and to the provinces East of the Odra and Nisa, reached 60% of the whole Upper Silesian coal output, while 15% went to Central and West Germany, mainly to Berlin and to Brandenburg, but 25%—to Bohemia and Austria.††

It was the same with coke. In 1910, 80% of the output was sold to the former Polish provinces and to the lands East of the Odra and Nisa, 11% went to Austria and Bohemia, and 9%—to Berlin and other German markets.‡‡

Likewise, the market for the Lower Silesian coal suited itself to the natural geographical factors: 43% of the output went to Lower Silesia, 40%—to Bohemia and Austria, and only 17% to West and Central Germany, chiefly to Berlin.§§

The very little share of Western and Central Germany in the purchase of Silesian coal is explained (according to the German economist Kulminz)††† by the competition of Westphalian coal, forwarded by cheap water ways, and also by the competition of bituminous coal.

‡‡Ibid. S. 9.
§§Ibid. S. 12.
†††Ibid. S. 18/17.

[No. 517]
Why, however, was the Silesian coal unable to stand this competition?—For the Silesian mines were the richest in Germany; there were no special technical difficulties, and the cost of production was lower than in West Germany. The main handicap was the outlying geographical situation of Silesia, at the outskirts of Germany: "am Ende des Reiches", as Goethe has put it.[4]

For in its natural markets, suited to geographical conditions, the Silesian coal was emerging victorious out of the competition.

And these natural markets were not situated in the distant, not easily accessible provinces of Central and West Germany, but in the East and South, in the nearest neighbouring countries, too, where it could penetrate in spite of the customs duties.

The Silesian production, however, did not reach the high standard of development, characteristic of the other German mines, mainly because of the competition of Polish and Bohemian mines, that were defending themselves against the Silesian coal with barriers of customs duties, and also because it was losing the fight against the West German competition in the more distant German markets.

In 1840 the production of the Upper Silesia had amounted to 60% of the Ruhr production, and in 1870 it was reduced down to 58%, in 1900—to 42% and in 1913—to 40%.[5] The shrinking of the amount of coal sold can be observed with regard to one of the most important customers, namely that of Berlin. In 1900, 61% of the general consumption of coal by Berlin fell to the share of Silesian coal and coke, 11% to the Ruhr mines. In 1928, however, the share of the Ruhr increased to 46% and that of Silesia sank to 40%.

The reduction of the Silesian coal import to the Berlin market became particularly striking during the years of the economic crisis, proving the superiority of West German mines in competition.

The export figures of coal, coke and briquettes to Great Berlin were the following (thousands of tons):

<table>
<thead>
<tr>
<th></th>
<th>1925</th>
<th>1929</th>
<th>1932</th>
</tr>
</thead>
<tbody>
<tr>
<td>from Upper Silesia</td>
<td>1,665.0</td>
<td>3,199.2</td>
<td>1,526.6*</td>
</tr>
<tr>
<td>from Westphalia</td>
<td>963.7</td>
<td>1,719.1</td>
<td>1,718.7</td>
</tr>
</tbody>
</table>

"The building of the ‘Mittellands Canal’" are [in?] the words of a German economist† "will remove the equilibrium centre still more to advantage of the Ruhr coal."

Iron also illustrates how Silesia was being ousted by the West German industry. The production of iron in Silesia, although increasing, was relatively declining with regard to the production of

††Ibid. S. 18/17.
Germany as a whole. While the production of iron ore in Upper Silesia increased from 231 thousand tons in 1871 to 1,048 t.t., in 1912, that is more than fourfold; that of the whole Reich increased in the same time from 1563 t.t. to 17,617 t.t., that is twelvefold. Silesia's share in the production of the whole Germany sank in the same time from 14.8% to 5.9%.

The same is true of steel. In 1900 the production of Upper Silesia amounted to 905 t.t., in 1904 it increased to 1,400 t.t., that is 164%. In the same time the production of steel of the whole Germany increased from 8,928 t.t. to 17,321 t.t. (194%).‡

The coal mines and the foundries of Upper Silesia were thus unable to export to the neighbouring countries, economically gravitating to Silesia, as they were separated from them by customs barriers. Out of the German market they were being ousted by other German industries. They defended themselves by consuming coal and iron ore in their own works, or by attempting production of more precious goods. In this way Silesia was growing independent of the Reich, and becoming more compact as an economic organism. This has been proved by the statistics of railway transports, too. In 1928 one third of the general output of Upper Silesia was forwarded to Lower Silesia, another one third to other parts of Eastern Germany. Altogether, then, two thirds of the total output were consumed by Eastern Germany.

The economic decline of the Eastern provinces of the Reich affected agriculture, too. The tendency of the population was to migrate from the country to the towns. The percentage of the population employed in agriculture was steadily declining: in the years 1925–1933 it fell in Pomerania from 41.2% to 38.1%, and in the Borderlands from 47.5% to 44%.

In the Köslin (Koszalin) regency the peasant population declined within nine years (1925–1933) by 4%, in the Stettin (Szczecin) regency by 2.9%. The farm hands were the first to emigrate, and as a consequence, the big landowners (45% of the landed property in Pomerania) were the first to suffer. To remedy this, farm hands were being hired for seasonal work, chiefly from Poland. Their number used to attain 600,000 in a season.

Since 1932, hiring Polish farm hands for work become [sic] prohibited in lands situated East of the Odra.

The measure was a purely political one, damaging to the interests of agriculture.

‡ Ibid. S. 99/100.
STETTIN’S CONNECTION WITH POLAND

Stettin is the harbour of Pomerania and Silesia, especially of the Upper Silesia, but only in small degree that of Brandenburg, Lusatia and Saxony, although the geographical situation would seem to suggest that also these provinces should belong to its hinterland. § In 1913, 74% of goods forwarded from, and 58% of goods transported to Stettin by railways, came from Pomerania, Silesia, Poznania, East and West Prussia, 20% and 34% respectively fell to the share of Brandenburg with Berlin, Saxony and Thuringia, 2% and 7% fell to the share of foreign countries, particularly of Czechoslovakia and Austria.¶ The situation was similar with regard to waterways. These, before the first Great War, were very important, as more than half of all the cargoes went to Stettin by water.¶¶ Of all the goods transported over the Odra, 66.4% were imported, and 71% exported by Stettin; 10% and 4.5% respectively went by the rivers Warta and Noteć [Netze]. This made totals of 76.4 and 75.4%. The rest fell to the share of the Brandenburg waterways and the Elbe.**

After the war 80% of goods forwarded by railways from Stettin went to Pomerania and Upper Silesia, while 61% of railway transports to Stettin came from the same provinces.†† Of water-transported goods 53% of the import and 50% of the export went by the Odra. If we add the Warta transports (17% in import and export), we arrive at the following results: 70% of cargoes transported to and 67% of cargoes forwarded from Stettin fell to the share of Odra and its tributaries.‡‡

If we compare the percentage of goods transported to and forwarded from Stettin to its principal hinterland, particularly to Pomerania and Silesia, before the first Great War (1913) and afterwards (1933), we shall find an increase in goods transported to (from 58% to 61%) as well as forwarded from (from 74% to 80%) Stettin, by railways. On the other hand, the share of Silesia and Pomerania in water transport decreased (from 76.4% to 70% in cargoes transported to, and 75.4% to 67% in cargoes forwarded from Stettin). This was caused by the opening to navigation of the canal joining the Odra to the Havel and the intensifying of commercial relations between Berlin and Stettin. Stettin’s commercial hinterland, however, continued to be limited to the areas covered by the system of the river

† Ibid. S. 95.
** Ibid. S. 96.
‡‡ R. Kloss: l. c. Tabelle.
Odra, i.e. to Pomerania and Silesia. Out of these markets, and, still more remarkably, out of other parts of its geographical hinterland, such as Brandenburg and a part of Saxony, Stettin was being superseded by the rising competition of Hamburg. Stettin's participation in the turnover of both ports in the year 1913 and 1929 is shown in the following figures (in %): §§

<table>
<thead>
<tr>
<th>Region</th>
<th>1913</th>
<th>1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pomerania</td>
<td>97</td>
<td>93</td>
</tr>
<tr>
<td>Upper Silesia</td>
<td>91</td>
<td>87</td>
</tr>
<tr>
<td>Brandenburg</td>
<td>57</td>
<td>56</td>
</tr>
<tr>
<td>Lower Silesia</td>
<td>55</td>
<td>53</td>
</tr>
<tr>
<td>Berlin</td>
<td>21</td>
<td>32</td>
</tr>
<tr>
<td>Bavaria and Württemberg</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Saxony (Land)</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Saxony (province)</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

The figures reflect the diminishing participation of the port of Stettin not only in the commerce of Western and Central Germany, but also of the Upper Silesia and of Pomerania, which by reason of their situation gravitate strongly to Stettin.

§§ R. Kloss, l.c. Tabelle.

No. 518

760C.62187-1345

Memorandum by the Chief of the Division of Eastern European Affairs (Durbrow)

[WASHINGTON,] July 13, 1945.

MEMORANDUM OF CONVERSATION

Subject: British Proposal to Settle Western Frontier of Poland

Participants: Mr. George Middleton, British Embassy
             Elbridge Durbrow, Chief, Eastern European Division

Mr. Middleton called today and left the attached aide-mémoire outlining the British Government's proposal to settle the western and northern frontiers of Poland at the Berlin Conference.

The aide-mémoire states that the British Government is of the opinion that it is advisable to settle the northern and western frontiers of Poland as soon as possible since any delay will only mean that the Soviet Government and the Polish Government will consolidate their position along the Oder–Neisse Line which would mean the incorporation into Poland by unilateral action of approximately one-fifth of pre-war German territory. The British Government suggests that efforts be made at the Berlin meeting to fix the Polish-German frontier
as follows: The Free City of Danzig, East Prussia east [south] and west
of Koenigsberg, Oppeln, Silesia (German Upper Silesia) and most of
the eastern portions of German Pomerania. The aide-mémoire states
that if it proves impossible to reach an agreement as outlined above
the Soviet Government should (1) be informed that the British and
ourselves would give our formal consent to the transfer to the admin-
istration of the Polish Provisional Government of National Unity
[of] only such territories as all four controlling powers are prepared to
grant to Poland, (2) if the Soviet Government insists on turning over
German territory up to the Oder–Neisse Line the British and American
Governments should insist upon a proportionate reduction in the
Soviet share of reparations from Germany since the turning over of
this large section of Germany to Poland would reduce German ca-
pacity to pay reparations. The aide-mémoire adds that the British
Government would, if necessary, be prepared to inform the Soviet
Government that they will not allow it any reparations deliveries
from the American and British zones in Germany unless this terri-
torial question is settled satisfactorily.

I informed Mr. Middleton that the territorial proposals suggested
by the British almost coincided completely with the recommendations
the Department proposed to the President.¹ I explained that we had
given very careful study to this question and felt that the proposal
was the only just one which could be made. Mr. Middleton explained
that the British delegation would discuss this matter with the Ameri-
can delegation at Berlin. . . .

ELBRIDGE DURBROW

[Attachment]

AIDE-MÉMOIRE

His Majesty’s Government have given careful consideration to Sir A.
Clark Kerr’s arguments in favour of reaching a provisional Agreement
among the three major Allies in regard to Poland’s Western frontiers,
at the forthcoming meeting of heads of Governments. His Majesty’s
Government agree with him that the Poles and the Russians appear
now to have committed themselves regarding the line of the Oder–
Western Neisse as the Western frontier of Poland and that the passage
of time will only assist the Poles, with Russian support, in consolidating
their hold over all territory to the East of this line. If the British
and United States Governments allow the permanent settlement of
the frontier to be postponed indefinitely, only putting their views on
record for the present, the difficulties of settlement at a later date

¹ See document No. 510.
will be aggravated; and meanwhile they will be permitting the Soviet Government to flout the authority of the Allied Control Council over Germany, and hence to establish a precedent for creating all manner of difficulties at a later date.

2. On the other hand, His Majesty's Government see serious objection to accepting the Oder–Neisse Line here and now as the frontier between Poland and Germany. To precipitate a concession of the maximum Soviet Russian claims might be regarded as a sign of weakness and provoke other excessive demands elsewhere. His Majesty's Government have always doubted whether British public opinion would lastingly support a settlement involving the amputation of about one-fifth of the total area of Germany normally inhabited by over ten million persons of undisputably German stock, and such a settlement might prove a formidable obstacle to the maintenance of European peace. Moreover, the immediate transfer of these territories to Poland would withdraw them from the authority of the Allied Control Council in Germany, and also from the fields of German reparation and supply and from the total area from which the British and United States authorities might hope to obtain food supplies for the feeding of Western Germany, thus giving a proportionate advantage to Russia and Poland in excess of their fair share. In this connection, His Majesty's Government note that at the Tripartite Military Meeting to discuss the Military Government of Berlin held at Marshal Zhukov's Headquarters on the 7th July, Marshal Zhukov stated, when the question of food supplies was under discussion, that territory East of the Oder and the Neisse was under Polish control and not in his zone, and again, in regard to fuel supplies, that Silesia was not available to him as the Eastern frontier of his zone was the Oder and the Neisse "as agreed at the Crimea Conference."[^2]

3. In these circumstances the assurance given by M. Vyshinsky[^3] to the effect that the presence of Polish Administration does not prejudice the fate of German territory, which is for discussion at the Peace Conference, is of little practical value. That assurance is in any case rendered nugatory by the preceding passages in M. Vyshinsky's letter, the effect of which is to place the territories in question completely in the hands of the Polish authorities without supervision by, or responsibility to the Soviet Government, and without the agreement of any other of the Allied Governments represented on the Control Council for Germany. While His Majesty's Government agree that there are certain matters in each zone in Germany in which the Allied authority in that zone may act independently, they can neither accept the claim made in M. Vyshinsky's letter that the

[^2]: See document No. 515.
Supreme Authority of the Allies in Germany extends over the separate zones only in respect of questions common to the whole of Germany, nor admit the right of the Soviet Government to place a part of their zone outside the authority not only of the Control Council but also of the Soviet Commander-in-Chief in that zone. The Soviet Government would indeed certainly object were His Majesty's Government and the United States Government to hand over the Ruhr or the Rhineland to the French on similar conditions.

4. His Majesty’s Government therefore consider that, if the United States Government agree, it should be made plain at Terminal that His Majesty’s Government and the United States Government cannot acquiesce in the Soviet Government’s interpretation of the situation. For the reasons stated in para 1 above, His Majesty’s Government are of the opinion, however, that the two Governments should not be content with merely going on record as withholding their consent to the present situation. His Majesty’s Government therefore propose that the two Governments indicate their willingness (i) to reach an understanding with the Soviet Government on a reasonable Western Frontier for Poland (which will necessarily be well short of her present claims and should in the view of His Majesty’s Government not exceed the Free City of Danzig, East Prussia south and west of Koenigsberg, Oppeln, Silesia and the most eastern portion of Pomerania) and; (ii) to agree, subject to the necessary concurrence of the French Provisional Government to the transfer of the territories to the East of such a frontier to permanent Polish Administration, subject to ratification when the final Peace settlement on this question is made.

5. His Majesty’s Government further propose that if it is not possible to reach agreement with the Soviet Government on an acceptable compromise on these lines, the two Governments should indicate:

(i) That they will be willing to give their formal consent to the transfer to the Administration of the Polish Provisional Government of National Unity only of such German territories as all Four Controlling Powers are prepared to allow Poland to acquire permanently;
(ii) That if the Soviet Government insist nevertheless upon handing over parts of Germany to Poland without the consent of the other Governments principally concerned, thus reducing the capacity of Germany as a whole to pay reparations, His Majesty’s Government and the United States Government will be obliged to insist upon the proportionate reduction in Russia’s share of reparations from Germany.
His Majesty’s Government would, if necessary be prepared to inform the Soviet Government that they will not allow them any reparations deliveries from the American and British zones in Germany, unless these issues are settled to the satisfaction of the Governments concerned. His Majesty’s Government propose to seek the concurrence of the United States Delegation in acting on the above lines upon arrival at TERMINAL.

WASHINGTON, July 13th, 1945.

No. 519

The Assistant Secretary of State (Dunn) to the Secretary of State

[Extracts 2]

SECRET

POTSDAM, July 14, 1945.

MEMORANDUM FOR THE SECRETARY

Sir Alexander Cadogan, Permanent Under-Secretary at the Foreign Office, called this afternoon and discussed for two hours in a preliminary way a number of matters on the agenda of the Conference.

4. German-Polish Frontier.

Sir Alexander referred to the great economic problems raised by the Poles’ territorial claims, particularly with regard to supplying food from Eastern Germany and coal from Silesia, and handed me a statement of the British view regarding Poland’s western frontier (see attachment). The British are willing to see East Prussia, Danzig, the most eastern part of Pomerania (not as far as the Oder River) and Upper Silesia placed under permanent Polish administration now; if Russia insisted upon a larger area going to Poland, she should accept a proportionate reduction in her share of German reparation. Sir Alexander maintained that his government had never approved any cessions to Poland beyond those listed above, and expressed opposition to the Oder–Neisse line, which would raise to between ten and twelve million the number of Germans subject to transfer. . . .

JAMES CLEMENT DUNN

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1 Printed from a carbon copy on which there is an uncertified typed signature.
2 For other extracts from this memorandum, see documents Nos. 140, 218, 234, 258, 319, 351, 379, 404, 470, 635, 645, 678, and 708.
3 For a list of persons present at this meeting, see document No. 234, footnote 3.
POLAND'S WESTERN FRONTIER

We should make it plain that we cannot acquiesce in the Soviet Government's interpretation of the situation. We should not be content with merely going on record as withholding our consent to the present situation. It is therefore proposed that we indicate our willingness

(i) to reach an understanding with the Soviet Government on a reasonable Western Frontier for Poland (which will necessarily be well short of her present claims and should in my view not exceed the free city of Danzig, East Prussia South and West of Koenigsberg, Oppeln Silesia and the most Eastern portion of Pomerania) and;

(ii) to agree, subject to the necessary concurrence of the French Provisional Government, to the transfer of the territories to the East of such a frontier to permanent Polish administration, subject to ratification when the final peace settlement on this question is made.

It is further proposed that if we fail to reach agreement with the Soviet Government on an acceptable compromise on these lines, we should indicate

(i) that we shall be willing to give our formal consent to the transfer to the administration of the Polish Provisional Government of National Unity only of such German territories as all four controlling powers are prepared to allow Poland to acquire permanently.

(ii) that if the Soviet Government insist nevertheless upon handing over parts of Germany to Poland without our consent, thus reducing the capacity of Germany as a whole to pay reparations, we shall be obliged to insist upon the proportionate reduction in Russia's share of reparations from Germany. His Majesty's Government would, if necessary be prepared to inform the Soviet Government that we shall not allow them any reparations deliveries from the American and British zones in Germany, unless these issues are settled to our satisfaction.

4 This document bears the following typed notation: "(Handed to Mr. Dunn by Sir Alexander Cadogan, July 14, 1945)".
The Assistant Secretary of State (Dunn) to the Secretary of State

[Babelsberg,] July 15, 1945.

MEMORANDUM FOR THE SECRETARY

POLAND'S CLAIMS TO GERMAN TERRITORY AND THEIR EFFECT ON ALLIED CONTROL RESPONSIBILITIES IN GERMANY

At present Marshal Zhukov claims that he has no control over the areas of Eastern Germany which have been unilaterally placed under Polish administration. These areas contain the mining resources of Upper Silesia and a large part of the food surpluses of Germany. Before a joint economic policy for the treatment [of Germany] can be agreed, either in the field of reparation or in respect to the responsibilities of the Control Council, it is necessary to know what is the Germany to which those policies relate.

This Government approves in principle territorial adjustment for Poland's benefit but opposes unilateral action in this as in other territorial settlements. In the case of German territories this opposition is reinforced by our joint responsibility as one of the four occupying powers. Unilateral detachment from Germany of areas of great economic importance and arbitrary transfer to the rest of Germany of some ten to twelve million Germans will have great repercussions throughout Germany, including the American zone, and will have important indirect effects on our war effort.

When questions arise concerning the status of the areas of Eastern Germany which the Soviet Command has placed under Polish administration the following questions might be raised:

1. Is a unilateral transfer of authority over German territory compatible with the Agreement on Control Machinery in Germany, which provides that while other United Nations may contribute auxiliary contingents, the four powers will control Germany within her 1937 boundaries?

2. Are the resources thus removed from Allied control in Germany to be made good either by Poland or by the Soviet Union? The United States is unable and unwilling to make good deficits, particularly in foodstuffs and fuel, thus created in the rest of Germany and in

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1 Printed from a carbon copy on which there is an uncertified typed signature.
2 See document No. 315.
3 Manuscript interpolation by Philip E. Mosley.
4 i. e., the protocol regarding the zones of occupation in Germany and the administration of Greater Berlin, signed at London, September 12, 1944. For text, see Treaties and Other International Acts Series No. 3071; United States Treaties and Other International Agreements, vol. 5, pt. 2, p. 2078; Foreign Relations, The Conference at Malta and Yalta, 1945, p. 118. The reference is to articles 1 and 4 of this protocol.
liberated countries which expected to meet some of their urgent needs from German resources.

3. Are Russia's reparation claims based on the resources of Germany in her 1937 boundaries or in the new boundaries thus created through unilateral action?

4. Will the ten to twelve million Germans displaced from the East be accommodated and resettled in the Soviet zone?

5. Will not the four controlling powers in Germany need to enter into agreements with Poland and Czechoslovakia regulating the orderly removal of Germans from their territories and their resettlement in the rest of Germany?

Questions along these lines will help to bring out Russia's intentions and plans in regard to the determination of Poland's Western frontier in relation to the joint economic policies of the four powers in Germany, without displaying either complacency or hostility toward the Soviet desire to secure the Oder–Neisse line for Poland.

JAMES CLEMENT DUNN

ECONOMIC ASSISTANCE FROM THE UNITED STATES

No. 521

740.00110 (Potsdam)/5-216

Briefing Book Paper

[Extract 1]

TOP SECRET

SUGGESTED UNITED STATES POLICY REGARDING POLAND

Reconstruction

In order to implement our policy of establishing a truly independent democratic Polish state, we should be prepared, subject to legislative authority, to assist through credits or otherwise in the reconstruction of Polish agriculture and industry. Immediate action on our part to facilitate by credits and otherwise the supplying to Poland of urgently needed equipment and relief materials will promote in a far-reaching and enduring manner a healthy American influence in Poland, especially in regard to the holding of free elections, the final step in the Yalta program. Our efforts in this regard should be on a national rather than international basis. While the Soviet attitude towards United States economic activities in Poland is uncertain, the present situation in Soviet-controlled Eastern Europe is not promising. We should, therefore, insist, in order to

1 For other sections of this briefing paper, see documents Nos. 483 and 510.
guarantee the effectiveness of our efforts and to reap the benefits thereof, that American aid be accorded directly and not through the intermediary of either the Soviet Union or some international organization, such as UNRRA. We should strive to obtain from the New Polish Government of National Unity a promise that it will follow a policy of equal opportunity for American interests in trade, investments and access to information. The rapid establishment of normal friendly relations and contacts between our two countries is particularly important, since the large populations of Polish extraction in our country might otherwise seek to make a domestic American political issue of conditions inside Poland.

[WASHINGTON,] June 29, 1945.

No. 522

Telegram

The Ambassador in the Soviet Union (Harriman) to the Acting Secretary of State

SECRET

Moscow, June 26, 1945—7 p. m.

2274. In conversation with Bierut, Osóbka-Morawski and Mikołajczyk at lunch on June 23 I referred to a previous conversation with the first two at which they had emphasized their hope for economic assistance from the US and I suggested that it might be useful to have an informal discussion of what they visualized in this connection which I could report to my govt. (Polco, supplementing Moscow’s 2249, June 24, 3 p. m., sent to Dept as 2274, rptd to London as 324.) I explained that relief and rehabilitation would be dealt with by UNRRA and in the medical field to some extent by the Amer Red Cross. When it came to reconstruction I said that this must be dealt with on a business basis.

Bierut readily recognized this principle and said that the new Polish Govt would wish to make a commercial treaty with the US in order that trade in both directions could be reestablished. He recognized that only through exports could Poland repay the US for goods purchased on credit. They explained in general their requirements for equipment emphasizing particularly the grave shortage of transportation, both railway equipment and, particularly, trucks and motor vehicles. They hoped to get from Germany the return of the 40 to 60 thousand trucks that had been taken from Poland and in other directions showed a keen desire to obtain at the earliest moment

1 Not printed.
restitution and reparations from Germany. On the other hand, they hoped that some equipment could be obtained as quickly as possible from the US.

In addition to transportation requirements port equipment is urgently needed and machinery for the reestablishment of their industry, both within the boundaries of old Poland and in the new territory which they counted on obtaining in the west at the expense of Germany.

I explained the prior call on our industry for the war in the Pacific for certain types of equipment and the present legal limitations on the Export and Import Bank to extend credits. On the other hand, I encouraged them in the thought that immediate analysis of their requirements would be useful in order to be prepared for prompt action if and when credits could be extended and equipment was available. I also explained that in consideration of the size of any credit it would be necessary to analyze the Polish Govt’s plans for exports and particularly to the US, in order that we might be satisfied as to the capacity of Poland to repay any credits that might be granted. I also mentioned the possibility of obtaining a credit from the world bank when and if it was established.

They are extremely anxious to obtain a credit from the US as soon as possible after the new govt of national unity is set up and recognized by the US. Aside from the humanitarian aspects and the value in connection with developing future markets for Amer equipment, I believe it is of inestimable importance from a political standpoint to begin negotiations at once with a view of granting promptly a small credit, at least to permit purchases and shipment to Poland of equipment most urgently needed for reconstruction. This might be expanded at a later date when the Export–Import Bank obtains additional appropriations from Congress. There can be no doubt that prompt action to supply urgently-needed Amer equipment will have a far-reaching and permanent effect on the influence of the US in the political scene in Poland and particularly on our influence in connection with the carrying out of the final step in the Crimea decision, namely the holding of truly free elections. I cannot urge too strongly that Amb Lane be authorized before his departure from Wash to initiate negotiations for a credit to purchase Amer equipment and that the new govt be encouraged to send representatives to Wash
to work out the details. The most dramatic gesture that we could make to show our interest in assisting Poland would be to dispatch several hundred used trucks from our army on the continent. This gesture would, I am satisfied, contribute substantially to strengthening the prestige and position of the new members of the govt.

On the other hand, if we delay taking any concrete action for a protracted period the hopes of assistance from America that all Poles have, including the Lublin group, will be dampened and our influence cannot fail to be adversely affected. In other words, I feel that a small gesture made quickly will be of even greater political as well as practical value than substantially larger transactions made at a later date. I hope also that our rep on the UNRRA Board will encourage UNRRA to increase promptly its shipments as far as possible using the port of Danzig; also that the UNRRA mission be dispatched to Warsaw without delay. Further hope that the AmCross will find it possible to increase its appropriation of a million dollars for medical supplies. From the reports of AmCross reps who have recently been in Poland there can be no doubt that Poland is desperately short of medical supplies in all categories and from standpoint of human values I know of no country in Europe where aid given can be more useful.

Although on Amb Lane's arrival in Warsaw I will be dropping out of my direct relations with Poland, I would personally greatly appreciate the Dept's reaction to the above recommendations.

I discussed with Bierut specifically the points raised in Dept's 1382, June 22, 7 p. m. He showed great interest in obtaining Amer technical aid in their reconstruction problems. He is anxious to send at the proper time Polish engineers to the US to study particular problems and stated Amer engineers would be welcome in Poland to assist them. He expressed the hope that there will be attached to our Embassy competent experts in industry and agriculture who could not only analyze Poland's requirements from the US but informally advise the Polish Govt ministries involved. . . .

\[HARRIMAN\]

\[2\] See document No. 485.

\[3\] For the second section of this message, omitted here, see document No. 490.
The Acting Secretary of State to the Appointed Ambassador to Poland (Lane)  

SECRET

WASHINGTON, July 12, 1945—5 p. m.

3234. For Lane.

As a result of Department discussion in which you participated regarding possible economic assistance for Poland from the U. S. the following points have been generally agreed upon:

1. The U. S. will give full support to UNRRA in fulfilling the contemplated Polish program. The tentative program for Poland is substantial, calling for almost half a million tons of supplies for the third quarter and a similar quantity for the fourth quarter of this year. Even if more aid were available for Poland it is doubtful whether there would be either the shipping or port facilities to increase any supply program beyond this target: real difficulties may even be encountered in delivering the supplies which UNRRA will have ready to send with our support.

It is understood that UNRRA plans to appoint as permanent chief of the UNRRA Polish Mission an American, and that the Mission will include specialists who can promptly revise the proposed import program on the basis of logical priorities with cooperation from the local government officials.

2. The Export-Import Bank is prevented from lending to Poland by a statutory prohibition 2 against loans to governments in default to the United States Government similar to the prohibitions of the Johnson Act 3 against private loans to such governments. Proposed legislation to expand the Bank’s lending power eliminates this provision. Bills are also before Congress providing for outright repeal of the Johnson Act. It is not known how soon these legal barriers will be removed, but we are endeavoring to get the Bank legislation enacted before Congress recesses.

In the meantime Poland should prepare promptly a statement of requirements setting forth the types of goods needed, quantities, specific projects, and supporting data, as well as present financial resources, trade prospects and other relevant material. This would facilitate conclusion of loan arrangements in the event that and as soon as the law permits.

3. The U. S. would consider favorably proposals designed to facilitate payments in dollar exchange for exports, especially of coal.

4. Plans are being made to provide Poland promptly with one thousand Army surplus trucks to be supplied on dollar credit terms. The proposal has been approved by the Surplus Property Board and the Office of Army-Navy Liquidation Commissioner has an under-

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1 Sent to the American Embassy, Paris.
2 By an Act of March 2, 1940, to provide for increasing the lending authority of the Export-Import Bank; 54 Stat. 38.
3 i. e., the Act of April 13, 1934, to prohibit financial transactions with any foreign government in default on its obligations to the United States; 48 Stat. 574.
standing with the Army that the trucks will be available. Details as to types of trucks and point of delivery will be sent you later.

5. With respect to the Polish desire to receive restitution and reparations from Germany, the question of restitution is closely interrelated with that of reparations and, hence, must be subject to the decisions to be arrived at respecting general reparations policy. Such policy is the subject of discussions to be held by the Allied Reparations Commission at Moscow.

6. Reestablishment of private trade between the U. S. and Poland is desired as soon as mechanical limitations and facilities permit. The Department regards the Treaty of Friendship, Commerce and Consular Rights between Poland and the United States, signed June 15, 1931, as still in effect. The Department, however, would welcome the opportunity of negotiating an improved treaty with Poland.

7. A mission of Polish requirements specialists to this country will be welcomed. It is contemplated that our Embassy staff will include technical, requirements and economic specialists. We hope the Poles will cooperate with them.

8. The matter of a possible increase in Red Cross assistance to Poland is being pursued and the indications are that an increase may be available provided the distribution of supplies in Poland can take place in accordance with Red Cross principles.

The following for Harriman. The above is for your information urtel 2274 June 26. Lane has been instructed to give above information to Polish officials in Warsaw. It is believed he can convince them that U. S. is making every effort to meet their urgent needs. Please show this telegram to Bergson.

Repeated to London and Moscow.

Grew

J[ohn] P[arke] Y[oun]g

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4 Treaty Series No. 862; 48 Stat. (2)1507.
5 Document No. 522.
SOVIET UNION

PARTICIPATION IN EUROPEAN ECONOMIC ORGANIZATIONS

No. 524

Briefing Book Paper

TOP SECRET

SOVIET COOPERATION IN SOLVING IMMEDIATE EUROPEAN ECONOMIC PROBLEMS

RECOMMENDATION

That the Soviet Union be urged and encouraged to participate actively with the United States, the United Kingdom, and other countries in combined endeavors to solve the critical problems of European relief and reconstruction. The following steps seem particularly important:

1. Russian Participation in European Economic Organizations.

It is recommended that we endeavor to secure agreement from the Soviet Government to participate fully in the Emergency Economic Committee for Europe (EECE), European Coal Organization (ECO), the European Central Inland Transport Organization (ECITO), and the United Maritime Authority (UMA), including designation of representatives to cooperate in the day-to-day activities of these organizations.2

2. UNRRA.

It is recommended that Soviet agreement be sought on the following steps, now proposed by the United States to strengthen UNRRA: (1) that UNRRA countries must maximize local production of relief supplies, that UNRRA should have first call on any surpluses developing in the countries it is assisting for use elsewhere, that UNRRA should have a claim equal to all others on using surpluses available in territories adjacent to UNRRA countries, that UNRRA countries must assume responsibility for their own food needs beginning with 1946 harvests, and that the operations of UNRRA field personnel must be facilitated in every way; (2) UNRRA needs more effective organization,

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1 Annex 7 to the attachment to document No. 177.
2 For information on the establishment and functions of these agencies, see Department of State Bulletin, vol. xi, pp. 358–361; vol. xii, p. 910; vol. xiii, pp. 55–57, 305–306, 879–882.

790
and US, UK and USSR should make available competent administrative personnel in substantial numbers, and (3) additional contributions to UNRRA should be sought from such possible sources as non-member United Nations, European neutrals who might make a contribution on a non-member basis, and UNRRA members now contributing only to administrative expenses.


It is recommended that the President request the USSR to agree: (1) to stop removals from the countries of Eastern Europe of capital equipment, wholly or substantially owned by American nationals; to return capital equipment previously removed; and to insure that these countries make adequate, effective and prompt compensation to American nationals for such equipment which cannot be returned and for current output delivered on reparations account; (2) to permit American nationals to enter, move about freely and carry on commercial and government operations unmolested in these countries; and (3) not to conclude treaties, agreements or arrangements which give to the USSR an exclusive or monopolistic position in the trade, raw materials or industry of these countries, or which deny to American nationals access on equal terms to such trade, raw materials or industry, and to modify any existing arrangements to that effect.

DISCUSSION

It is vital to the maintenance of good relations among the Soviet Union, the United States and the United Kingdom that measures taken with respect to and in conjunction with the other countries of Europe be combined undertakings as among the three principal countries. The alternative is rivalry. Such rivalry would not only retard the reconstruction of Europe, but would tend to weaken the bonds of friendship and mutual respect which now unite the Soviet Union, the United States and the United Kingdom.

Early restoration of the economic life of the countries of Europe is vital to the establishment of a durable peace. The foreign economic policies of the United States are designed to help other nations establish quickly the basis for their economic life. In the absence of close cooperation among the United States, the Soviet Union, and the United Kingdom, the revival of European production will be retarded; food, coal, and other essential goods will be maldistributed; and the transportation system will be inadequate. It is hoped, consequently, that the Soviet Union will join with the United States and the United Kingdom in a concerted effort to solve the wide range of emergency economic problems which now confront them in Europe.

[WASHINGTON,] June 30, 1945.

[No. 524]
Russian Participation in European Economic Organizations

Recommendation

It is recommended that we endeavor to obtain agreement from the Soviet Government to participate fully in the Emergency Economic Committee for Europe (EECE), European Coal Organization (ECO), the European Central Inland Transport Organization (ECITO), and the United Maritime Authority (UMA), including designation of representatives to cooperate in the day-to-day activities of these organizations.

Discussion

The Soviet Union has declined to participate in three temporary advisory organizations established to meet urgent economic problems in Continental Europe, namely, EECE, ECO, and ECITO. Negotiations leading to the establishment of these agencies were undertaken in the fall of 1944. Every effort was made to obtain Soviet participation. Failing this, the three bodies were finally set up during May 1945. Likewise, the Soviet Government has indicated an unfavorable attitude toward UMA.

The normal economic relationships of the liberated areas have been disrupted by the war. Provision of the minimum essentials of life and the beginning of industrial reconstruction require cooperation among the Allies and the control authorities in enemy countries. Indigenous resources must be developed and utilized. Coal must be mined and shipped to start the wheels of industry turning. If goods are to move in necessary quantities, the transport system of the whole continent must be coordinated. The new agencies have an essential task to perform. But without Soviet participation, their effectiveness will be limited. For if the Soviet Union does not join in these organizations, it is unlikely that Czechoslovakia and Yugoslavia will participate. Furthermore, the absence of nonparticipating governments will make it extremely difficult to deal with problems relating to Germany and Austria, and no consideration of European economic problems, particularly coal and transportation, can ignore the enemy countries.

The United Maritime Authority is an interim organization established to assure the orderly employment of available shipping to the maximum common benefit during the period following the fall of
Germany and not more than six months after the general termination of hostilities. Accession to the Authority carries no long-range post-war implication or obligations. Neutral (Sweden) as well as United Nations have joined. The Soviet Union has not hitherto been invited to join, but has manifested indications of an unfavorable attitude. However, it would appear to be of general advantage for the Soviet Union to accede to the Agreement since this will facilitate the handling of Soviet requirements for shipping space in excess of the capacity of the Soviet fleet (a substantial part of which consists of vessels transferred under Lend-Lease), and will also simplify the handling of several related problems, particularly with respect to the immediate use of vessels falling into United Nations' hands through the events leading up to and including the surrender of Germany. Even if the Soviet Union decides not to join the UMA, it is most desirable that an effort be made to remove the evidently unfavorable attitude toward that Authority held in Moscow by an explanation of its real nature and purposes.

The reasons given by Russia for her nonparticipation in these various organizations have varied in each case. With respect to the EECE, she took the position that no economic group, even of a temporary emergency nature, should be set up until after the conclusion of the discussions at San Francisco on the Economic and Social Council. With respect to the ECO, she insisted that reparation deliveries should have priority over any discussion of other uses of German coal. Objection was also made to a proposal that members should furnish the ECO with essential information and that their representatives should be authorized to act for them without delay. Principally due to disagreement on the issue of Polish representation, the Soviets have not participated in recent discussions concerning the ECITO. Their delegation in London, however, has informally indicated that the present agreement has substantially met the objections which they had to earlier drafts. In respect to UMA, the unfavorable attitude of the Soviets apparently has been due to concern that they might not be able to maintain their position in negotiations relating to problems with which they have had little experience, and also due to the fact that the Polish Government-in-Exile was one of the original signatories of the Agreement on Principles by which UMA was established.

[WASHINGTON,] July 3, 1945.

1 Treaties and Other International Acts Series No. 1722; 61 Stat. (4) 3784.
2 For the text of the agreement, as signed on September 27, 1945, see Executive Agreement Series No. 494; 59 Stat. (2) 1740.
Baltic Nationals

Article 1 of the Yalta Agreement \(^1\) provides that:

"All Soviet citizens liberated by the forces operating under United States command" . . . "will, without delay after their liberation, be separated from enemy prisoners of war and will be maintained separately from them in camps or points of concentration until they have been handed over to the Soviet" . . . "authorities" . . . "at places agreed upon . . . ." \(^2\)

The United States Government has not recognized the Soviet Republics of Estonia, Latvia and Lithuania,\(^3\) nor has it recognized Soviet action in respect to the territory of Poland east of the Curzon Line.\(^4\) The position of the United States has been that the Yalta Agreement applies only to persons who were recognized by the United States as Soviet citizens at the time of the Agreement. Consequently citizens of the three Baltic Republics are not considered Soviet citizens from the United States point of view, and have not been repatriated to the Soviet zone. It is possible therefore that the Soviet representatives at the conference may claim that Baltic nationals are Soviet citizens and should be repatriated by the United States forces. They may take the position that the Baltic Republics have by plebi-

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\(^1\) i. e., the "Agreement Relating to Prisoners of War and Civilians Liberated by Forces Operating Under Soviet Command and Forces Operating Under United States of America Command", signed at Yalta by Major General John R. Deane and Lieutenant General Anastoly Alexeyevich Gryzlov, February 11, 1945. For text, see Executive Agreement Series No. 505; 59 Stat. (2) 1874; Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 985.

\(^2\) Ellipses in the source copy.

\(^3\) The refusal of the United States Government to recognize the incorporation of Estonia, Latvia, and Lithuania into the Soviet Union as "Soviet Republics" was announced by Acting Secretary of State Sumner Welles in a statement of July 23, 1940. See Department of State Bulletin, vol. iii, p. 48.

\(^4\) See the map facing p. 748. For the origin and a description of the Curzon Line, see Foreign Relations, The Paris Peace Conference, 1919, vol. xiii, pp. 793-794.
scite joined the Soviet Union and consequently that citizens of these Republics now under control of United States forces in Germany should be repatriated to the Soviet Union. There are estimated to be 200,000 to 300,000 such Baltic nationals in the SHAEF area of Germany and Austria. However, they have not yet appeared in such numbers in SHAEF statistics of persons awaiting repatriation. In the SHAEF report of June 4, 1945, Baltic nationals are included in a miscellaneous group of Scandinavians, Bulgars, Greeks, Hungarians, Albanains, etc., which totals 62,000. It is possible that the Baltic nationals are avoiding identification for political reasons or larger numbers than expected may have been caught in the Russian zone of occupation.

At a conference early in June at Oslo, between representatives of the Soviet and Swedish Governments and the SHAEF mission to Norway, the 1939 borders of Russia were taken as the basis of determining what Russians in Norway should be compulsorily returned across Sweden to the Soviet Union. Poles coming from areas of Poland east of the Curzon Line and Baltic nationals were listed as "disputed persons" and not included in the arrangements for the repatriation of Soviet citizens from Norway. This conference may have brought United States policy with respect to the repatriation of Baltic nationals pointedly to the attention of Soviet authorities for the first time.

The Government of Sweden, which, it is understood, has already recognized the incorporation of the Baltic Republics into the Soviet Union, has faced the problem of repatriating some 30,000 Baltic nationals from Sweden. After months of discussion the decision has been to accept the offer of the Soviet Government of free transportation for such Baltic nationals and to urge their return. There has been no decision, however, to force the return of those unwilling to go.

The policy already in effect of refusing to arrange for the involuntary repatriation of Baltic nationals should be continued and supported at the conference, if the question is raised, on the grounds that the United States Government does not recognize Baltic nationals as Soviet citizens.

[WASHINGTON,] July 2, 1945.

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5 Not printed.

[No. 526]
No. 527

Memorandum by the Joint Civil Affairs Committee of the Joint Chiefs of Staff

TOP SECRET

HANDLING OF DISPLACED PERSONS IN GERMANY AND AUSTRIA

DISCUSSION

1. One of the most difficult and delicate problems arising in the military government of Germany is the care and repatriation of displaced persons. Nearly four million of these people have been uncovered in British and American-controlled areas. The numbers of such persons uncovered by the Russians are not known. Approximately one and three-quarters million displaced persons have been repatriated by the British and Americans, including in excess of five hundred thousand Russians.

2. Problems which have arisen in connection with the care of displaced persons which for their solution require agreement at the governmental level are as follows:

a. On 11 February 1945 the United States and United Kingdom each executed agreements with the Union of Soviet Socialist Republics providing for the repatriation of “Soviet citizens” uncovered in Germany. The term “Soviet citizens” is undefined in the agreements. The present United States policy is that Poles whose homes were east of the 1939 Line of Demarkation or of the Curzon Line (Latvians, Estonians, and Lithuanians) will not be repatriated unless they affirmatively claim Soviet citizenship. Although informal indication has been received that the British Government concurs in this view, no formal concurrence therein has been received from the British and no concurrence, formal or informal, has been indicated by the Soviets.

b. Although the Soviets have observers accredited to the combined United States/United Kingdom military authorities responsible for the care of displaced persons and are therefore fully informed with

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1 This memorandum was forwarded to Leahy by the Secretary of the Joint Chiefs of Staff on June 26, together with other reports, under cover of a memorandum which stated explicitly: “These reports represent the views of the committees only and have not been approved by the Joint Chiefs of Staff.” Leahy subsequently passed it to Truman.

2 For the text of the Soviet-American agreement referred to, see Executive Agreement Series No. 505; 59 Stat. (2) 1874; Foreign Relations, The Conferences at Malta and Yalta, 1945, p. 985. The final text of the parallel Anglo-Soviet agreement is not printed, but for a draft text thereof, see ibid., p. 417.
respect to such care, no reciprocal privilege has been afforded to the
British and American military with respect to the care of displaced
persons uncovered in Soviet-controlled areas.

RECOMMENDATIONS

4. a. That at the proposed meeting of the heads of State agreement
be sought that Poles whose homes are east of the 1939 Line of De-
markation or of the Curzon Line (Latvians, Estonians, and Lith-
uanians) need not be repatriated to the Union of Soviet Socialist
Republics unless they affirmatively claim Soviet citizenship, but
rather that they shall be treated as stateless persons.

  

  

d. That agreement of the Soviets be sought to a full exchange of
information between the United States, the United Kingdom, and
the Union of Soviet Socialist Republics with respect to the care,
treatment, identity, and location of displaced persons in their re-
spective custody, including the free exchange of observers between
zones of United States, United Kingdom, and Soviet control.

No. 528

800.4016 DP/7-546 : Airgram

The Assistant to the President's Personal Representative at Vatican City
(Tittmann) to the Secretary of State

CONFIDENTIAL

VATICAN CITY, July 5, 1945.

A-17. Referring to my Airgram 12 of June 29, 1945,¹ the following
is translation of Note received from Holy See dated July 5, 1945: ²

"Several thousand Ukrainians are in Germany and fear that they
may be sent to Galicia.

"On their behalf the Holy See has been requested to use its good
offices in order that these poor refugees may soon be allowed to leave
Germany and to take refuge in France, Belgium, the Netherlands, or
any other country rather than being obliged to go to territories under
Russian domination."

TITTMANN

¹ Not printed.
² A similar communication of May 22 with respect to Lithuanians in Germany
and Italy, and Latvians and Estonians in Germany, was transmitted to the
Acting Secretary of State by Myron C. Taylor, the Personal Representative of the
President at Vatican City, in telegram No. 118 of May 22 (file No. 800.4016
D. P./5–2246).

[No. 528]
Report by the Combined Civil Affairs Committee of the Combined Chiefs of Staff

SECRET

[WASHINGTON,] 8 July 1945.
C. C. S. 861/1

RUSSIAN OBSERVATIONS REGARDING INSTRUMENT OF LOCAL SURRENDER IN ITALY

References:  
1. C. C. S. 861  
2. C. C. S. 200/4/D  
3. C. C. S. 706/2 & 706/7

THE PROBLEM

1. To consider the enclosure to C. C. S. 861 and make recommendations to the Combined Chiefs of Staff.

FACTS BEARING ON THE PROBLEM

2. In the enclosure to C. C. S. 861 the Supreme Allied Commander, Mediterranean (SACMed), transmitted to the Combined Chiefs of Staff a copy of a letter from the Soviet representative, Allied Commission, referring to the surrender orders given to the German Commander in Chief Southwest and a copy of a partial reply thereto by the Supreme Allied Commander. The Soviet representative requested the return of all Soviet citizens who had fallen into German hands and of all war material of Soviet origin which had been captured by the Germans. The Supreme Allied Commander’s interim reply to these requests was that they were under further examination, and that in the meantime the disposal of Soviet citizens will continue to be regulated in accordance with the present agreement between the U. S., British and Soviet Governments. Direction of the Combined Chiefs of Staff was requested as to the answer to be made to the Soviet representative in regard to the disposal of Soviet citizens and of captured war material of Soviet origin.

3. The Instrument of Local Surrender in Italy covered German troops in Italy and part of Austria.

DISCUSSION


1 Not printed.
2 Neither printed.
3 Field Marshal Sir Harold Alexander.
1945. These agreements do not define the term "Soviet citizens," nor does the note of the Soviet representative indicate clearly whether the term is intended to include Latvians, Estonians, and Lithuanians and Poles whose homes are east of the 1939 line of demarcation or of the Curzon line. On 24 March 1945 the Secretary of State informed the British Embassy \(^4\) that the U. S. Government construes the Yalta Agreement as requiring the following action by the United States: "d. Since up to the present the U. S. Government has not formally recognized any territorial changes brought about by the present war in Europe, Latvians, Estonians, Lithuanians and Poles whose homes are east of the 1939 line of demarcation or of the Curzon line could not be repatriated to the Soviet Union unless they affirmatively claim Soviet citizenship." It is understood that the British Embassy has informally concurred in this view. This is also present Supreme Headquarters, Allied Expeditionary Force (SHAEP) policy, as indicated by CM-in-2397 of 3 June 1945 (Appendix "B"). It is considered, therefore, that persons from the foregoing areas should not be repatriated to the Soviet Union unless they affirmatively claim Soviet citizenship.

CONCLUSIONS

10. Soviet citizens should be disposed of in accordance with the Yalta agreements. However, Latvians, Estonians and Lithuanians and Poles whose homes are east of the 1939 line of demarcation or the Curzon line should not be repatriated to the Soviet Union unless they affirmatively claim Soviet citizenship.

RECOMMENDATION

12. That the draft cable in Appendix "A" be dispatched to the Supreme Allied Commander, Mediterranean.

[Appendix A—Paraphrase]

SECRET

DRAFT

CABLE TO THE SUPREME ALLIED COMMANDER, MEDITERRANEAN \(^5\)

You should inform the Soviet representative as follows: Disposal of Soviet citizens will continue to be handled in conformity with the

\(^4\) Note not printed.

\(^5\) The Secretaries of the Combined Chiefs of Staff circulated a note (C. C. S. 861/2) on July 15 stating that the Combined Chiefs of Staff had approved the recommendation in C. C. S. 861/1 and that the message in appendix A thereto had been dispatched to Alexander.
agreement reached at Yalta between the Soviet Union and the United Kingdom and the agreement at Yalta between the Soviet Union and the United States. The foregoing is the direction which you requested in your letter of May 16, 1945 (paragraph 2).

The following is for your own guidance and information, but is not to be communicated to the Soviet authorities: Poles, Estonians, Lithuanians, and Latvians whose homes are east of the Curzon Line or east of the line of demarcation as of 1939, unless they affirmatively claim to be citizens of the Soviet Union, will not be repatriated to the U. S. S. R.

[Appendix B—Paraphrase]

The Supreme Commander, Allied Expeditionary Force (Eisenhower) to the War Department

SECRET  [SHAEF,] 2 June 1945.

FWD 23168. Action addressee is AGWar, for delivery to McClure. Repeated for information to SHAEF Main for G-5.

The present policy of this headquarters is that displaced persons will be returned to the Soviet Union if they claim to be citizens of the Soviet Union and if, further, that claim is accepted by the repatriation representatives of the U. S. S. R.

We have instructed Army groups to evacuate displaced persons of United Nations nationality other than citizens of the Soviet Union from that part of the zone of occupation assigned to the U. S. S. R. which is now occupied by forces of the Allied Expeditionary Force, in so far as this is possible. We have also informed Army groups that we will not return to districts of origin eastern Europeans (other than citizens of the Soviet Union) whose districts of origin may become a part of the Soviet Union as the result of territorial changes, unless they desire to be returned.

This message refers to your cable No. W-87519 of May 26, 1945, cite SHGB (SHAEB, G-5).

EISENHOWER

* Not printed.
The Acting Secretary of State to the Assistant to the President's Personal Representative at Vatican City (Tittmann)

SECRET

WASHINGTON, July 11, 1945—7 p. m.

89. Under terms of Yalta Agreement US policy is to repatriate to Soviet Union all claimants of Soviet citizenship whose claims are accepted by Soviet authorities. In practice this means (urtel 119 May 23 1) that Soviet citizens originating from within 1939 boundaries of Soviet Union are repatriated irrespective of individual wishes. US Govt has not recognized incorporation Baltic States into Soviet Union—Lithuanians, Latvians and Estonians are not considered Soviet citizens by this Govt. It is contrary to US policy to facilitate the involuntary repatriation of Baltic nationals (urtel 118 May 22 2) Poles, Croats and Slovenes (urtel 116 May 19 1) and Slovaks (Your A–7 June 16 1).

In answer to inquiries you are authorized to state that in principle it is contrary to US Govt policy to facilitate the involuntary repatriation of displaced persons other than Germans not covered by the Yalta Agreement.

Grew

G[orge] L W[arren]

1 Not printed.
2 Not printed. Cf. document No. 528, footnote 2.
AIR TRAFFIC BETWEEN THE UNITED STATES AND THE SOVIET UNION

No. 531

Memorandum by the First Secretary of Embassy in the Soviet Union
(Page)

[ Moscow,] June 29, 1945.

MEMORANDUM [OF] CONVERSATION

Present: W. A. Harriman, American Ambassador
Edward Page, First Secretary of Embassy
A. Ya. Vyshinski, Assistant People’s Commissar for Foreign Affairs
Postoyev, Soviet Interpreter

Subject: Air Communications.

The Ambassador inquired whether there had been any developments in connection with opening new routes to Moscow.

Mr. Vyshinski replied that he had been too busy with the Czechs, the Poles, and the Berlin conference to have given any time to this question. However, planes were flying back and forth to Berlin and communications were much better than previously. He said that events had overtaken themselves and indicated that the Moscow–Berlin service would be open to American passengers.

The Ambassador expressed the hope that the United States–Soviet line could be opened shortly, once the American zone of occupation was taken over in Berlin. He explained the great need for this service in view of the curtailment of the Tehran route and the present delays in mail reaching the Embassy. He emphasized the need of the Reparations Commission to receive expeditiously documents from Washington.

Mr. Vyshinski again stated that the Moscow–Berlin route, and thence onward to the United States, was the best system. He said that once technical details had been worked out on a military level this route could be promptly opened.

The Ambassador said that his Government did not believe that he had been pressing hard enough for the opening of such a route and asked whether he could report that Mr. Vyshinski was in favor of a quick establishment of a United States–Soviet route via Berlin. Mr. Vyshinski replied that the Ambassador had been constantly “on his neck” with respect to the opening of a more expeditious air route out of Moscow and said that he certainly could report to his Government that he was in favor of the Berlin route and that there was no reason
why it should not be opened up as soon as the technical details had been worked out.

No. 532

RS1.7966/16-3045: Telegram
The Ambassador in the Soviet Union (Harriman) to the Secretary of State ad interim

RESTRICTED

Moscow, June 30, 1945—6 p. m.

2353. Vyshinski and I discussed yesterday our air communications with Moscow. He stated that Soviet planes were now flying daily between Moscow and Berlin and agreed that as soon as our army had taken over Tempelhof Airdrome and was flying transport planes regularly to Berlin from the west there was no reason why a connection should not be made to take our passengers and mail to and from Moscow. As a matter of fact members of the Reparations Commission have already been accorded Soviet air facilities from Berlin connecting with an Amer plane. Vyshinski suggested that the technical and admin details could be worked out promptly. Gen Deane has telegraphed Gen Eisenhower’s staff to approach the Russians in Berlin in this connection and the MilMis here is attempting to discuss the matter with the Soviet air authorities.

The Dept may wish to keep the foregoing in mind in order to be prepared to abandon immediately the long and slow Tehran courier service as soon as this new route is open.

HARRIMAN

No. 533

Moscow Embassy Files—8724 Berlin Route
The Ambassador in the Soviet Union (Harriman) to the Soviet Assistant Foreign Commissar (Vyshinsky)

No. 383

Moscow, July 7, 1945.

Dear Mr. Vyshinski: I have informed General Eisenhower of our last conversation with regard to the opening up of a civil air lines connection at Berlin between Soviet and American planes. I have suggested that General Eisenhower or his representative discuss this matter with Marshal Zhukov or his representative. I hope that Marshal Zhukov will be informed of the desirability of this connection and authorized to work out the technical details.

I trust that this connection can be established promptly as every day adds to the inconvenience and difficulties of our communications with the United States and other United States Missions in Western
Europe. I therefore request your cooperation in the speedy conclusion of arrangements for this service.

Sincerely yours,

W. A. HARRIMAN

No. 534

Moscow Embassy Files—397.5 Berlin Route

The Soviet Assistant Foreign Commissar (Vyshinsky) to the Ambassador in the Soviet Union (Harriman)

[Translation]

Moscow, July 11, 1945.

DEAR MR. AMBASSADOR: Acknowledging receipt of your letter of July 7 ¹ concerning the establishment in Berlin of a civil airlines connection served by American and Soviet airplanes, I must remind you that in our conversation of June 15 [sic] I called your attention to the fact that practically speaking there has already been considerable improvement in air communications over the given route and that I recognize the importance of this matter, but I do not believe that at the present time this question is sufficiently prepared for discussion in substance. As to the future, I can inform you only upon receipt of instructions from the Soviet Government.

Please accept [etc.]

A. VYSHINSKI

¹ Document No. 533.

No. 535

124.0157-1145: Airgram

The Ambassador in Iran (Murray) to the Acting Secretary of State

TEHRAN, July 11, 1945.

A–98. Reference Department’s A–119, December 23, 1944.¹

The following figures represent the amount of mail dispatched from the American Embassy, Tehran, Iran to the American Embassy, Moscow, U. S. S. R. during the month of June, 1945.

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MURRAY

¹ Not printed.
UNITED KINGDOM

LEND-LEASE; NEED FOR ANGLO-AMERICAN FINANCIAL DISCUSSIONS

No. 536

740.00119 (Potsdam)/5-2446

Briefing Book Paper

TOP SECRET

[Undated.]

A 3 (c) Agreement on Lend-Lease With the United Kingdom

No 3 (c) Agreement for post-war deliveries of lend-lease has been made with the British, principally because the British, when approached informally in 1944 indicated that they were unwilling to enter into any commitment to make post-war financial settlement for lend-lease goods. This position was taken because the United Kingdom will emerge from the war in a difficult financial position, and with limited supplies of gold and dollar exchange.

The British should, however, be asked to reconsider their position, particularly in view of the present policy of the United States that lend-lease is not to be used for post-war purposes. Under this policy lend-lease transfers to the British of items in inventory or under contract would be interrupted on, or shortly after, V-J Day, unless some provision were made for financial settlement. Disruption of supply arrangements for such items as petroleum, foodstuffs, and raw materials would be disadvantageous both to the United Kingdom and to the United States. A 3 (c) Agreement, providing an orderly and efficient interim plan of agreed deliveries on known terms of payment of items contracted for by the United States, or in inventory in the United States, offers a better alternative.

Since the British are not now receiving any appreciable quantities of long-life industrial equipment, a 3 (c) Agreement with them would be relatively simple, (covering only such items as petroleum products, foodstuffs, and raw materials), and it would not need to cover transfers beyond a relatively short period—approximately six months. A rough estimate of the transfers for such a period would be approximately $500–700 million. The terms of payment to be offered the

1 i.e., an agreement under section 3 (c) of the Lend-Lease Act of March 11, 1941 (55 Stat. 31), as amended April 16, 1945 (59 Stat. 52).
British should be approximately the same as those in the French, Belgian, and Dutch (c) Agreements.

A draft aide-mémoire proposing such a (c) arrangement has been prepared in the Department of State, and after clearance with FEA, it is intended to present this to the Government of the United Kingdom.

2 Executive Agreement Series No. 455; 59 Stat. (2) 1304.
3 Executive Agreement Series No. 481; 59 Stat. (2) 1642.
4 Executive Agreement Series No. 480; 59 Stat. (2) 1627.

No. 537

740.00119 (Potsdam)/5-346

Briefing Book Paper

TOP SECRET

[Undated.]

PHASE II 1 COMMITMENTS TO THE BRITISH

In the meeting between President Roosevelt and Prime Minister Churchill in Quebec in September 1944 the President agreed to the Prime Minister’s proposal that the U. K. should continue to receive lend-lease assistance following the defeat of Germany on a basis that would permit some reconversion in the United Kingdom from munitions to civilian production.2 The memorandum of November 25, 1944,3 from the American committee of Mr. Morgenthau, Mr. Stettinius and Mr. Crowley, reporting to President Roosevelt on the Phase II discussions, stated that the recommended program for the British Commonwealth of $2.7 billions for munitions and $2.8 billions for non-munitions “will make it possible for Britain and the United States, to release some manpower and resources for reconversion, easement of living standards, and a partial revival of exports”, and the press release of November 30 4 of the American committee spoke of the “partial and equitable reconversion” that would be likely in both the United States and the U. K. in Phase II.

1 “Phase II” as applied to lend-lease signifies the period between the defeat of Germany and the surrender of Japan.
2 The records of the Second Quebec Conference are scheduled for publication in a subsequent volume in this series. Concerning the lend-lease discussions which took place at Quebec, see H. Duncan Hall, North American Supply (London, 1955), p. 443.
It was made clear in the discussions with the British and also pointed out in this memorandum of November 25 that the program was not a commitment and was “subject to the changing demands of strategy as well as to supply considerations and the usual considerations of procurement and allocation”.

Two issues have arisen recently as to the nature of these commitments. The War Department objected to furnishing certain munitions items on the ground that the British could produce them, either by maintaining present output in these lines or by reconverting to these lines rather than to civilian production. This question was the subject of extended discussions between the British military representatives and the War Department, and on May 28 the Prime Minister cabled to you on the matter. At a meeting in Judge Vinson’s office on June 4 the decision was reached that the War Department’s position was not in line with the understanding between President Roosevelt and the Prime Minister, and with the Phase II discussions. A letter to that effect has been sent to Secretary Stimson by Judge Vinson on June 13 and a cable from you to the Prime Minister is being cleared with the interested agencies of the U. S. Government. This cable will reassure the Prime Minister that the Phase II commitments about which he expressed concern would be carried out.

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5 The Churchill–Truman message referred to, as sent by the United States Military Attaché, London, via Army channels, was as follows (Truman Papers):

“Prime Minister to President Truman. Personal and top secret. Number 57.

“I am distressed to have to bother you with this telegram when so many other graver matters are pending. But the machine has come to a standstill on the subject and it is felt on all sides here that the matter should be referred by me to you.

“I2. When I met President Roosevelt at Quebec in September 1944, we both initially an agreement about Lend-Lease after the defeat of Germany. In accordance with that agreement a detailed plan was worked out with your Administration by the Keynes–Sinclair Mission. It is on this basis that our production plans have been laid.

“I3. I now hear that your War Department has told our people in Washington that they are expecting so large a cut in their forthcoming appropriations for the U. S. Air Corps that supplies to us must be drastically curtailed below the schedule of our requirements as agreed last autumn. These requirements were, of course, subject to subsequent modification in the light of changes in the strategic situation. I am hopeful that our requirements as agreed last autumn can now be reduced, but the details of the reduction depend upon discussions between our respective Chiefs of Staff, which will not have been completed before 31 May. Meanwhile I hope that your people can be told that the principles your predecessor and I agreed at Quebec still stand, and in particular that the appropriations given to your War Department will be enough to provide for our needs as finally worked out between us.”

6 A variant text of this message was transmitted to the Department of State by the British Embassy on May 29 (file No. 541.24/5-2945).

7 Enclosure to document No. 540.

See document No. 540, footnote 2. For the reply which Truman finally made to Churchill’s message, see vol. ii, document No. 1181.
A second question is whether the Phase II program discussed last fall referred to the deliveries that, subject to the reservations indicated above, would be made to the British in the first year of Phase II, or to the requisitions that would be accepted in the first year of Phase II. The first basis would, in view of the fact that the pipe line of supplies will decrease with a shift to a Phase II program much smaller than the Phase I program, call for the clearing of new requisitions in the first year of Phase II to a substantially smaller amount than the deliveries in that period. On the first basis the needed funds to take care of the “program” would be less by several hundred million dollars than the deliveries. The question whether the $2 billion for the British Commonwealth asked for in the FEA budget for 1946 is adequate to take care of the program hence hinges in large part on the point whether the Phase II program was intended to be on a requisition or a delivery basis. It is the position of the British that the program was on a requisition basis, and many officials in FEA hold to the same view, and in meetings and correspondence in early May 1945 FEA officials made statements to the British Supply Council that indicate FEA’s acceptance of the view that the program was intended to be on a requisition basis, and not on a delivery basis.

Regardless of that fact, however, recent developments in the British gold and dollar position are such that a program on a delivery basis is fully in accord with the spirit of the understandings in the Phase II discussions. The British at that time assumed that their net gold and dollar holdings, at $1,748 million on August 30, 1944, would decline by $265 million in the remaining four months of 1944, and by $620 million by the end of 1945. As a matter of fact, holdings as of April 30, 1945, were $1,795 million, an increase of nearly $50 million as compared with an estimated decrease of about $400 million. As a primary basis for the liberal policy of the United States in the Roosevelt-Churchill understanding and the Phase II discussions was the difficult financial position of the British, the failure of the gloomy British prophecies to materialize might have been regarded by the United States, had we wished, as a basis for reviewing the entire Phase II discussions.

If the Prime Minister claims that we are not carrying out the Phase II understanding, you may wish to call to his attention these developments in the British gold and dollar position.
LEND-LEASE DURING THE SECOND YEAR OF PHASE II

It is possible that Mr. Churchill may seek a commitment, at least in principle, as to the amount of lend-lease to be furnished to the United Kingdom and the British Commonwealth during the second year of Phase II (the existing agreement covering the first year of Phase II is being applied to the calendar year 1945).

At the Quebec Conference in 1944 Mr. Churchill sought and obtained President Roosevelt’s agreement in principle to the provision of $6.5 billion of lend-lease during the first year of Phase II, although the United States Joint Chiefs of Staff did not consider that the strategic requirements of the Pacific war called for anything approaching that amount.¹ No corresponding benefit to the United States was requested in return. In subsequent discussions in Washington agreement was reached to furnish a total of 5.5 billion dollars ($2.7 billions for munitions and $2.8 billions for non-munitions) in the first year of Phase II.

If Mr. Churchill makes any proposal concerning lend-lease during the second year of Phase II it is suggested that the President make no commitment whatsoever, that he suggest that the subject be discussed in Washington by representatives of the armed services and appropriate civilian departments of the two Governments, and that he further suggest that this Government’s willingness to extend lend-lease aid during the second year of Phase II in excess of the strategic requirements of the Pacific war will be determined largely by the steps undertaken in the next few months by the British Government to adopt a more liberal post-war commercial policy along the lines contemplated in Article VII.²

[WASHINGTON,] July 6, 1945.

¹ The Department of Defense has supplied the information that no evidence has been found in the files of the Joint Chiefs of Staff to substantiate this statement.
² Of the Master Lend-Lease Agreement with the United Kingdom, signed at Washington, February 28, 1942 (Executive Agreement Series No. 241; 55 Stat. (2) 1433).
The Need for Discussions with the British on Post V-J Day Financial Arrangements

Summary

1. It is important to come very soon to definite understandings with the British on post-war financial questions. There is serious danger that otherwise Britain may not ultimately go along with our program to restore world-wide multilateralism in finance and trade.

2. It is suggested that the Prime Minister be asked to designate representatives to meet with U. S. representatives this summer to discuss lend-lease settlement policy, post-lend-lease credits, and post-V-J Day monetary and exchange policies. These discussions would be related to the conversations already under way regarding foreign trade policies, with a view to comprehensive post-war arrangements carrying out the objectives of Article VII of the British Master Lend-Lease Agreement.¹

3. For the reasons which will appear below, it is probable that the British will be reluctant to discuss financial questions, particularly post-lend-lease credits. At the same time such credits will, in our opinion, be essential if we are to obtain satisfactory arrangements with them on trade and commercial policy. In order to get the financial discussions started we are convinced that it will be necessary for the President to bring his personal influence to bear on the Prime Minister with a view to persuading him of their urgency and importance.

4. The beginning of discussions might well coincide with the planned high-level mission to the August UNRRA meeting in London.

¹ Signed at Washington, February 23, 1942 (Executive Agreement Series No. 241; 56 Stat. (2) 1433).
ings and State Trading, and can easily be used to discriminate permanently against economically strong countries such as the U. S. They therefore represent a most serious threat to our post-war foreign economic program.

While British officials generally profess intention to abandon these financial practices after a "post-war transition period" of five years or so, as is provided in the Bretton Woods Agreements, the issue is far from decided. There has been much criticism of Bretton Woods from both Left and Right on the grounds that it might prevent bilateral and regional arrangements. Lord Keynes, speaking for the British Treasury, has felt forced to state in Parliament that Bretton Woods is not necessarily incompatible with bilateral trade arrangements. Although the late coalition government supported Bretton Woods and spoke of their "promise" to the U. S. to rebuild a multilateral world economy, Mr. Bevin of the Labor Party has recently expressed his doubt that Bretton Woods sufficiently protects Britain against external fluctuations of trade that might threaten prosperity and full employment at home, and Mr. Churchill's current platform cautiously states that while everything will be done to promote international trade, Britain will not give up its right "to safeguard our balance of payments by whatever means are necessary".

Even if British intentions to revert to multilateralism at the end of the transition period are unquestioned, however, there remains the danger that during that period strong vested interests might grow up to defend successfully these war-conceived and transition-nurtured financial and trade practices, as strong interests quickly grew up behind the British tariff and Empire preferences in the thirties. Fully as serious is the danger that even temporary formation of a "sterling area trade bloc" in peacetime might weaken support for leadership by this country in trade barrier reduction and multilateral trade expansion. There is already a rising tide of complaint that the Sterling Area dollar pool and associated exchange controls are being used to foster bilateralism and discrimination against U. S. interests.

II.

It is appropriate that we should make exploratory lend-lease settlement discussions, now timely in any case, a part of interrelated financial and trade discussions aimed at scotching these dangers and accelerating Britain's return towards multilateralism. The Department of State has always held that Article VII of the U. K. Master Lend-Lease Agreement, (a copy of which is attached for ready reference) constitutes a basic "charter" for action by the two Governments

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2 Not printed herein.
to reduce trade barriers and expand trade. Discussions relative to implementing Article VII have taken place from time to time beginning in 1943. A representative of this Government is now in London carrying on discussions at the expert level on proposed multilateral trade arrangements to implement this Article.

The British were very reluctant to commit themselves to Article VII in the first place, and they have shown themselves equally reluctant to proceed with discussions looking towards its implementation. It was only by the last minute intercession of President Roosevelt with Mr. Churchill that the Article was originally agreed to by a plainly divided British Cabinet. Subsequent discussions were twice held up by basic policy disagreements at the Cabinet level, but are continuing.

It has become increasingly clear that the foremost valid obstacle to the conclusion of satisfactory agreements on trade is the financial difficulty in which Britain finds herself as a result of the war. It is probable that the British will take the position that even Bretton Woods and the strengthened Trade Agreements Act will be insufficient to permit them appreciably to relax wartime financial controls at an early date, in view of Britain’s post-war transition financial predicament.

It must be admitted that the post-war transition will be very difficult for the British. To add to their present heavy short-term international indebtedness, the British contemplate a trade deficit of $4 to $5 billion during the three years or so following hostilities. During this period the British feel they cannot afford to let those selling goods to Britain convert the resulting sterling into dollars at will, much less offer conversion to the holders of the huge mass of accumulated sterling. Yet until at least currently earned sterling is convertible into dollars for trade purposes the basis for multilateral trade is lacking and bilateral and regional dealings must perforce continue.

The obvious solution, which we should press upon the British, is for the U. S. to supply Britain with the necessary dollar credits to permit the “unfreezing” of sterling proceeds from current trade. It might be possible to go even further, in some cases, and supply dollars to permit the free conversion of a part of existing sterling balances. Such arrangements would permit contemporaneous liberalization of trade and exchange policies throughout the sterling area.

British inability to maintain multilateral financial and trading arrangements without financial aid from the U. S. is transitional only. While Britain has lost heavily from the war, her financial plight consists more in very heavy short-term indebtedness than in a badly

balanced over-all debtor-creditor position. It is estimated that Britain will end the Japanese war with net short-term sterling liabilities of perhaps $14–$15 billion, and gold and dollar obligations, aside from lend-lease, in the neighborhood of $1 billion. To this might be added $3–4 billion of trade deficit during the transition years, making a total of, say, something less than $20 billion. The British avowedly expect to scale down their sterling indebtedness substantially, on the grounds that much of it represents war debt and not a commercial obligation. A reduction of as much as 40%–50% in the aggregate amount payable in sterling is not impossible.

Against this short-term indebtedness, Britain will probably possess at the war's end about $1.5 to $2 billion in gold and dollar balances. Her net long-term assets will probably amount to roughly $10 billion, a cut of about one-third below pre-war levels but still a very substantial figure compared with her probable total indebtedness. Whatever may be the final balance of overseas assets and liabilities, it is generally agreed that Britain will still have a substantial net income on foreign investment account, probably more than half of the approximate $800 million per year she enjoyed before the war.

In short, Britain should be well able, given prosperous and reasonably stable world economic conditions, and assuming the reduction of foreign trade barriers against British exports, to carry on multilateral payments in a multilateral trading world, if her industries, especially her export industries, are reasonably efficient.

The nub of the problem is the British reluctance to incur large dollar obligations, based in large part on fears of future inability to earn the dollar exchange required to service the debt. This fear is based in turn on scepticism of our intentions and ability to maintain liberal trade policies, high steady employment and large import demand in this country. Along with these understandable qualms undoubtedly goes the realization that Britain can much more easily repay obligations expressed in her own currency, and in the process expand and solidify her export markets.

III.

It will not be easy to devise arrangements satisfactory to Britain and yet economically and politically sound from our standpoint, but we believe it can be done. Apart from the assurance of U. S. participation in Bretton Woods and in a general program of trade barrier reduction, we have much to offer Britain: settlement of lend-lease obligations; the possibility that by holding out at least partial conversion of sterling into dollars, Britain may be able to secure a more substantial reduction of her sterling obligations; badly needed supplies to aid in her domestic reconstruction; and the opportunity to re-
establish Britain's financial position and prestige. We on our side would be asking simply that Britain enter a worldwide financial and trading system which, from the long run standpoint, will be beneficial to her as well as to us. Any suggestion that the British "cannot afford" to embrace our ultimate objectives must be rejected as false. The crucial problem is to arrest the British tendency toward exclusiveness and restrictionism before it grows strong. A reasonably generous lend-lease settlement, the requisite credits on appropriate terms—and above all U.S. friendship and cooperation—should be sufficient to induce the Britain [British] to accept our program. But action should be prompt.

No. 540

Department of the Army Files

The Secretary of War (Stimson) to the Secretary of State

SECRET

[WASHINGTON],] 19 June 1945.

DEAR MR. SECRETARY: This acknowledges receipt of [a] letter of 9 June 1945 from Mr. James A. Maxwell to General E. S. Greenbaum ¹ inclosing a draft of the proposed cable from the President to the Prime Minister ² in response to the Prime Minister's cable of May 28,³ and requesting comment on this draft.

Yesterday I received from the Director of War Mobilization and Reconversion a letter dated 13 June 1945, copy of which is attached. The proposed cable appears to the War Department to be consistent

¹ Not printed.
² The draft referred to reads as follows (Department of the Army Files):

"I have gone into the question that you raise in your message of May 28 in regard to lend-lease during the Japanese War. We intend to furnish lend-lease during the Japanese War in accordance with the understanding reached between you and President Roosevelt at Quebec on September 14, 1944, and that was the basis for the discussions between American and British representatives in Washington in October and November 1944 in regard to lend-lease requirements for the first year following the defeat of Germany. In the light of the anticipated war strategy lend-lease will be furnished on the [a7] basis that will permit a partial and equitable reconversion in the United Kingdom, and plans for reconversion [sic] have been worked out here for your representatives on the CPRB to make available full information on the British reconversion program to American officials responsible for the administration of lend-lease.

"You, of course, realize that the policy I have indicated does not necessarily mean that either the military or the non-military program for the coming year will be equal to the lend-lease requirements as estimated in the meetings of last October and November. Those estimates were subject to changing strategic demands as well as to supply considerations and considerations of procurement and allocation, and to the provision of the necessary funds by Congress. I have requested Congress to appropriate funds that will make possible lend-lease deliveries to the British Commonwealth in accord with the spirit of these earlier understandings, and I am confident that lend-lease will continue to be a powerful weapon in bringing the war to a speedy and victorious conclusion."

³ See document No. 537, footnote 5.
with the direction contained in that letter. If the cable is to be sent, it is believed that its accuracy would be improved by making the second sentence read as follows:

"We intend to furnish lend-lease during the Japanese War in accordance with the general policy discussed between you and President Roosevelt at Quebec on September 14, 1944, and that was the basis for the discussions between American and British representatives in Washington in October and November 1944 in regard to lend-lease requirements for the first year following the defeat of Germany."

It should be noted, however, that the War Department's requests for appropriations for military lend-lease were arrived at, and have been presented to the Congress, under policies considered appropriate by the Joint Chiefs of Staff, which contemplate, among other things, the furnishing by the War Department of only those materials which are not available to, and cannot otherwise be provided by, the British Empire on the premise that the Empire will maintain its forces for the war against Japan to the fullest possible extent from its own stocks and production.

This policy is not in accord with the implications of the proposed cable. It may be necessary, therefore, for the War Department to request the Congress for funds for the specific purpose of carrying out the direction contained in the letter of 13 June 1945.

Sincerely yours,

HENRY L. STIMSON

[Enclosure]

The Director of War Mobilization and Reconversion (Vinson) to the Secretary of War (Stimson)

SECRET

WASHINGTON, June 13, 1945.

My Dear Mr. Secretary: Your letter of May 15, 1945, with reference to the requirements of the British Empire for war matériel for the period following VE-Day, was the subject of a discussion held in my office on June 4, 1945, with Under Secretary Patterson, Mr. Crowley, Mr. Clayton and me.

It was agreed that the tentative principles enunciated in your letter were not broad enough to cover the understanding reached between the late President and the Prime Minister at Quebec.

[No. 540]

1 Not printed as a whole. Cf. footnote 5, infra.
2 The reference is to the following passage in Stimson's letter of May 15 (Department of the Army Files): "... it appears to me desirable that matériel already in the possession or control of the British Empire be employed to the maximum possible extent in satisfaction of its requirements and that remaining requirements which may be referred to the War Department be considered for supply from combat serviceable stocks or new production only if such requirements (1) appear necessary in order to carry out our agreed strategy, (2) are beyond the supply capabilities of the British Empire, and (3) can be obtained only from United States sources."
RECOMMENDATIONS AND LATE DEVELOPMENTS

In general, it was agreed that, in accordance with those understandings, lend-lease should be furnished on a basis which would permit proportional and equitable reconversion in the United Kingdom. It was further agreed that the requirements estimated in the meetings held in October and November 1944 should be accepted as the basis for present requirements. Such estimates, however, are always subject to change in the light of strategic demands and supply considerations.

I assume, of course, that the War Department's budget requests appropriations adequate to fulfill these commitments.

Sincerely yours,

FRED M. VINSON

No. 541

J. C. S. Files

Memorandum by the Representatives of the British Chiefs of Staff

SECRET

[C] [WASHINGTON],] 2 July 1945.
C. C. S. 888

LEND-LEASE TO THE UNITED KINGDOM

1. The United States Chiefs of Staff will be aware that agreements were reached between our two governments last autumn regarding Lend-Lease to the United Kingdom after the end of the German war. These agreements have, we understand, recently been affirmed by the United States administration.

2. The attached (Enclosure) is a restatement in summary form of the understandings which were reached between our two governments on this matter. We recommend that this statement be communicated by the Combined Chiefs of Staff to the appropriate agencies and staffs who are now concerned in handling Lend-Lease to the United Kingdom.

3. The assignment of certain Lend-Lease material which is urgently required for operational purposes has been held up while the recent policy discussions have been proceeding, and from the combined military point of view it has become urgent that any obstacle caused by misunderstanding of these agreements should be removed without delay. We therefore recommend that action to communicate the attached document to all interested agencies be taken at the earliest possible moment.
UNITED KINGDOM

[Enclosure]

ASSIGNMENT OF MILITARY EQUIPMENT AND SUPPLIES TO THE UNITED KINGDOM UNDER LEND-LEASE IN STAGE II

1. The following is a restatement in summary form of the understandings reached between the U.S. Administration and the Government of the United Kingdom regarding the supply of military Lend-Lease in Stage II.

2. In October and November, 1944, programs of U.K. military requirements for the first year in Stage II were agreed on the basis of certain principles and subject to certain conditions. The departments concerned undertook to make all practicable efforts to produce the specified quantities. At that time it was accepted as a working hypothesis that the European war would terminate on 31st December 1944. Except in the case of the naval program, which went into operation on the 1st of January 1945, it has been necessary to revise the actual programs agreed in November 1944 in the light of changed conditions. Such revision was provided for in the agreement and new requirements are being drawn up in relation to the commitments set forth in C.C.S. 887.

3. The same principles and conditions mentioned above as operative in November 1944 apply with equal force to the revised programs which will be processed through normal channels. These revised programs represent that proportion of U.K. essential military requirements in Stage II for which the U.S. Government accepted it as reasonable that the U.K. should look to the U.S. as a source of supply.

4. The main principles and conditions underlying the agreement are listed below:

Principles

5. The United States Government recognised that in the United Kingdom as in the United States, there would during Stage II be a partial reconversion of industry to meet essential civilian needs. Measures have been taken, through the organised exchange of information through the Combined Production and Resources Board, which enable the United States Government to satisfy itself that the rate of reconversion in the United Kingdom is not disproportionate to that in the United States, and that the United Kingdom is devoting an appropriate share of its resources to the war effort.

6. The United States Government accepted the need for the recovery of Britain's export trade and has agreed measures with the United Kingdom Government to ensure that there is no misuse of Lend-Lease articles in export.

1 Not printed.
7. The agreement reached, so far as United States departments are concerned, fell within and would be subject to the established procedures of the Munitions Assignments Board.

8. In certain limited cases where it was seen last November that production would fall short of combined requirements it was stipulated that items accepted as a requirement would be subject to the understanding that the British should bid for these items before the Munitions Assignments Board on the basis of operation urgencies.

No. 542

The President to the Secretary of State

SECRET

WASHINGTON, 5 July 1945.

MEMORANDUM FOR THE SECRETARY OF STATE

Replying to your memorandum dated June 28, 1945, on the subject: "Removal of Ban on Supplies to French Troops," I have this date issued the following directive to the Joint Chiefs of Staff which will permit the issue of military equipment, etc., for use in the war against Japan:

"To The Joint Chiefs of Staff[:]

Now that the war in Europe has terminated with the surrender of the Axis powers in Europe, and in order to follow accurately the letter and spirit of the Lend-Lease Act, the following policy is established for the issue to foreign governments of lend-lease munitions of war and military and naval equipment.

Approval of the issue to Allied Governments of Lend-Lease munitions of war and military and naval equipment will be limited to that which is to be used in the war against Japan, and it will not be issued for any other purpose."

HARRY S TRUMAN

1 Not printed.

No. 543

The Secretary of War (Stimson) to the Secretary of State

[ON BOARD THE U. S. S. "BRAZIL",)

TOP SECRET

11 July 1945.

95. President's directive limiting military Lend-Lease to use in war against Japan has been forwarded to me on U. S. Army transport

1 See document No. 542.
Brazil. This directive has been likewise sent to Theater Commanders in Europe for action. McCloy and I are troubled because as the directive now reads, it is necessarily being interpreted by the War Department to forbid:

b. All maintenance and military items for British and French Occupation Forces.

These forces are making possible redeployment of much larger American forces against Japan. Concern is also felt lest it be construed by British and French as reversal of previous commitments. I am sending you this message to inquire whether interpretation placed on directive by War Department is correct.

STIMSON

No. 544

Truman Papers: Telegram

The Secretary of State to the Secretary of War (Stimson) ¹

[On Board the U. S. S. “Augusta”,]
12 July 1945.

I have received your No. 95 ² and discussed it with the President. As the question is a complicated one, I suggest we talk it over at Terminal.

BYRNES

¹ It has not been determined whether this message was dispatched first and then superseded by document No. 545, or whether document No. 545 was dispatched first and then superseded by this message.
² Document No. 543.

No. 545

740.00119 Potsdam/7–1245: Telegram

The Secretary of State to the Secretary of War (Stimson)

Aboard USS “Augusta”, July 12, 1945.

(Your Number 95.)¹

The President agrees that his directive should be liberally interpreted so as to permit the furnishing of supplies and equipment within the limits of previous commitments to forces which make possible the redeployment of American forces from other theatres to participate in the war against Japan.

¹ Document No. 543.
No. 546

The Director of War Mobilization and Reconversion (Vinson) to the Secretary of State

TOP SECRET

[WASHINGTON,] 13 July 1945.

107. In March Stimson asked President Roosevelt for a policy directive for planning military lend-lease during Phase II.

In reply the President referred Stimson to me, and on May 15, Stimson addressed certain inquiries to me.

I held conference with Clayton, Patterson and Crowley at which it was agreed that Quebec conversations had committed us to principle of allowing sufficient military lend-lease to permit proportional and equitable reconversion of United Kingdom economy. Public announcement of this policy had been made by Morgenthau, Stettinius and Crowley in November 1944.

On June 13th, I issued a directive \(^1\) to Stimson along line of Quebec agreement as universally understood.

Meanwhile on May 28th, the Prime Minister cabled the President expressing anxiety as to our policy.\(^2\) Clayton drafted reply,\(^3\) which was cleared with all departments except Treasury. I submitted it to the President. You will recall it was delayed at Admiral Leahy’s suggestion.\(^4\)

Admiral Leahy discussed his views with Crowley, Clayton, Patterson, Rosenman and me. We all agreed his fears were unfounded.

Meanwhile, I presume at Admiral Leahy’s suggestion, the President issued through Joint Chiefs his directive of July 5th,\(^5\) as to which Stimson has cabled you.\(^6\)

Patterson and all others affected are utterly confused and urgently desire clarification of July 5 directive, feeling it may interfere with redeployment of American forces in Pacific war.

I should appreciate your advice in the premises.

VINSON

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1 Enclosure to document No. 540.
2 See document No. 537, footnote 5.
3 Cf. document No. 540, footnote 2.
4 See Leahy, I Was There, pp. 376–377.
5 See document No. 542.
6 See document No. 543.
CIVIL AVIATION POLICY

No. 547

Briefing Book Paper

CIVIL AVIATION MATTERS—GREAT BRITAIN

[Editor's Note.—In this Briefing Book paper the Department of State recommended that the President discuss the following questions with the British Prime Minister with a view to reaching an agreement with the United Kingdom concerning them: (a) British efforts to prevent the development of American international air transport in Europe and the Near and Middle East; (b) British efforts to prevent the sale of American aircraft in sterling areas; (c) United States readiness to negotiate with the United Kingdom a bilateral air-transport agreement which would permit the aircraft of each nation to serve the territory of the other on mutually satisfactory terms; and (d) the civil aviation provisions of the peace treaties for Germany, Italy, and Japan.

With respect to the first of these questions, the Department called the President's attention to a note of April 18, 1945, to the British Embassy at Washington ¹ (to which the Embassy had not yet made a final reply ²), in which it had been stated that the United States Government "would welcome assurances that the British Government will not oppose the efforts of the United States to acquire landing rights at this time in the Near and Middle East for United States commercial air services."

The Department's Briefing Book paper reaffirmed support for the "five freedoms" agreement signed on December 7, 1944, at the International Civil Aviation Conference held at Chicago,³ and defined the "five freedoms" as follows: "(1) right to fly non-stop over another country; (2) right to land for non-traffic purposes; (3) right to carry traffic from homeland to other countries; (4) right to bring back such traffic to the homeland; (5) right to carry 'pick-up' traffic between intermediate countries." It was pointed out to the President that the United Kingdom had accepted only the "two freedoms" agreement,⁴ involving the first two freedoms enumerated above, and that

¹ Not printed.
² See document No. 548, infra.
³ Executive Agreement Series No. 488; 59 Stat. (2) 1701.
⁴ Opened for signature at Chicago on December 7, 1944, and signed on that date by representatives of the United States and the United Kingdom (Executive Agreement Series No. 487; 59 Stat. (2) 1693).
the British Government had used its influence with other nations, particularly in the Near East, to persuade them to adopt the British position.

No. 548

800.790/8-2145

The British Minister (Balfour) to the Assistant Secretary of State (Clayton)

Ref: 779/–/45

No. 312

WASHINGTON, 21st June 1945.

Sir, I have the honour to refer to your Note of April 18th 1 concerning the negotiations being conducted by the United States Government for landing rights for United States commercial air services in the Near and Middle East, and in reply to inform you, on the instructions of His Majesty's Principal Secretary of State for Foreign Affairs, 2 that His Majesty's Government in the United Kingdom have no intention of opposing the United States Government or any other Government in the acquisition of landing rights for civil aircraft in any country. In negotiating with Governments for civil aviation landing rights, His Majesty's Government are bound by the agreements reached at Chicago 3 and would of course follow the practice there contemplated and they assume that the United States Government would propose to follow the same procedure.

2. It will be recalled that Article VIII Section 9 of the Interim Agreement on Civil Aviation 4 provides that each member state may: (i) designate the route to be followed within its territory by any international air service and the airports which any such service may use, and (ii) impose on any such service just and reasonable charges for the use of such airports and other facilities; these charges not to be higher than would be paid for the use of such airports and facilities by its national aircraft engaged in similar international services. His Majesty's Government conceive the intention of this article to be that each member state should provide, in its territory, the airfields

1 Not printed. Cf. document No. 547.
2 Anthony Eden.
3 The reference is to the International Air Services Transit Agreement (the so-called "two freedoms" agreement), which the United States and the United Kingdom, inter alia, signed at Chicago, December 7, 1944, and which entered into force as between the United States and the United Kingdom on May 31, 1945 (Executive Agreement Series No. 487; 59 Stat. (2) 1693).
4 Signed by the United States and the United Kingdom, inter alia, at Chicago on December 7, 1944; entered into force, June 6, 1945 (Executive Agreement Series No. 469; 59 Stat. (2) 1516).
required for international air services (with the right to apply to the Interim Council if it requires assistance) and that all states entitled to operate air services to, or through, such states, would use the national airfields designated by the member states.

I have the honour [etc.]  

JOHN BALFOUR

ALLOCATION OF SHIPPING

No. 549

Truman Papers

The Joint Chiefs of Staff to the President

TOP SECRET  

WASHINGTON, 7 July 1945.

MEMORANDUM FOR THE PRESIDENT

General MacArthur’s needs for troops have greatly increased our requirements for troop shipping in the Pacific.

In spite of every possible adjustment in U. S. resources, there will remain serious deficits during the critical last half of this year.

A survey of passenger vessels captured in European ports reveals seven ships, including the Europa, which are suitable for conversion to troop carriers with a total potential capacity of 37,500 troops. All of the vessels, with the exception of the Europa, would be usable in the Pacific.

Admiral Land currently is negotiating with Lord Leathers of the British Ministry of War Transport regarding the immediate allocation of these ships. Partial agreement has been reached placing some under U. S. control and some under British control.

The Joint Chiefs of Staff consider that in view of our urgent and strictly military need for troopships, a U. S. claim for the allocation of all these ships for the movement of U. S. personnel is justified.

The Joint Chiefs of Staff therefore recommend that you approach the Prime Minister with a view to securing agreement on the employment of all seven vessels for the carriage of U. S. troops. The question of ultimate disposition and title should not be made a matter of issue at this time but deferred to a later date.

A proposed letter to the Prime Minister is attached.

For the Joint Chiefs of Staff:

G C MARSHALL

Chief of Staff, U. S. Army

[No. 549]
TOP SECRET

DRAFT

LETTER FROM THE PRESIDENT TO THE PRIME MINISTER

I have been advised that a survey of the ex-enemy passenger vessels that have fallen into our hands in European ports reveals seven ships suitable for conversion to troop carriers. They are:

<table>
<thead>
<tr>
<th>Ship</th>
<th>Potential Troop Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europa</td>
<td>10,000</td>
</tr>
<tr>
<td>Pretoria</td>
<td>4,000</td>
</tr>
<tr>
<td>Patria</td>
<td>5,000</td>
</tr>
<tr>
<td>Caribia</td>
<td>3,500</td>
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<tr>
<td>Potsdam</td>
<td>5,000</td>
</tr>
<tr>
<td>Milwaukee</td>
<td>5,000</td>
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<tr>
<td>Vulcania</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Total 37,500

Negotiations currently are in progress in the Combined Shipping Adjustment Board regarding the distribution of these vessels as between the Ministry of War Transport and the War Shipping Administration. My shipping advisers tell me that most of these ships can be put into service more promptly if steamed immediately to the east coast of the United States and placed in the fast working repair yards there and converted as a matter of number 1 priority.

As you know, the first stage of our major effort against the Japanese homeland is rapidly approaching. My Chiefs of Staff advise me that in spite of drastic efforts to increase our trooplift in the Pacific, including cutting down on the rate of withdrawals from Europe, there still will remain serious deficits in meeting the requirements for moving necessary troops into the Western Pacific.

The major untapped resource that can alleviate this situation is the troop capacity represented by the seven vessels. Under the circumstances I consider that all of these vessels should be employed for the carriage of U. S. troops until our Pacific deficits have reached manageable proportions.

I earnestly hope that you can agree with my views in this matter, and that you will appreciate that I would not press for the full amount were I not convinced that the need is urgent.

It is to be understood, of course, that the agreement I propose in no way prejudices ultimate disposition of these vessels, which matter can be handled by appropriate agencies at a later date.1

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1 There is the following manuscript notation, dated August 5, at the end of this draft letter: "Note:—This question was settled by JCS-BCOS discussions, with U. S. getting the use of the ships, & the President never raised the issue with the Prime Minister. G. M. Elsey". Cf. vol. ii, p. 293.
COMBINED CHIEFS OF STAFF MACHINERY
No. 550

Memorandum by the British Chiefs of Staff

TOP SECRET
[BAEBLSBERG,] 15 July 1945.
C. C. S. 891

COMBINED CHIEFS OF STAFF MACHINERY
AFTER THE WAR WITH JAPAN

1. We should like at Terminal to discuss with our United States colleagues the question of the continuation of machinery for combined United States/British collaboration in the military sphere after the defeat of Japan.

2. Since 1941 the machinery of the Combined Chiefs of Staff and its associated committees has worked smoothly and effectively. For the reasons which follow, we consider that it would be a retrograde step to allow this machinery to fall into disuse merely because Germany and Japan have been defeated and there are no supreme allied commanders to receive the instructions of the Combined Chiefs of Staff.

3. As we see it, the world, all too unfortunately, is likely to remain in a troubled state for many years to come. Major problems will constantly arise affecting both American and British interests. In many cases these interests may well be closely identified, and in many cases also they will have important military implications.

4. For these reasons we consider that some machinery for the continuation of joint and combined United States/British collaboration is desirable. For example, it may be to the great advantage both of the United States and ourselves that some machinery should exist for the mutual exchange of information. Some measure of uniformity in the design of weapons and in training may also be mutually beneficial.

5. It is not our intention in this paper to attempt to fashion the form or the structure of the machinery which may be found necessary for the above purpose after hostilities have ended. All that we suggest at this stage is that we should now recommend to our respective governments that they should approve the maintenance of the framework of the Combined Chiefs of Staff organization after the war with Japan, and the principle of consultation on matters of mutual interest.

6. We do not think that the maintenance of the Combined Chiefs of Staff machinery after the end of hostilities need in any way cut across or impinge upon the Military Staff Committee of the World Security Organization. There is plenty of room and work for both.

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1 Noted by the Combined Chiefs of Staff at their 196th Meeting, July 19. See vol. II, p. 113. The subject matter of this memorandum had previously been discussed by Truman and Churchill. See vol. II, p. 80.
YUGOSLAVIA

IMPLEMENTATION OF THE YALTA DECLARATION ON YUGOSLAVIA

No. 551

740.00119 (Potsdam)/6-9445

Briefing Book Paper

TOP SECRET

APPLICATION OF CRIMEA DECLARATION ON YUGOSLAVIA

We recommend that consideration be given to the fact that Marshal Tito has not carried out the recommendations contained in the Crimea Declaration on Yugoslavia¹ and we further recommend that a declaration be made of the continued adherence of the Three Powers to those recommendations and their readiness to consult with a view to assisting the Yugoslav people to enjoy the free exercise of democratic processes.

In March 1945 the Šubašić–Tito agreement² was implemented by the appointment of a Regency Council and the formation of a National Provisional Government. However, the extension of the Anti-Fascist Assembly of National Liberation (AVNOJ) by the inclusion of members of the last legislature (Skupština) has not taken place and it has been announced that the former will be enlarged by the addition of some 250 new members, 200 of which are to be designated by the Federal Governments (see below) and 50 by the praesidium of AVNOJ. At present AVNOJ comprises 350 members.

Meanwhile, six “federal” states³ have been set up in all of which the Governments are partisan-controlled and in no case does it appear that democratic procedure was followed. It is also reported that the decisions taken by the exclusively partisan Congress which met at Jajce in November 1943⁴ are regarded as constituting the basic and inalterable law of the land and will shortly be recognized as a “constitution”.

In brief, it appears that the Yalta Declaration on Yugoslavia is not being carried out. Unimpeachable sources cite the extermination

¹ See vol. ii, document No. 1417, section vii.
³ i.e., Serbia, Croatia, Slovenia, Bosnia-Herzegovina, Macedonia, and Montenegro.

826
of democratic political opponents of the Partisans, the confiscation of property without justification, the persecution of the clergy, etc., as indicative that elements in control there are endeavoring to thwart the exercise of democratic processes.

In the field of economics industry is being nationalized. A state film monopoly has been established and decrees assimilating productive industry to state control through the installation of “commissars” and “workmen’s” managerial boards have been promulgated. Foreign properties, for example, the American Corn Products Refining Corporation at Jabuka, the American-Yugoslav Electric Company at Novi Sad and the Socony Vacuum at Brod, have been brought under state operation. In the case of the Corn Products Corporation the American manager has been expelled from Yugoslavia.

The United States Government believes that American interests are entitled to non-discriminatory economic and commercial treatment. We impressed on Dr. Šubašić during his recent visit in Washington the unlikelihood of our extending economic assistance to Yugoslavia so long as this unsatisfactory political and economic situation continues to exist there.

[WASHINGTON,] July 5, 1945.

5 See Truman, Year of Decisions, p. 252.

No. 552

740.00119 (Potsdam)/5-2446

Briefing Book Paper

[Undated.]

YUGOSLAVIA—COMMENT ON BRITISH AGENDA

a. The principles of the Crimea Declaration on Liberated Europe and the specific provisions of the Yalta Declaration regarding Yugoslavia are being ignored and apparently willfully nullified by the administration of Marshal Tito. As regards the latter, the National Provisional Government of Yugoslavia contains only six non-members of the Partisan organization of whom only three have independent views and these three are in positions where they exercise little authority or influence. The Anti-Fascist Assembly of National Liberation (AVNOJ) has not been extended to include members of the last Yugoslav Parliament to form a temporary Parliament and it has been stated that the conclusions of the Partisan Congress at Jajce in November 1943 are now to be accepted as the “Constitution” of Yugoslavia.

We believe that Marshal Tito should have firmly impressed upon him that the specific recommendations of the Soviet, British, and United States Governments contained in the Yalta Declaration on
Yugoslavia must be realistically followed if his regime is to enjoy the support of the three powers.

As regards the application to Yugoslavia of the principles of the Crimea Declaration on Liberated Europe,1 Marshal Tito’s regime is apparently deliberately thwarting the exercise of democratic processes. Information reaching this Government is conclusive that all democratic non-Partisan expression of opinion is being ruthlessly suppressed by Partisan organizations. Preparations for forthcoming elections indicate that, while some outward form of freedom will be given them, arrangements are being made to ensure effective control by the small governing faction of the National Liberation Front.

We believe that, in fulfillment of our Yalta pledge, the Soviet, British and American Governments should impress upon Marshal Tito the absolute essentiality that truly free and democratic elections be held in accordance with the letter and spirit of the Crimea Declaration and that the three governments should consider taking effective concerted action in the event Marshal Tito’s regime continues on its present intolerant course.

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1 See vol. ii, document No. 1417, section v.

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**No. 553**

8600.00/7-745: Telegram

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State

**SECRET**

BELGRADE, July 7, 1945—2 p.m.

247. Internal political conditions in Yugo are unchanged. There is no freedom of press nor of political activity, and since the secret police appear to operate as they please freedom from fear is conspicuously lacking.

Dr. Šubašić has been greatly encouraged by the establishment of “regular” civil courts which is beginning. However, he told Brit Amb Stevenson this week that he is disturbed by internal conditions and that while the leaders are doing their best they have little control over subordinates and have “unleashed forces that are in danger of getting out of hand”.

He said he had not seen Tito lately but had asked Kardelj to tell Tito he is dissatisfied that no real attempt has been made to carry out the Tito Šubašić agreement on which the present regime is founded; and that he considers himself responsible both to the people and to the three great powers to make agreement effective.

Šubašić expressed hope that Big Three meeting will make a public reference to this and remind Yugo Govt that agreement must be

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1 The gist of this message was included in telegram No. 11 of July 10 from Grew to Byrnes (file No. 740.00119 Potsdam/7-1045).
carried out. He thinks this would strengthen hands of moderate groups.

Stevenson and I believe such action desirable.

SHANTZ

No. 554

$60h.01/7-1845: Telegram

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State 1

TOP SECRET

BELGRADE, July 10, 1945—2 p. m.

255. When Read of OWI paid farewell call on Milan Grol July 7, Grol asked him to repeat to me his remarks, substance of which follows:

Grol has been talking frankly to the Communist leaders and 10 days ago gave Tito a memo concluding with statement that he will remain in govt only if prompt agreement is reached on all of following related matters:

1. Enlargement of AVNOJ.
2. Basic law covering freedom of press and speech, elections, civil security, etc., to be enacted by new parliament.
3. Character of new regime.

Grol considers this formula of major importance and is sure from daily talks with Šutej, Prodanović, Kosanović and others that he has united support of all non-Communist parties. Should the govt enlarge AVNOJ without accepting his formula Grol and the others will resign.

Grol then said Communists were preparing great popular front congress for late July (Embtel 252, July 9 2) and that Šubašić, Kosanović and Branko Cubrilović were nominated as steering committee. First two have not accepted or rejected nomination. Šubašić was astounded at his nomination. Grol thinks it vital that Šubašić reject it, otherwise Stalin would have fine weapon to use in discussion on Yugo, and Šubašić will betray his party, his liberal friends, and himself.

Grol said that after his return from US Šubašić confessed that his policy had been tragic failure and upon returning from Zagreb said he could see that his policies had betrayed all Croatia.

Grol said that Tito decided to recall Martinović from Cairo and that Šubašić in this case has defied Tito by refusing to sign the order which has been on his desk for a week.

1 The gist of this message was included in an unnumbered communication of July 13 sent by Grew to Byrnes by pouch (file No. 740.00119 Potsdam/7-1345).
2 Not printed.

[No. 554]
Grol also said that the Russians have several groups going about Yugo to survey public opinion and determine strength of Communist sentiment. He feels that Russia may learn that the roots of Communism are real low and "may be willing to accept a compromise".

Grol hoped US newspapers would begin asking why AVNOJ has not been enlarged and would let attitude of opposition become known without revealing source of information or precise formula, emphasizing political parties and govt's failure to deal with national leaders. (Sent Dept; rptd Caserta).

Read reported Grol in far better spirits than formerly. He spoke of the Communists with greatest contempt. His attitude was that of a man who has finally made his decision and begun to act. He repeatedly said he was no longer alone.

SHANTZ

No. 555

560h.007-1045 : Telegram

The Ambassador in France (Caffery) to the Acting Secretary of State

SECRET

PARIS, July 10, 1945—7 p. m.

4134. Following is substance of remarks made to Lane today by Maček, president of Croatian Peasant Party:

Yugo today is Communist dictatorship. No democracy in Anglo-Saxon sense of word. Of eleven members comprising Croatian Federal Government at Zagreb only two are of Croatian Peasant Party, remaining nine all Communists. As Peasant Parties are strongest bulwark against Communism they are being liquidated in Yugo, Bulgaria, Rumania, and Poland. Compares future position of Mikołajczyk in Poland to present position of Šubašić who has no power. Little by little prestige of Mikołajczyk will be diminished by Communists. Maček has not been allowed to see Šubašić nor is he aware of details of agreement between Tito and Šubašić. Believes that if Yugo which never Communist inclined has been dominated it will be far easier for Communists to dominate Italy and France both of which are ripe for Communism. Considers European situation desperate but still willing cooperate with Tito provided a real democracy based on free elections were restored.

Anxious to proceed to London to consult King Peter and Krnjević but British obstructing his trip.

CAFFERY
No. 556

The Chief of the Division of Southern European Affairs (Huston) to Mr. Walworth Barbour, of the Division of Southern European Affairs

[Extract]

[WASHINGTON,] July 11, 1945.

Frangeš called yesterday and brought up the following:
1. A memorandum which he said CWC\(^1\) had asked for. I have sent a copy to CWC.

C[LOYCE] K H[USTON]

[Attachment]

MEMORANDUM\(^2\)

I.

DEVELOPMENTS IN YUGOSLAVIA SINCE THE CRIMEA CONFERENCE

In the communiqué on the Crimea Conference specific provisions were made concerning Yugoslavia and Poland.\(^3\) Both countries are facing an extremely difficult political problem which is fundamentally the same.

Although historically, the developments in Poland have been different from those in Yugoslavia, the issue is the same in Poland as in Yugoslavia. As a matter of fact, it is the same everywhere in Central and in Southeastern Europe. Each of these countries like Czechoslovakia, Hungary, Rumania and Bulgaria are predominantly agrarian countries. By different means in each case, these countries have been provided with a government which is completely under the influence of Soviet Russia. In each of these countries the governments are actively engaged in creating, by various means which are not at all disguised, a situation which must ultimately bring a change of the present social structure and establish a social structure identical to the one now existing in Soviet Russia.

In the case of Yugoslavia, the provisions of the Crimea Conference are as follows:

\(^a\) That the Agreement made between Marshal Tito and Dr. Šubašić\(^4\) be put into effect immediately;

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\(^1\) Cavendish W. Cannon, a member of the United States Delegation at the Berlin Conference.

\(^2\) This memorandum bears the following manuscript notation: “Secret for CWC from Yugoslav Chargé in Washington”.

\(^3\) See vol. ii, document No. 1417, sections vii and vii, respectively.

\(^4\) See Foreign Relations, The Conferences at Malta and Yalta, 1945, pp. 251–254.

[No. 556]
b. That the new government be formed on the basis of that Agreement;

c. That the Anti-Fascist Assembly of National Liberation be extended to include members of the last Yugoslav Parliament, those forming the body to be known as a Temporary Parliament;

d. Legislative acts passed by the Anti-Fascist Assembly of National Liberation will be subject to subsequent ratification by a Constituent Assembly.

In addition to these specific stipulations concerning Yugoslavia, three is a previous paragraph in the communiqué on the Crimea Conference entitled, "Declaration on Liberated Europe" where the principles of the Atlantic Charter, the right of all people to choose the form of government under which they will live, are reaffirmed. It is further stated in this paragraph that the Government[s] of the United States, Great Britain and Soviet Russia will immediately concert together on measures necessary to discharge the joint responsibilities set forth in this declaration, if in their opinion conditions in any European liberated state or former Axis satellite state in Europe makes such action necessary in order to foster conditions in which the liberated peoples may exercise their right:

a) to establish conditions of international peace;

b) to carry out emergency measures for relief;

c) to form government authorities broadly representative of all democratic elements in the population, pledged to the earliest possible establishment, through free elections, of governments responsive to the will of the people;

d) to facilitate when necessary the holding of such elections.

It is common knowledge that in Yugoslavia not one of these provisions have been carried out until now.

In the Agreement between Marshal Tito and Dr. Šubašić of November 1, 1944, there is a paragraph which reads as follows:

"The new government will publish a declaration proclaiming the fundamental principles of democratic liberties and guaranteeing their application. Personal freedom, freedom from fear, freedom of worship, liberty of conscience, freedom of speech, liberty of the press, freedom of assembly and association will be specially emphasized and guaranteed; and in the same way the right of property and private initiative."

According to all reports received up to now from Yugoslavia, there is no indication that any of these provisions have been carried out. They read today as a farce and a mockery.

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5 See vol. II, document No. 1417, section v.
6 Executive Agreement Series No. 236; 55 Stat. (2) 1603.
The part of the Agreement between Marshal Tito and Dr. Šubašić which concerns specifically “Elections for the Constituent Assembly” reads as follows:

“Elections for the Constituent Assembly will be decided upon within three months of the liberation of the whole country. The elections will be held in accordance with the Law on Elections for the Constituent Assembly which will be enacted in good time. This law will guarantee complete freedom of elections, freedom of assembly and speech, liberty of the press, franchise for all and a secret ballot, as well as the right of independent or united political parties, corporations, groups or individuals—who have not collaborated with the enemy—to present lists of candidates for the election. All those whose collaboration with the enemy will have been proved, will be deprived of both the right to elect and to be elected.”

The situation in Yugoslavia since the formation of the new government on March 7th, which is less than four months, has nothing but rapidly deteriorated, measured by any standards commonly used in the Western Hemisphere. The entire administration has been taken over by National Liberation Committees. These Committees are organized for the cities as well as for the smallest communities and villages, which in turn elect among themselves representatives for the county Liberation Committee and from there on for the district and the provincial Liberation Committee, exactly according to the pattern of elections practiced in Soviet Russia. All committees exercise full power in matters concerning the administration. They also have full powers in handling juridical cases and sit as a court on [or?] tribunal and they pronounce decrees and regulations entrusted usually to a legislative body. National Liberation Committees acting as courts of justice do not apply the civil code or the criminal code. Those laws have been put out of force by the Central Committee of National Liberation. They pass their judgement “according to their conscience”. The prevailing conditions can hardly be called conditions of internal peace, as the action of these committees is mainly aimed at breaking down any resistance to the newly introduced organization and terrorizing the population and declaring everyone who is not in accordance with their procedure to be a Fascist and a reactionary. Fascists and reactionaries have to be exterminated and their resistance broken.

It is further evident that this newly established administrative organization in Yugoslavia can hardly carry out any emergency measures for relief because all these emergency measures have to be arranged so that it suits this new administration with sharp and purposely made discrimination as to party followers and those who do not follow the party line, Partisans or not Partisans. They have even established three kinds of ration cards: one for Partisans and fighters;
another for heavy-working laborers and the third for the rest of the population. The amount of rationing obtained being in the ratio of 1:2:3, the Partisan obtaining three times as much as the regular citizen. Urgent projects for solving relief problems can not be fulfilled for lack of organization. Only one-third of the land usually cultivated, has been cultivated this year, and the coming winter will be the worst yet during this entire period since 1940.

There is no government authority broadly representative of all the democratic elements in the population, nor have any preparations been made for holding elections on a basis where all democratic elements could be freely admitted to the polls.

The fundamental principles of democratic liberties mentioned in the Agreement between Marshal Tito and Prime Minister Šubašić of November 1, 1944, are completely ignored. There is no personal freedom, freedom from fear and liberty of conscience under a regime of a political police known as the "OZNA" which strikes out incessantly to destroy the reactionaries and Fascists. There is no liberty of the press, as the press is entirely government controlled, and foreign press representatives are not admitted. There is no question of the right of property and private initiative, as all enterprises are, directly or indirectly, under government control, and even the few owned by American citizens have been put under the control of Yugoslav Government authorities in spite of the fact that American management was available for these enterprises.

On March 9th the new Prime Minister and Minister of National Defense Marshal Josip Broz Tito broadcast from Belgrade a declaration of the policy which the new government of Federal Democratic Yugoslavia will follow, where it is stated that the new Government will try to rally all those not compromised by collaboration with the invader and their servants. Later on in his speech the Prime Minister said: "Those democratic rights won by the masses of our people during the war of National Liberation, as basically outlined in the structure of the peoples' administration, must be safeguarded and extended as far as possible". This refers to the administration as described above and consisting in the functioning of the Liberation Committees.

In his speech he further stresses that "The economic destruction caused by the war is so great that a planned intervention of the state in organizing and carrying out of economic reconstruction, including the regulation of the entire economic life of the country, imposes itself as an interconditional law" [sic]. This is being fulfilled. A government's guarantee for complete freedom of private initiative mentioned in the same speech is completely out of question.
Recently the Prime Minister delivered an address to the first congress of Anti-Fascist women of Yugoslavia which was held in Belgrade on June 17th. The Prime Minister speaks of the great tasks which face them, the most important of which is "the consolidation of our peoples’ authority," meaning evidently the functioning of the National Liberation Committees. He said further: "We have in our country not a few friends who in various ways seek to hamper the development of our political life, not only to hamper, but also to threaten the achievements of the great struggle which has cost our nation so many sacrifices. Unfortunately these, our internal enemies, also have help abroad: they are helped in foreign countries by people of their ilk". He urges the women of Yugoslavia to bestow all their attention and all their power upon the question of the consolidation of the government's authorities. "It is necessary that these authorities work as those who perished for the cause would wish them to work. There are many people who commit faults out of ignorance but there are also people who do mischief and are a nuisance. These people must be mercilessly cleared out. They cannot be bearers of the peoples’ authority". He is asking the Yugoslav women to be "vigilant" thus helping to consolidate the government's authority by clearing out those who hamper their consolidation and by helping those who commit faults out of ignorance. "I must admit," says the Prime Minister, "to you openly here that the great achievement won by this bloody strife is in danger if we permit jingoism to develop". At the same time he calls [to] the attention of the Yugoslav women that there were enemies of the peoples' authorities, Chetniks in Serbia and Ustashi in Croatia, and fanatical guardists in Slovenia, and admonishes them that they should not think that they have reconciled themselves with fate. Finishing his speech after emphasizing different aspects of equality, silencing the Fascists, fight for unity, etc., etc., he said: "Long live our new Federal Democratic Yugoslavia which was born from so much blood and sacrifice of our people. Long live our great Ally, the Soviet Union with its leader, our genius Stalin. Long live the heroic Soviet women. Long live the brotherhood and unity of the Balkan nations and of all the Slavs. Long live our Allies, England, America, Bulgaria, Albania and all who wish to live in peace and peaceful cooperation of [sic] our country."

This speech was delivered on the 17th of June. The next day the Marshal went to visit several towns in Serbia accompanied by the Soviet Ambassador to Belgrade.7 In the town of Mladenovac a gathering of more than 10,000 people cheered him. Speaking first of the country divided in federal states, the Marshal continued to say: "Our country is faced with great difficulties. First the greater part

7 Ivan Vasilyevich Sadchikov.
of our most able brothers and sisters are still in the army. But what can we do? We cannot send them home yet because they must keep guard.” Further, he continued, “In 1941 we entered the struggle in order to preserve our honor. Our great Ally the Soviet people and the invincible Red Army fought against the greatest power in Europe and defeated it. We however, armed more with our firm will and spirit than with weapons, fought because we believed that victory would be on our side because we had an Ally like the USSR. The USSR, headed by great leader Stalin gave us moral and material support and is still giving it today in full measure so that we can be assured that we shall carry out our duty in completely settling and reconstructing our country.” No mention has been made throughout the speech of any help coming during or after the war from any of the Western Allies. The Marshal continued further to admit the unfavorable results of his new administration by telling, “Our new Federal Yugoslavia has not yet been able to give anything to the peasant, not because it did not wish to do so, but because it has not yet had time, because it has not yet been able to do so.”

But if nothing specially was done to the peasant, things have been done to agitate the peasant. The Overseas News Agency has a telegram from Belgrade dated June 14th which is as follows:

“ONA 2 Belgrade reform Belgrade, Yugoslavia, June 14 (ONA)—The Yugoslav National Liberation Front, the ruling political movement in this country, demands that the government subject certain private properties to agrarian reform so they may be divided among poor farmers unable now to own any land of their own.

“At mass meetings held throughout the country, the Liberation Front has asked the Government to turn over to these farmers the lands of monasteries and of all estates belonging to persons who are not cultivating the land, suggesting their owners divide the crops with the peasants, or that these uncultivated estates be leased to them.”

II.

CONSEQUENCES OF THE RUSSIAN POLICY IN EASTERN EUROPE, CENTRAL EUROPE AND ON THE BALKAN PENINSULA

A.

CONCERNING RELATIONS BETWEEN THE UNITED STATES AND RUSSIA

It is evident that all efforts have been made to improve relations and stabilize relations between the United States and Russia. In spite of all efforts in this respect: economic assistance to Russia, sacrifice of principles of policy, influence on press and publications—this goal will not be achieved if Russia does not consent to changing its attitude toward the nations in Eastern, Central and Southeastern Europe.
The national states in this region are predominantly agrarian in their population. Nothing less than what was being done to the agrarian population in Russia, will have to be done to the agrarian population of these states. This means extermination of whole classes of the population and establishment by force of a new social structure. To do this, it will take 20–30 years. It can not be done sooner because the resistance of the population to adapt itself to the new ways will be extremely strong.

During this long period of time, relations between the United States and the Soviet Union will remain tense in spite of all efforts of the United States Government. This for the simple reason that in the population of the United States, there are many millions of Poles, Czechoslovaks, Yugoslavs, Rumanians, Hungarians, Bulgarians, Greeks, Lithuanians, Latvians, Finns, who—although they have proved to be loyal citizens of the United States—cannot see with complete indifference what is going on with their brothers, cousins, parents or other relatives, in their home country. They will, even without wanting it, move public opinion in the United States and make it sensitive toward the policy of Soviet Russia in their National States. There will be no way of preventing this. It will be too human and too spontaneous. It will be a constant cause of tension just as well as if Soviet Russia would try to impose by force a communistic social structure on Ireland and expect to have at the same time a good press and good relations with the United States.

Furthermore, there is no need for Soviet Russia to enforce such policy in the States of Eastern, Central and Southeastern Europe. The security of Soviet Russia will never be threatened by those States, individually or collectively. Germany is under Allied occupation. The United Nations Charter has been signed in San Francisco. In none of the States of Eastern, Central or Southeastern Europe can there ever be formed a government which would be in opposition to the legitimate foreign political aims of Russia. Consequently, there is not the slightest necessity for Russia to continue her present foreign policy toward these National States if consolidation, peace, security and prosperity are the aims of Russian foreign policy.

If Russia insists on the continuation of their present policy, it is inevitably [inevitable] to reach the conclusion that Russia must have different political intentions: breaking down the social structure of the States of Eastern, Central and Southeastern Europe, which is difficult because the population of these States is predominantly agrarian and clinches [clingest?] to private property of farmland; after this has been done and these States are transformed into communistic States, the next and much more easy step is to introduce communism in the remaining parts of Europe—Western and Northern Europe. The
population of Western and Northern Europe is predominantly industrial. If the barrier of agrarian States of Eastern, Central and Southeastern Europe falls, there will be nothing to stop the advance of communism in the rest of Europe. No financial assistance, no economic concession, no measure to improve the social standard can help, because communism will be imposed on the population and not desired and wanted by the population. Communism spreads by force and violence and fear.

B.

CONCERNING FUTURE INTERNATIONAL POSITION OF UNITED STATES

The fact that the agrarian population of the Eastern, Central and Southeastern European States will put up a strong resistance against Bolshevism should not bring too much comfort. It will be crushed in due course of events. When this is achieved, the future of Europe will be dark indeed. There will be no natural barrier to check it. The rest of Europe will follow inevitably.

There is no reason to believe that Russia will not shape its policy in the Far East on the same line. China will offer a good ground for it, as well as a completely defeated Japan. India may be successfully approached. Iran, Iraq, the Arabian States, have already felt the Soviet influence.

Europe without Russia has over 350,000,000 inhabitants. China has 400,000,000, India 300,000,000 inhabitants. Should Russia be allowed to control ultimately the Continents of Europe and Asia, the accumulated strength in manpower and resources will be such that it will outnumber the American and British resources in manpower at a rate \[ratio\] of 1:10 and in natural resources it will also be vastly superior. Furthermore, there are no questions of wages, living standards and personal hardships to be considered in a totalitarian state or agglomeration of totalitarian states, problems to be coped with seriously in a democracy.

It is so much easier now to stop the expansion of communism backed by force than it will be ever again in history. If it cannot be stopped now when the resistance of the population in the agrarian States of Europe is strong, it will never be stopped in the future.

It is inconceivable that the United States should follow a policy of unconditional appeasement to Russia at the moment when the United States are at the peak of their strength, with the largest army, strongest navy, best air forces in the world; a policy of appeasement and sacrifice of the principles of democracy for which this war was fought; a policy which will ultimately and inevitably bring Russia into a dominating position with an enforced totalitarian system of government under her control and leadership which will constantly more and
more endanger the very existence of whatever is left of democracy in the world.

III.

WHAT REQUESTS SHOULD BE MADE AT MEETING IN BERLIN

The fulfillment of the Yalta Agreements, concerning democratic elections and representative government is the basis of any solid political development in Eastern, Central and Southeastern Europe.

This is also the only realistic basis for future good relations between the United States and Russia. If this condition is not fulfilled, there is no prospect of good relations in the future in spite of every possible effort of the American Government.

Effective control by American Government in regard to how elections are being prepared and supervision of elections. This request to be based on Yalta agreement: . . . 8 "to concert together on measures necessary to discharge the joint responsibilities . . . to form governments . . . through free elections . . . responsive to the will of the people . . . to facilitate when necessary the holding of such elections." Only if the responsibility for free elections is shared by American Government will the United States be able to engage in large scale economic assistance. Economic assistance can be granted only to countries which have reached a reasonable degree of political stability through democratic free elections.

In countries like Yugoslavia the present government is discredited in the population to such extent, that control of elections by the Allied Governments is imperative.

Broadcast this line of policy over short wave radio to Yugoslavia. Have BBC in London broadcast on the same lines.

8 Ellipses in this paragraph are in the original.

No. 557

890b.01/7-1445: Telegram

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State 1

SECRET

BELGRADE, July 14, 1945—6 p. m.

278. Dr. Šubašić told me today he will not be member Steering Committee of JNOF [AVNOJ] Congress. (See Embltel 275 today.[]] 2 He has had long talks about this new front with Tito, Kardelj and others all week. Tito told him it will form neither one party nor coalition of parties but will control political life. Persons

1 The gist of this message was included in telegram No. 35 of July 16 from Grew to Byrnes (file No. 800.00 Summaries/7-1645).

2 Not printed.

[No. 557]
in front can belong to any party, and parties may exist legally outside front but govt members must belong to front.

I said this explanation was confusing and Šubašić said it was to him also. He thought new front would have same powers as liberation front had during war, but once its control is established, he said hopefully, it will be possible to extend area of freedom. He expressed intention of staying in govt since he would be powerless to influence regime outside. He realizes that Communist dominance will continue. He counts on Big Three to take helpful action.

I am convinced there is no hope of free democracy here and that new laws will be window dressing for totalitarian Communist regime.

SHANTZ

ATTITUDE ON CIVIL ADMINISTRATION IN VENEZIA GIULIA

No. 558

740.00119 (Potsdam)/5-2446

Briefing Book Paper

[Extract]

TOP SECRET

YUGOSLAVIA

2. Venezia Giulia

Stalin in his latest communication to the President² emphatically supports the Yugoslavs, criticizes Marshal Alexander, and deplores the tone of our June 2 “ultimatum.”³ This strong note significantly coincides with the Yugoslav determination that Article 3 of the June 9 agreement (copy attached)⁴ shall be interpreted to guarantee the continuation of the pattern of local administration which they have suc-

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¹ Annex 10 to the attachment to document No. 177.
² Document No. 562.
³ Not printed.
⁴ Attachment not included in the Briefing Book. For the text of the agreement referred to, an Anglo-American-Yugoslav agreement “respecting the provisional administration of Venezia Giulia” signed at Belgrade, see Executive Agreement Series No. 501; 59 Stat. (2) 1855. Article 3 reads as follows:

“3. Using an Allied Military Government, the Supreme Allied Commander will govern the areas west of the line on the attached map, Pola and such other areas on the west coast of Istria as he may deem necessary. A small Yugoslav Mission may be attached to the Headquarters of the Eighth Army as observers. Use will be made of any Yugoslav civil administration which is already set up and which in the view of the Supreme Allied Commander is working satisfactorily. The Allied Military Government will, however, be empowered to use whatever civil authorities they deem best in any particular place and to change administrative personnel at their discretion.”
ceed in setting up throughout the area during the period of negotiations. Their object is to retain this committee form of government through which their propaganda and control can work effectively even under AMG. It is obvious that to accept this imposition of the Yugoslav administrative pattern in our area of occupation would (a) cause serious administrative and political difficulties for our authorities, (b) tend to prejudice final disposition, and (c) if the area is ultimately assigned to Italy, leave within that country a small but powerful start toward a general system of local government subservient to foreign dictates.

We have already conceded to Tito as much of [as] Yugoslavia's rightful claims, our principles, and perhaps long-range European interests can possibly justify. The Yugoslavs are in full control of Italian centers west of the line; there have been no guarantees or supervision on our part. The disputed area west of the line is, in fact, already prejudiced by Yugoslav occupation. Moreover we have not provided for the predominantly Italian areas of the western Istrian coastal strip, which in the final settlement should remain Italian. We have not given the Italians any representation of any kind in the occupation, nor have we sent a token force into the Yugoslav area; but we have agreed to a Yugoslav contingent in our area.

We must, then, at least demand that the June 9 agreement be respected in every detail. No further concessions should be made. To do so would be disastrous to our prestige, our interests, and future peace.

Stalin may also press for final settlement of Yugoslavia's claims now. No piecemeal settlements of the various Italian territorial questions should be accepted; the final disposition of Venezia Giulia must await the negotiation of a definitive peace treaty with Italy, presumably at an early date. Cession to Yugoslavia now of any part of the disputed territory would mean the triumph of force over the principles we have upheld.

Our recommendations on the final settlement are discussed in a separate memorandum (territorial series).

[WASHINGTON,] June 27, 1945.

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6 i.e., the Morgan Line, shown on the map attached to the Belgrade agreement of June 9 (Executive Agreement Series No. 501). This map is also reproduced in United States Statutes at Large, vol. 59, pt. 2 (inside back cover). A map showing the Morgan Line in less detail is printed in Department of State Bulletin, vol. xvi, p. 1264.

6 Not printed.
The Ambassador in Italy (Kirk) to the Acting Secretary of State

CONFIDENTIAL

Caserta, June 19, 1945—1 p. m.

2673. Gen Morgan has reported from 13 Corps 1 (our 2647, June 16, 11 p. m. 2) that Velebit[,] Jovanović, and Avšić were in Belgrade for consultation and were expected to return noon June 18. Meeting not expected to be resumed until June 19. Maintenance of civil administration system set up since Yugos have been in Venezia Giulia is point which most perturbs them. This system follows Russian model and operates by committees whereas Italian system with modifications as considered advisable by AMG is system we are determined to use.

Kirk

1 i. e., from Monfalcone, where Morgan, representing the Supreme Allied Commander, Mediterranean, was quartered while negotiating with Yugoslav military representatives an agreement on the implementation of the Belgrade agreement of June 9.

2 Not printed

No. 560

The Ambassador in Italy (Kirk) to the Acting Secretary of State

SECRET

Caserta, June 20, 1945—7 p. m.

US URGENCY

2695. Our 2693, June 20. 1

Gen Morgan just telephoned from Monfalcone that agreement 2 with Yugos was signed at 9 o'clock this morning.

Kirk

1 Not printed.

2 For the text (in English and Serbo-Croatian) of the “Agreement Between the Supreme Allied Commander, Mediterranean Theatre of Operations, and the Supreme Commander of the Yugoslav Army” signed at Dulno on June 20, 1945, and of appendices C–J thereto, see Међународни Уговори Федеративне Народне Републике Југославије, 1945, No. 3 (Belgrade, Ministry of Foreign Affairs, no date). The maps which comprise appendices A and B to this agreement are not printed. For the “Note on Civil Administration of Zone of Venezia Giulia Coming Under Allied Military Government” signed at the same time, see document No. 561.
No. 561

Agreed Note by the Supreme Commander of the Yugoslav Army (Tito) and the Supreme Allied Commander, Mediterranean (Alexander) ¹

Note on Civil Administration of Zone of Venezia Giulia Coming Under Allied Military Government

1. With reference to Article 3 of the agreement signed in Belgrade on 9th June 1945, a Memorandum was submitted by the Yugoslav Delegation setting out proposals with regard to the civil administration of the territory coming under Allied Military Government.

2. The Delegation representing the Supreme Allied Commander were unable to accept these proposals and presented the Yugoslav Delegation with an Aide Memoire showing how it was intended that Allied Military Government should operate.

3. The Yugoslav Delegation are unable to regard this Aide Memoire as satisfactory and reserve the right to raise this matter through diplomatic channels.

For Marshal Josip Broz Tito,
Supreme Commander of the Yugoslav Army.

For Field Marshal The Honourable Sir Harold R. L. G. Alexander,
Supreme Allied Commander of the Mediterranean Theatre of Operations.

Signed at Duino
20th June 1945
[blank] hours.

Confidential

Note by Yugoslavs on Allied Military Government

1. In connection with point 3 of Belgrade agreement and in regard of fact that the population of that territory has compactly organized an armed resistance movement on the Allied side against the Italian army and authorities before the capitulation of Italy, and

¹ Printed from a photostatic copy, in the files of the Joint Chiefs of Staff, of the signed original. Although this note was signed on June 20, its precise terms were not known to the Department of State until the afternoon of June 23, by which time the Department had received a full telegraphic text from Kirk.

² Arso R. Jovanović.

Enclosures 1 and 2 are printed from mimeographed texts prepared in Alexander’s headquarters.

[No. 561]
has built up and maintained until today its own civil administration, and in regard of the national composition of the population on [in] that area, the old system of the Italian civil administration will not be renewed. Instead of that, the new organs of the already existing civil administration will be accepted, if they are working satisfactorily according to the opinion of the Supreme Allied Commander.

2. In case that A. M. G. is not satisfied with work of the administrative personnel or any organs of the civil administration, the Regional National Committee as the first subordinated organ of the civil administration to the A. M. G. is obliged on request and to the satisfaction of A. M. G. to carry out immediately necessary replacements.

3. The Italian Government as well as the organs subordinated to it, will have no influence on the civil administration of this area.

4. The Slovene and Italian nationalities are equal in regard to A. M. G. Both languages are equal in official relations. In inscriptions, proclamations and other official statements, both languages will be used.

5. To avoid provocative activities of Fascist elements and to safeguard impartiality of the civil administration, the Regional National Committee will hand over to the A. M. G. commented [annotated?] lists of persons who have been in the service of the enemies of the United Nations during the war or have perpetrated violence and crimes against the local Slovene and Italian population.

Enclosure 2]

CONFIDENTIAL

COMMENTS ON DRAFT PAPER ON “CIVIL ADMINISTRATION”

16 JUNE 1945.

The draft paper on civil administration which you submitted yesterday raised several important points of principle which we discussed quite fully. In order that there may be no misunderstanding, however, I wish to comment briefly on the four important questions presented.

First, you stress again the fact that this territory is liberated in character, in part through the struggle of the civilian population itself over a long period. The liberated character of the area is fully recognised. In friendly territory, which we consider this to be, AMG will conduct its relations with the civilian population accordingly and anticipates close cooperation with those elements which have proved their sympathy for and support of the Allied cause during the war.

Second, you ask adoption of the principle of equality as between persons of Italian and Slovene origin, particularly as regards language.
As we have made clear to you all persons, of whatever national origin, enjoy equality before AMG. As to language, we have already taken measures to have proclamations and other papers published in the Slovene language where appropriate, that is, in areas in which the Slovene population is concentrated in numbers sufficient to warrant it.

Third, you have asked us to give you assurance that the Italian Government will have no influence on the civil administration of this area. I do not think it necessary, in this connection, to lay down any principles beyond those which ordinarily govern our military administration of occupied territory. I call your attention to the fact that Article No. 1 of Proclamation No. 1^4 states that all powers of government and jurisdiction in those parts of VENEZIA GIULIA occupied by the Allied Forces and over its inhabitants, and final administrative responsibility are vested solely in the Supreme Allied Commander as Military Governor. This formally denies to the Italian Government, as it does to all other authorities other than the Allied Military Command, any power in our military administration.

In connection with the general question of relations with the Italians, you should have in mind two points. As set forth in the proclamations, the laws applicable in the territory during our period of trusteeship will be Italian laws, purged of all fascist measures and supplemented by our AMG proclamations and orders. This follows inevitably from the fact that the territory belongs legally to Italy unless and until it is transferred to another power under the orderly procedures of international law. If, as you indicated yesterday, you interpret this fact as implying the reintroduction of fascism in any form, you show very little understanding of the intentions of Britain and the United States with regard to this area and, in fact, of their objectives and accomplishments during this war. Both Britain and the United States have fought a long, bitter and costly war to destroy fascism and it would be as intolerable to us as to you to permit its rebirth in any area for which we are responsible.

You must also bear in mind that there are large numbers of Italians in the territory which we will administer. It will be our duty to protect their rights as vigorously as we shall the rights of Slovenes or any other groups who may be subject to our orders.

Finally, in your draft you ask us, in effect, to recognise certain committees of liberation as the sole agencies through which we will conduct the civil administration. This we cannot do. In the proper discharge of his responsibilities to the two governments, the Supreme Allied Commander cannot so limit his authority. You, as a soldier,

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should understand this principle. Even if he were free to do so, the Supreme Allied Commander would not now agree to accept any person or group of persons as the instruments through which he will govern the territory without satisfying himself as to their efficiency and loyalty to the purposes of his administration. You have the undertaking of our two governments in the Belgrade agreement. I am not empowered to add to or further define that undertaking.

In closing this subject, I should like to venture a final suggestion. The degree to which Allied Military Government and the groups whose interests you have been representing will be able to cooperate will depend, I believe, in large measure upon the willingness and ability of these groups to assist us in maintaining order and conducting civil administration in this area during a difficult period. I trust you will make this clear to all concerned. If you and they will have confidence in our desire and ability to insure a just and impartial regime you will make a great contribution toward the solution of the problem.

No. 562

Truman Papers

Marshal Stalin to President Truman.¹

[Translation]

Personal and secret from Premier J. V. Stalin to President H. S. Truman.

In spite of the fact that the Yugoslav Government has accepted the proposal of the American and British Governments² regarding the region of Istriatrieste, negotiations in Trieste,³ as it is evident, have reached a dead end. This can be explained, principally, by the fact that representatives of the Allied Command on the Mediterranean Sea do not want to take into consideration even the slightest suggestions of the Yugoslavs, who should be credited with the liberation of this territory from German invaders where, in addition to that, prevails a Yugoslav population. Such a situation cannot be considered satisfactory from the point of view of the Allies.

Not wishing to aggravate relations I have not mentioned until now in our correspondence about the behavior of Field Marshal Alexander, but now it is necessary to stress that it is impossible to agree that in these negotiations should be used the arrogant tone which is sometimes

¹ Russian original, accompanied by this translation, transmitted by the Soviet Embassy, Washington. Stalin sent a parallel message on the same date to Churchill. See Stalin's Correspondence, vol. i, p. 368.
² The reference is apparently to the Belgrade agreement of June 9.
³ i.e., the negotiations with Morgan referred to in document No. 559, footnote 1.
used by Field Marshal Alexander in respect to the Yugoslavs. It is impossible to agree that Field Marshal Alexander in an official public address allowed a comparison of Marshal Tito to Hitler and Mussolini. Such a comparison is unjust and insulting for Yugoslavia.

The tone of the ultimatum of the declaration which was presented to the Yugoslav Government by Anglo-American representatives on June 2, was also unexpected for the Soviet Government. How is it possible to believe that such methods will provide strong positive results?

All this makes me draw your attention to this situation. I, as before, hope that in respect to Trieste–Istria the just Yugoslav interests will be satisfied, especially bearing in mind the circumstance that in the principal question the Yugoslavs met the Allies half way.

(Moscow,) June 21, 1945.

4 Not printed.

No. 563

740.00119 Control (Italy)/6–2145: Telegram

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State

Plain

Belgrade, June 21, 1945.

177. Ampolad 104, 21st.

Following is translation of TANYUG release in today’s Politika headlined “by the new* agreement the Allied Military Delegation has not accepted in full the agreement signed in Belgrade”[. The] article reads[:]

“Today a partial agreement has been signed between the Yugoslav and Allied Military Delegation covering the demarcation line and other technical and economic questions.

The Allied military delegation has not accepted the propositions of the Yugoslav Delegation in connection with the recognition of the existing civil authorities which was guaranteed by paragraph 3 of the Belgrade Agreement.

The Allied Military Administration, by a proclamation of Field Marshal Alexander, again introduced the Italian-Fascist legislature [legislation?] and administration which was in existence previous to September 8, 1943.

This places in serious hazard the interests and rights of the people in Venezia Giulia who have been fighting on the side of the Allies against Fascist Italy and Germany.

By these measures it seems that the Allied Military Administration annexes to Italy the zone in dispute and by unilateral action prejudices

1 Not printed.


[No. 563]
the decision of the International Peace Conference in regard to the zone in dispute temporarily occupied by Allied troops.

Therefore, although an agreement has been reached and signed covering the above mentioned items, the Yugoslav Delegation, relying upon the agreement signed in Belgrade, could in no way agree to the attitude of the Allied Delegation concerning the question of civil authority, so that this item is not included in the new agreement.[?]"

SHANTZ

No. 564

740.00119 Control (Italy)/6-2145: Telegram

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State

SECRET

BELGRADE, June 21, 1945—4 p.m.

PRIORITY

178. Message from Brit Col. Clarke reports military agreements signed [at Duino] less article 3 of Belgrade agreement which Yugos state their govt will take up again on govt level. Clarke thinks Yugos left article 3 unsigned in belief they can now operate underground without directly breaking terms of agreement. Col. Lindsay reports that Yugos intend to appeal through diplomatic channels our refusal to recognize their National Liberation Committee as sole agency under AMG.

Yugo press released [sic] quoted in my tel 177 today ¹ entirely misrepresents our position. Yugos can easily do this since they have not published text of Belgrade agreement. I suggest Dept and British issue statement of facts and broadcast it to Yugoslavia.

SHANTZ

¹ Document No. 563.

No. 565

740.00119 Control (Italy)/6-2045: Telegram

The Acting Secretary of State to the Ambassador in Italy (Kirk)

SECRET

WASHINGTON, June 22, 1945—7 p.m.

U. S. URGENT

607. Dept understood from your 2693 ¹ and 2695 ² June 20 that agreement had been reached and signed on all appendices. However, Belgrade's ¹ ³ reports military agreements signed "less article 3 of Belgrade agreement" and that Yugos intend to raise ques-

¹ Not printed.
² Document No. 560.
³ Document No. 564.
tion again on govt level with view to having National Liberation Committee recognized sole agency under AMG. (Sent Caserta as 607, rptd Belgrade as 151) Dept assumes above reference to Article 3 may indicate additional appendix reported in your 2658, June 17,\(^4\) which presumably was presented by Yugos and rejected by Morgan. Please clarify urgently endeavoring to send us full text agreement and appendices, preferably by courier. Report also to what extent revised draft agreement presented to Yugos (your 2659, June 17 \(^4\)) met your objections (your 2644, June 16, and 2656, June 17 \(^5\)) and whether full text agreement as concluded was referred to AFHQ before signing.

Article 3 of the Belgrade agreement of June 9 leaves to SAC's \(^6\) discretion the use or otherwise of existing civil administrations. There can be no limitation of his complete authority west of the line,\(^7\) and any Yugo failure promptly to submit to his orders in that area would constitute a breach of the agreement.

Dept feels strongly that pattern of administration west of line must conform to previous general pattern, both for practical administrative reasons and because establishment of purely Yugo system would prejudice final settlement even in Allied occupied territory.

GREW

H F[reeman] M[atthews]

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\(^4\) Not printed.
\(^5\) Neither printed.
\(^6\) Field Marshal Sir Harold Alexander.
\(^7\) i.e., the Morgan Line.

No. 566

740.00119 Control (Italy)/6-2215; Telegram

_The Ambassador in Italy (Kirk) to the Acting Secretary of State _

[Extracts]

SECRETS

CASERTA, June 22, 1945—midnight.

2725. Gen Morgan (our 2656, June 17, your 597 of June 18 and our 2715 of June 22 \(^1\)) returned from Monfalcone with signed copy of agreement with Yugos. On his arrival here we asked for a copy of the accord and he stated that he hoped we would not mind if he did [not] grant our request until he could call together a meeting in order to “explain” the text. The Chief of Staff presided over a meeting at 11:30 this morning at which time he went into some detail to explain how difficult it had been to negotiate with the Yugos and how it was necessary to give and take in order to “persuade” Gen Jovanović to sign the document . . .

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\(^1\) None printed.

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[No. 566]
We have not hesitated to inform Morgan (and will do likewise with SAC on his return next week) that the agreement as he signed it will not have a good reception in Washington. We said that we regretted that he could not have negotiated a better document. We added that we could hardly recommend the accord he had signed as a satisfactory one and would point out to our government that it was our view that nothing to which he had agreed in this document should be permitted to emasculate in any way the Belgrade agreement. We informed Morgan that frankly we were most apprehensive as to the future situation in Trieste and V G and foresaw only trouble. We hoped that he would realize that the only way to deal with the Yugos was to be firm with them. Surely he could not fail to recognize that it was only because the US and Great Britain had put up a firm front that Tito agreed to sign the Belgrade accord. We deplored all the more, therefore, that he had not continued this policy in his negotiations with Jovanović. He surely had no illusions as to Partisan activities in our area of V G and he certainly must know that the Yugos Communists had established a firm hold in Trieste. They would undoubtedly be most active and we could expect incessant political chicanery there. We said that in our opinion not only should we send our best AMG people at once to this area but we should also spare no effort to increase our security forces there. And the sooner we let the Yugos know that we would not tolerate any interference from them in our zone the better it would be for all concerned. The only way to make them understand this would be to crack down on them on each and every occasion they deserved it.

The Chief of Staff who seemed a bit disturbed because of our attitude promised that he would see to it that “the Yugos are kept in their place.”

We then asked Morgan whether there had been any discussion with the Yugo Chief of Staff on the publication of the document which he had signed and he stated that he felt certain there was no intention on the part of the Yugos to publish it and that it would be regarded on both sides as a secret military accord.

For Dept’s information appendices A B² are maps related to article 3 of the main agreement.

Kirk

² Neither printed.
No. 567

The Chargé in Yugoslavia (Shantz) to the Acting Secretary of State

[Extract]

BELGRADE, June 22, 1945.

188. . .

Speaking yesterday to a delegation from Trieste who were here to attend anti-Fascist Women’s Congress Marshal Tito said in part “tell the people of Istria and the Slovene Littoral that we have done everything in our power and that there was nothing else that we could do. We were forced to submit to this great sacrifice with heavy heart. The problem of civil government is still open, but we will fight for the rights of the people of Trieste, the Slovene Littoral, and other places. There exists a tendency to reinstate the former Italian Government, Fascist courts which existed up to the capitulation of Italy. It is evident that Slovene and Italian anti-Fascists have a full moral right to resist whether by protests, petitions, or any other lawful means.”

SHANTZ

No. 568

BELGRADE, June 23, 1945—8 p. m.

197. Referring to Tito’s published remark that problem of civil govt of Venezia Giulia is still open (Embtl 109 [188], June 22) I suggest that US and UK govs instruct Belgrade Embassies to remind Yugo Govt that question was settled by Article 3 of Belgrade Agreements and that attempts to stir up trouble in area under AMG is unlikely to benefit Yugos position.

SHANTZ

1 Document No. 567.

[No. 568]
No. 569

740.00119 Control (Italy)/6-2445: Telegram

The Ambassador in Italy (Kirk) to the Acting Secretary of State

[Extract]

SECRET

US URGENT

CASERTA, June 24, 1945—7 p.m.*

2749. Re our immediately preceding tel and your 607, June 22. When Gen Morgan reported to AFHQ signature of agreement with Yugoslavs he made no ref to exception re Art. 3 and Belgrade learned of it before ourselves because Col Clarke Brit Mil Attaché Belgrade was present during negotiations and kept Brit Ambass[ador] Belgrade fully informed. On Morgan's return to AFHQ when we asked for text as set forth in our 2725, June 22 he withheld copy until he could "explain" text. He did not mention reservation re Art 3 of Belgrade agreement until he held meeting referred to in our 2725. Text of Yugoslav reservation has already been sent to Dept . . .

Kirk

1 Not printed.
2 Document No. 565.
3 R. C. Skrine Stevenson.
4 Document No. 566.
5 See document No. 561.

No. 570

740.00119 Control (Italy)/6-2345: Telegram

President Truman to Marshal Stalin

TOP SECRET

[OLYMPIA, WASHINGTON,] 25 June 1945.

304. Since the receipt of your message of 21 June, 2 in regard to the negotiations at Trieste, I have received word from the Supreme Allied

1 Presumably sent to the United States Naval Attaché, Moscow, via the White House Map Room and Navy channels. This message had been drafted in the Department of State and submitted by Grew to the White House for approval under cover of a memorandum of June 23 (file No. 740.00119 Control (Italy)/6-2345). It was telegraphed to Truman, who approved the draft, with minor changes, on June 25. For Churchill's reply to Stalin's message of June 21, see Stalin's Correspondence, vol. 1, p. 370.
2 Document No. 562.
Commander that these discussions in Trieste have been concluded and a supplementary military accord signed. These discussions were intended solely for the purpose of implementing the military aspects of the political agreement reached between the United States, British and Yugoslav Governments on June 9. The June 9 agreement embodied the principle that the future disposition of the Venezia Giulia territory should be reserved for orderly adjustment as a part of the eventual peace settlement, and that nothing in the agreement would prejudice or affect the ultimate disposal of the area.

Having reached agreement on this point, it was then conceded that Yugoslav administration could be established in the disputed area up to the limit of the territory necessary to meet Allied military requirements. Throughout the discussions, both on the government and military level, due regard has been given to legitimate interests of both Yugoslav and Italian populations as well as to the Yugoslav contribution to the elimination of German military power.

As I said in my previous message to you on this subject, the Allied Commander must have adequate authority in the area entrusted to him to enable him to carry out his task and to safeguard the interests of all concerned. In a like fashion responsibility of the Yugoslav Commander has been recognized and there has been no effort to interfere with the exercise of his responsibility in the region of Venezia Giulia entrusted to him east of the agreed line. The Allied Governments must therefore insist that there be no interference with the exercise of their responsibility west of the line, particularly since both commanders have agreed that they will refrain from any action prejudicing the final settlement.

It is true difficulties arose during the conversations at Trieste since it appeared that the Yugoslav authorities did not fully appreciate that the fundamental principle of the agreement of June 9 was that no action could be permitted which would prejudice the ultimate disposal of the area. The Yugoslav Military Commander at first declined to recognize the Allied Commander’s authority which was established by Article 3 of the Belgrade agreement over administration west of the line. This and other acts on the part of local commanders subsequent to June 9 have given rise to the impression that these local commanders had not yet been informed of the full extent of the agreement reached with Marshal Tito and the Belgrade Government.

Should there be any further aspect of the agreement which you feel should be considered, we shall have an opportunity to discuss this at our early meeting.

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a The reference is to a message received by Stalin on May 31. Text in Stalin’s Correspondence, vol. II, p. 240.
No. 571

740.00119 Control (Italy)/6-2545 : Telegram

The Acting Secretary of State to the Chargé in Yugoslavia (Shantz)

SECRET

WASHINGTON, June 25, 1945—6 p.m.

158. Tito's statement that VG civil govt problem is still pending (your 197, June 23 1) is incomprehensible in view of clear stipulations Art. 3 of Belgrade agreement. (Sent Belgrade as 158, rptd. Caserta as 617.) In your discussions with Yugo officials you should present this view (see para 2 our 151, June 23 [22]; 607 to Caserta 2). Keep before Yugo govt the thought that sympathy in this country for just Yugo claims will largely depend on strict fulfillment of signed commitments.

GREW

[William] P[hillips]

1 Document No. 568.
2 Document No. 565.

No. 572

Leaby Papers: Telegram

The Supreme Allied Commander, Mediterranean (Alexander) to the Combined Chiefs of Staff

[Paraphrase]

SECRET

Caserta, 25 June 1945.

PRIORITY

NAP 1023, FX 12507. Cite FGEG. Sent to the Special Signals Office of the Air Ministry for the British Chiefs of Staff, and to the Adjutant General, War Department, for the Combined Chiefs of Staff. Repeated for information to SHAEF Main.

In the course of the conferences concerning Trieste, a difference arose with the Yugoslavs with respect to the interpretation of the Belgrade agreement, paragraph 3, relating to the continuance of civil administration. The memorandum submitted by the Yugoslavs (which contained proposals unacceptable to us) and our comments thereon were attached to the agreement which was forwarded to you. 3 I request confirmation of our interpretation, to serve as a basis for possible future action or discussion, in view of (a) radio broadcasts

1 Kirk called Grew's attention to this message in telegram No. 2767 of June 26 (file No. 740.00119 Control (Italy)/6-2645). The substance of paragraphs 3-5 had previously been communicated to Grew by Kirk in telegram No. 2682 of June 19 (file No. 740.00119 Control (Italy)/6-1945).

2 For the memorandum and comments referred to, see the enclosures to document No. 561.
during the past few days, (b) the attitude expressed by the Yugoslavs, and (c) declaration by local Slovene groups. I also request any further guidance which you may wish to send.

The following is generally the present situation in our area with respect to civil administration: In part, Italian administration is functioning, but in part it has been suspended by action taken by the Yugoslavs during the time of their occupation. Organizations such as the Consorzio, Sepral, and the Office of the Civil Engineer are still functioning executively under chiefs appointed by the Yugoslavs. The prefecture staff continues to be paid, but it has been relieved of all executive responsibility; instead, committees of liberation have been established by the Yugoslavs. These committees have subcommittees (with jurisdiction in various administrative fields) which have been exercising executive powers up to now. The regional committee has exercised executive control over the whole area, with the above pattern being followed down through the district and communal level.

This committee structure established by the Yugoslavs is obviously not finally or completely organized, but it constituted the machinery which was in operation when our occupation began. The Yugoslavs take the position that we are committed, under the Belgrade agreement, to adopt this committee structure as the “existing administration”.

The agreement signed at Belgrade provides, in paragraph 3: “Use will be made of any Yugoslav civil administration which is already set up and which in the view of the Supreme Allied Commander is working satisfactorily.” We have maintained that this agreement intended that the commitment on our part to continue the existing administration pertained not to the system of administration itself but rather to personnel. We have also maintained (a) that the Italian system of administration must be continued in its essentials since the basic law of this area is Italian and must continue to be so, and (b) that we cannot recognize the system of committees as an executive instrument of local government, although we will use committees in an advisory capacity, where they are useful, as we do in other parts of Italy.

The wording of paragraph 3 of the Belgrade agreement may give some colour to the Yugoslav claim. We submitted a draft, you will remember, which used the word “administrators” instead of the term “administration”. The position would have been entirely clear if our draft wording had been adopted in the final text of the agreement. We are bearing in mind, of course, the qualification that, in the Supreme Allied Commander’s opinion, the administration must be working satisfactorily. We do not feel, however, that we should depend on this qualification, as this might result in a totally anomalous situation in which we would have the Italian system of government
operating in one locality and a committee system functioning in the neighboring one. Obviously, in practice this would be unworkable. We are convinced that our position, as described above, is the correct one and, as a practical matter, the only position which we could adopt.

ALEXANDER

No. 573

740.00119 Control (Italy)/6-2745: Telegram

The Ambassador in Italy (Kirk) to the Acting Secretary of State
[Extract]

TOP SECRET

Caserta, June 27, 1945—midnight.

2794. . .

When we asked SAC his view as to Yugo reservation on art 3 of Belgrade Agreement he expressed concurrence with our view that on this point we must stand. He then commented: “Please do not worry about civil admin in our area. As you know the Bel Agreement gives me final author in the matter and I shall see to it that the interpretation is such as to represent our views”.

KIRK