

of Soviet experience, can only be assured through ultimate domination, through definitive inclusion of Germany in Soviet sphere.

4. This extension of Soviet control over Germany is in fact already partially effected. East Prussia and Silesia are well behind Soviet lines and at rate of Sovietization maintained during first 18 months in its zone, job in Eastern Germany will be completed well before termination of period occupation. Be it of only ten years duration, Soviet bridgehead in Germany will be consolidated. With withdrawal of armies of occupation outcome of struggle for predominance of two systems will determine future character of German state. The viability demonstrated by zones of west at that time will depend on one hand on state of French Communism and degree to which Soviet Union has succeeded in maintaining its present control over central Europe and Balkans, and on other, on measure of attractiveness flowing from such real social, political and economic progress as will have been accomplished in interim.

5. Briefly then Soviet approach to Germany is based on two elements of (1) maintaining and if possible increasing position of control already achieved in Eastern Germany and (2) endeavoring to assure necessary conditions in western zones most favorable to development of Communist Party and least favorable to development of western orientation. First element is served by high degree of isolation in which Soviet zone is kept and will be kept as long as it is in Soviet power to do so. Current experience in Austria should be proof enough of Soviet ability to neutralize effectiveness of a central government in similar circumstances, and it must be assumed that Kremlin will endeavor to bring about similar situation in Germany following establishment of central administration there unless in meantime is felt it was gaining sufficient control of entire country as to render such tactics unnecessary.

Central administration will no doubt be sought by Russians, but its purpose will be to restrain rehabilitation of western zone and preclude development of federalism which [to?] Kremlin is an acceptable form of government only when bound by rigid framework of its own authoritative one-party machine. In this respect, I realize now French fears of centralization were not entirely unfounded. Russians will claim all privileges of Anglo-American concept of democracy in western zones, since it is most favorable climate for growth of their organizations above and below ground, while suppressing these privileges in their own. Similarly, they will publicly demand decree [degree?] of denazification in west they have no intention of applying in east, purpose of which is simply elimination of all progressive and democratic leaders and elements who are not prepared to accept Soviet point of view and proletarianization of western zones. Finally,

it may be recalled that preview of their political intentions as presented in SED draft constitution was highly revealing in light of Soviet constitutional practice here and elsewhere in Soviet sphere.

6. Reparations will play a large role on Soviet demands, both to meet very great economic need here and to retard as far as possible renaissance of healthy economy in western zones. Question of Ruhr has similar dual significance of high import. Yet, great as is importance of economic side of German question, we believe that having once gotten its teeth into Germany, Kremlin, as it has always done in past, will, if possible, give precedence to power—political and ideological considerations. It is conceivable that they may make well-timed minor concessions of an economic nature which at first glance might be interpreted as indicating change of basic political policy, by considering stakes involved it is hardly admissible that they should diverge from basic line of operation which offers as reward for its successful prosecution eventual control of continental Europe.

7. Moscow and foreign Communist line reaction to economic unification of US and British zones in Germany has been extreme. This unification has been presented, with all anti-Soviet implications such line of argumentation can produce, as direct violation of Potsdam agreement designed to promote federalism and facilitate infiltration of monopoly capital into western Germany and thus destroy economic and political unity of country. It is to be expected that following its old practice of loudly charging its opponents with commission of very sins it is in process of committing itself, Kremlin will continue to use Potsdam against west and in support of its own objectives. It will blame us for attempting to split Germany in two, whereas in reality, growing separation of that country is an inescapable result of Soviet totalitarian economic and political treatment of its own zone.

8. Issue then is Germany and with it future of Europe. It seems inevitable to me that we must be prepared if necessary to accept further separation of eastern and western zones of Germany rather than hollow unification which in fact but opens door to accomplishment of Soviet purpose in Germany as whole. For us there can be but one policy; we must promote and support in word and deed all truly democratic and progressive forces in our zone and at same time we must defend them from infiltration and subversion by totalitarian machinations from east. I use words "support" and "defend" in active sense, as distinguished from moral support and defense we have so far provided.

9. For all these reasons impending CFM meeting as seen from here promises to afford long and tedious struggle. Russians will be at home and patience for them will be an easy virtue. Issues are such that we must be prepared to sit them out, and I hope it will be possible for

our delegation to come to Moscow resigned to indefinite prolongation of deliberations and prepared to carry on at deputy level, in event of recess necessitated by your being in Washington, or because course of negotiations should so dictate.

Dept please repeat to Berlin as Moscow's 4, to Paris as 2. Moscow passes to London for Delsec as 3.

SMITH

862.014/1-1347

*The Ambassador in Poland (Lane) to the Secretary of State*¹

PERSONAL AND SECRET

WARSAW, January 13, 1947.

MY DEAR GENERAL MARSHALL: Please accept my heartiest congratulations on your appointment as Secretary of State.² I recall the pleasure of having met you on the occasion of my appointment as Ambassador to Colombia in 1942. I wish to assure you of how happy I am to serve under you.

As you may know, we are making studies here in conjunction with Ambassador Murphy's Mission in Berlin regarding the former German territories now under Polish administration. We expect to submit our comprehensive report on this subject by despatch the end of this month or at the latest by the middle of February, so that you and Ambassador Murphy may be fully advised regarding conditions in those territories today as compared with the situation under German administration, before you go to the Moscow meeting.

¹ This letter was received on January 24, 1947. In a memorandum of January 25 to Secretary of State Marshall, not printed, Under Secretary of State Acheson commented upon Ambassador Lane's letter in part as follows:

"Ambassador Lane states strongly that former German territories now under Polish administration should not be returned to Germany. I do not think that anyone has made this proposal. The proposal under consideration is that some of these territories to the south might be returned to Germany because otherwise Germany will not have enough agricultural production to exist and because from an economic point of view these agricultural lands are not essential to Poland. As I understand it that is a matter which is now under consideration.

"Ambassador Lane's chief argument is that to return any of these lands to Germany would alienate the Polish people and drive them into the arms of Russia. A similar argument has been made on almost every conceivable subject and in regard to almost every country of Europe, the Near East, the Far East and South America. The effect of any proposal on the people of a particular country is a factor to be weighed with others but I think that the matter is somewhat more complicated than Ambassador Lane's letter suggests." (862.014/1-2547)

² James F. Byrnes submitted his resignation as Secretary of State on January 7, 1947. On January 8 the President nominated George C. Marshall to become Secretary of State, and the Senate confirmed the nomination the same day. Marshall took the oath of office of Secretary on January 21, 1947.

During my recent trip to the United States I spoke to Mr. Byrnes and his principal advisers in New York,³ expressing the hope that we would make no recommendations regarding the Polish-German frontier until subsequent to the Polish elections, which are scheduled to take place on January 19.⁴ Mr. Byrnes' Stuttgart speech of September 6, 1946⁵ was very badly received here because of the Polish Government press having distorted it. Both the Government in its conversations with me and the government-controlled press indicated that Mr. Byrnes had recommended that the new territory under Polish administration should be returned to Germany, although Mr. Byrnes merely said that we should adhere to the terms of the Potsdam decision, which provided that a final disposition of the territory should be left to the Peace Conference for settlement.

I understand the speech was made for the purpose of smoking out Molotov's attitude prior to the holding of the elections in Germany and for that reason was entirely understandable and logical. It was of course unavoidable but unfortunate, insofar as Poland was concerned, that the speech was made shortly before the meeting of the National Council of the Homeland. Occasion was taken during this meeting of attacking the United States as well as Vice Premier Mikolajczyk, leader of the Polish Peasant Party, on the ground that the latter agreed with Mr. Byrnes and was accordingly a traitor to his country. Mr. Mikolajczyk told me that although he fully appreciated the long-range policy of Mr. Byrnes, in view of the Soviet intention to return the western territories to Germany, he personally was for the time being injured politically by the distortion of Mr. Byrnes' remarks.

I personally feel very strongly that we should not recommend at the Peace Conference that the western Polish territories should be returned to Germany. I may add that the British Ambassador⁶ agrees with me and has so recommended to his Government (see my telegram

³ Ambassador Lane's conversations with American officials during his trip to the United States in November 1946 are described in Arthur Bliss Lane, *I Saw Poland Betrayed: An American Ambassador Reports to the American People* (New York, Indianapolis, The Bobbs-Merrill Company, 1948), pp. 271-275.

⁴ For documentation on the interest of the United States in the Polish national elections of January 19, 1947, see volume iv.

⁵ The reference here is to the address by Secretary of State James Byrnes on United States policy towards Germany, made at Stuttgart, Germany, September 6, 1946; for the text, see Department of State *Bulletin*, September 15, 1946, p. 496, and *Germany 1947-1949: The Story in Documents*, Department of State Publication 3556 (Washington, Government Printing Office, 1950), p. 3.

⁶ Victor Cavendish-Bentinck.

no. 20 of January 7⁷). Briefly, my reasons for so recommending are the following:

1. The decision of the three major powers at the Potsdam Conference to permit the Polish Government to deport the German population from former German territory now under Polish administration indicated to the Polish Government that the territory in question would not be returned to Germany. The Polish people in general interpreted the movement of the German population in this sense, and I may add that I, as well as the majority of my diplomatic colleagues here, had the same impression. Our Government even went so far as to request that consular offices should be established at Wroclaw (Breslau) and Szczecin (Stettin). Any recommendation to the contrary would be interpreted by the Polish people as reversal of our former point of view. I am not concerned with the attitude of the Polish Government, which has assumed a hostile position, insofar as the United States is concerned, for the past year and a half, but I do feel that it is most important for us to bear in mind the effect on the Polish people.

2. The Yalta decision provided that Poland should be compensated for the loss of the territory east of the Curzon Line⁸ by the cession of German territory to the north and to the west. My personal opinion is that the Polish people would prefer to have retained the territory east of the Curzon Line, not only because of the oil fields in the Lwow region and for the timberlands which were always a great source of prosperity to Poland, but also because of the sentimental desire to have Lwow and Wilno within Polish territory.

3. I do not believe the Polish people would ever be able to understand why Germany, which ravaged Poland and deliberately destroyed Warsaw house by house, should be the gainer of territory at Poland's expense. I believe that by making such a recommendation we would alienate the Polish people and would force them further under Communist influence. As I believe that the Soviet Government will now recommend that the western territory should remain under Polish sovereignty, the Polish people might at long last reluctantly believe that the Soviet Government is the only government of the three major powers which is friendly to Poland.

4. To my mind, the most forcible argument is a very practical one. Supposing the British and ourselves decided to recommend that the western territories should return to Germany—how could such a recommendation be effected, if the Soviet Government should take the opposite stand? Certainly we are not going to war over these terri-

⁷ Not printed.

⁸ 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 *Foreign Relations, 1944*, vol. III, p. 1220, footnote 15.

tories and without the use of force there is nothing which could induce the Soviet Government and the Polish Government to relinquish that territory once they have made the decision in the matter. I recall after the first war the Council of Ambassadors in Paris told the Poles to leave Eastern Galicia. They refused to do so and did not do so until the joint German-Soviet occupation of Poland in 1939. I therefore feel that any recommendation we should make would be an empty one and would merely serve to kindle hatred on the part of the Polish people and to turn them more than ever to the east. As I feel that this would be a departure from our basic policy in Eastern Europe, I earnestly trust that you will give my views your most serious consideration.

Because of the seriousness of this problem, I trust that it will be possible for me to consult with you prior to your going to the Moscow Conference. As I have just been to Washington on consultation, I think it would be inadvisable for me to make another trip home at this time, unless you so desire. But if convenient to you, I should like to be instructed to meet you at some place in Europe or, if you think it advisable, to be called to Moscow at the time of the Conference.

With the expression of my deep respect, believe me

Very sincerely yours,

ARTHUR BLISS LANE

740.00119 Council/1-1547

*The Chinese Foreign Minister (Wang) to the Secretary of State*⁹

[NANKING, January 14, 1947.]

With reference to the meeting in London of the Deputies of the Foreign Ministers of the United States of America, the Union of Soviet Socialist Republics, the United Kingdom and France and the forthcoming meeting of the four Foreign Ministers in Moscow on the peace settlements for Germany and Austria, the Chinese Government, in consistence with its previous declarations, wishes to invite the attention of the Government of the United States to the following observations:

In accordance with the terms of the Potsdam Agreement of August 2, 1945, which charges the Council of the Foreign Ministers, representing the five Principal Powers, with the task of continuing the necessary preparation for the peace settlements, it is the understanding of the Chinese Government that although the work of drafting a peace treaty with each of the six European enemy states, namely, Italy, Roumania, Bulgaria, Hungary, Finland and Germany, is en-

⁹ This message was transmitted to the Secretary of State by the Chinese Ambassador in Washington, V. K. Wellington Koo, in a note dated January 15, 1947, not printed.

trusted to those members of the Council whose governments were signatory to the terms of surrender imposed upon the enemy state concerned, there should be prior consultation and agreement among all the five members of the Council of Foreign Ministers on matters concerning the convocation of the Peace Conference to which the draft treaty will be submitted. Such prior consultation and agreement is particularly necessary in the case of a peace settlement for Austria, for neither the draft of such a Peace Treaty nor in that connection the convocation of a Peace Conference is referred to in the Potsdam Declaration. Accordingly, the Chinese Government urges that the members of the Council of Foreign Ministers agree to the following: (A) There shall be a conference of the members concerned of the United Nations on peace settlements for Germany and Austria. (B) The conference shall be convoked in the name of the full Council of Foreign Ministers, with the Five-Powers represented thereon as sponsoring powers. (C) All procedural matters in connection with the convocation of the conference, such as the countries to be invited and the time and place of the conference, shall be subject to prior consultation and agreement among the five members of the Council.

As to China's views concerning the substantive issues on the subject of peace settlements for Germany and Austria, the Chinese Government reserves the right to present them after the general procedure for the convocation of the peace conference has been agreed upon by the Council of Foreign Ministers as suggested above. When such agreement obtains, the Chinese Government will not insist upon participating in the work of drafting the peace treaty with either Germany or Austria. Lastly, it is understood that the competency of the forthcoming meeting of the Foreign Ministers of the United States of America, the Union of Social [*Soviet*] Socialist Republics, the United Kingdom and France shall be confined to questions connected with the drafting of peace treaties with Germany and Austria. Any departure from this scope must be a matter for prior consultation and agreement among all the members of the Council of Foreign Ministers.

Identical notes are being sent to the Foreign Ministers of the United Kingdom, the Union of the Social [*Soviet*] Socialist Republics and France.

[WANG SHIH-CHIEH]

740.00119 EW/1-3047 : Telegram

The Chargé in Czechoslovakia (Bruins) to the Secretary of State

SECRET

PRAHA, January 30, 1947—3 p. m.

95. British Embassy Praha is suggesting to London Foreign Office that there would be advantage to British in taking favorable attitude toward Czechoslovak territorial claims against Germany as presented to Foreign Ministers Deputies in London (see Embassy's despatch 1727 Jan 15¹⁰). It has also suggested that at an appropriate time Bevin might make public statement sympathetic to Czechoslovak aims. Theory behind Embassy's recommendation is following:

Czechoslovak claims are insignificant from strategic point of view and involve territory inhabited by only 25,000 Germans. German rancor against Czechoslovakia is already so great that long term attitude will not be measurably affected by this small additional loss of territory. On other hand position of Czechoslovak moderate parties would be strengthened by support from west for claims against Germany presented to Big Four. This is particularly true since through initiative of Communist Party claims against German territory under Polish administration were not presented to Foreign Ministers Deputies and it seems likely that these claims will not be satisfied. Thus moderate parties would be able to demonstrate greater advantage to Czechoslovakia from placing claims before Big Four than from leaving them to disposition of Soviet and Soviet satellites.

While it is true that moderate parties here are constantly seeking support from west, this Embassy has long been of opinion that it would not be desirable for US and Britain to attempt to compete with Soviets in conferring territorial favors in this part of Europe. Recent conversations with members of Czechoslovak Foreign Office indicate that Czechoslovak Government is not optimistic that their territorial claims against Germany will be satisfied nor hopeful that, if satisfied, they would contribute materially to Czechoslovak security. In view of plans for coordination of Czechoslovak and Soviet armies approval of Czechoslovak claims for additional territory would give Soviet Army a foothold on German side of watershed.

I regard it important that if Czechoslovak claims are rejected this be done in such way that onus will not fall on western powers since Communists in Czechoslovakia will doubtless try to blame west for any setbacks.

Sent Dept as 95 ; repeated to London for Murphy as 6.

BRUINS

¹⁰ The despatch under reference is not printed. For summaries of the views of the Czechoslovak Government on the principal aspects of the German problem, including possible frontier rectifications, see the Report by the Deputies for Germany to the Council of Foreign Ministers, February 25, 1947, pp. 40, 46-47.

740.00119 EW/2-247

*The Minister for Foreign Affairs of the Soviet Union (Molotov)
to the Secretary of State*¹¹

[Translation]

Moscow, January 30, 1947.

On January 16 of this year I received a letter from the Minister of Foreign Affairs of China, Mr. Wang Shih-chieh in which is set forth the point of view of the Chinese Government on questions of procedure in connection with the peace settlement for Germany and Austria. It is understood that you received a similar letter.

As will be seen from the attached draft of my reply, the Soviet Government does not consider it possible to agree with the point of view set forth in the cited letter from Mr. Wang Shih-chieh since this point of view does not correspond to the decision of the Berlin Conference. Before sending my reply, I consider it necessary to ascertain the viewpoint of the members of the Council of Foreign Ministers concerning this question.

I would be grateful to you if you would be so kind as to inform me if you agree with the basic theses of my attached reply to Mr. Wang Shih-chieh or if you have any observations.¹²

At the same time, I am sending a similar message to Mr. Bevin and Mr. Bidault.

[Enclosure]

*The Minister for Foreign Affairs of the Soviet Union (Molotov)
to the Chinese Foreign Minister (Wang)*

[Translation]

In reply to your communication, received in Moscow on January 16 of this year, with regard to the procedure in connection with the peace settlement for Germany, I consider it necessary again to set forth the position of the Soviet Government concerning this question.

In the Berlin decisions, particularly in the section concerning the establishment of the Council of Foreign Ministers,¹³ are contained provisions relating to the order of preparation of the peace settlement

¹¹ This message was transmitted to the Secretary of State by the Soviet Chargé in Washington on February 2, 1947.

¹² The Secretary of State replied to this message by sending to Foreign Minister Molotov the text of the Secretary's message of February 5 to Chinese Foreign Minister Wang, p. 153. The Secretary's reply to Molotov was contained in a note of February 5 to the Soviet Chargé, not printed (740.00119 EW/2-247).

¹³ See Section II of the Report on the Tripartite Conference of Berlin, August 2, 1945, *Foreign Relations, The Conference of Berlin (The Potsdam Conference)*, 1945, vol. II, pp. 1500-1501.

for Germany. From these decisions it is clear that, for the solution of this problem, the Council will be composed of members representing those States which signed the conditions of the capitulation dictated to Germany.

In regard to the convocation of the Conference for the consideration of the draft peace treaty with Germany, clause "B", article 3 of the section concerning "the establishment of the Council of Foreign Ministers" leaves no doubt that the convocation of the said Conference must be made by the Council of Ministers composed of those who signed the conditions of the capitulation with the given enemy State. It appears to be self-evident that this clause embraces such questions as the determination of the participants in the forthcoming Peace Conference concerning Germany as well as the determination of the procedure for invitations to this Conference. It is also necessary to state that the Government of a country not participating in the preparation of the peace treaty would find itself in a difficult situation with regard to the determination of questions relating to the convocation of the Peace Conference, in as much as the date and other questions of the convocation of such Conference are indissolubly linked with the termination of the preparation for the peace settlement.

With regard to the preparation of the treaty with Austria the Council of Foreign Ministers, meeting in New York, acted, as is entirely natural, in a manner similar to the preparation of the other treaties.

As regards the agenda of the forthcoming session of the Council of Foreign Ministers in Moscow, it was determined by the Council on December 12, 1946 in the form in which it was published in the press.

760C.6215/1-3147

The British Embassy to the Department of State

MEMORANDUM

SECRET

The question of the Polish-German frontier is one of the major problems which will fall to be settled at the forthcoming meeting of the Council of Foreign Ministers in Moscow. His Majesty's Government in seeking to determine their attitude before this problem have reluctantly come to the tentative conclusion that there is no practical alternative to accept as final the existing provisional Polish-German frontier. They are not, however, finally committed on this question.

2. Mr. Byrnes' speech at Stuttgart and recent broadcasts on the network of the United States forces in Germany have suggested that

the United States Government may wish to secure a revision of the frontier line in favour of Germany. His Majesty's Government would be grateful to learn whether this is in fact the intention of the United States Government and, if so, to know on what grounds the United States Government would propose to present the case.

WASHINGTON, January 31, 1947.

740.00119 EW/1-3147

*The Lithuanian Minister (Zadeikis) to the Secretary of State*¹⁴

No. 164

WASHINGTON, January 31, 1947.

SIR: On March 10, 1947, the Foreign Ministers of the United States of America, Great Britain, France, and U.S.S.R. will meet in Moscow to discuss the Peace Settlement with Germany. To prepare the ground for these discussions preliminary deliberations of the Deputies of the said Ministers have already begun in London. In connection with this I have the honor to bring to your attention the following:

(1) Eventual settlement of the eastern frontiers of Germany must necessarily interest and affect Lithuania, regardless of her neutrality, as a State having a common pre-war frontier with Germany;

(2) The Potsdam Agreement proposed to cede to the U.S.S.R. the city of Königsberg and the northeastern corner of East Prussia situated, approximately, between the Baltic Sea and the Lithuanian frontier—a territory which for centuries was inhabited by the Lithuanian race and which, in spite of colonization by Germans in recent times, still retains its Lithuanian character. This decision, if carried out, would gravely affect the entire future of Lithuania: the Lithuanian nation, thus surrounded by Soviet Russia, would be condemned to isolation and extinction;

(3) As a result of German aggression, Lithuania was deprived of her possession of the Memel Territory, including the Port of Klaipėda (Memel), in 1939, which legally, economically, and ethnographically was an integral part of Lithuania;

(4) During the last war Lithuania was under German occupation for over three years and, as a result, sustained very grave losses.

It will be seen from the above that Lithuania has a vital interest in the final settlement of the eastern frontiers of Germany and is also

¹⁴ This note was acknowledged by Under Secretary of State Acheson on February 5, 1947.

In the course of a conversation with Llewellyn E. Thompson, Chief of the Division of Eastern European Affairs, on February 11, 1947, Minister Zadeikis stated that he would like to call on the Secretary of State prior to his departure for the Moscow Conference of Foreign Ministers. According to his memorandum of the conversation, not printed, Thompson responded as follows:

"I told the Minister that in my personal opinion it would be unwise to attempt to see the Secretary at this time since the gesture to which he referred would probably provoke a counter gesture from the Soviet Government, possibly in connection with the Moscow Conference, and I was sure the Minister would agree that it would be desirable to avoid this if possible." (711.60M/2-1147)

entitled to claim just compensation for the losses resulting from Germany's aggression and occupation.

Owing, however, to the fact that Lithuania was forcibly occupied by the Union of Soviet Socialist Republics and still continues to be under foreign domination, there is no possibility for the lawful National Government to exercise its functions on the territory of Lithuania at the present time.

Although the Government of the Soviet Union repeatedly attempted to speak, or act, on behalf of Lithuania and to represent her at international conferences, either directly or through the puppet administration, the Lithuanian people will never recognize their right to do so. Such a prerogative rests solely with the lawful representatives of the Republic of Lithuania.

In this connection it should be emphasized that the Lithuanian people repose their confidence in the Western Democracies, who, true to their sense of fairness and justice, have refused to recognize the situation created by Soviet aggression against the Lithuanian people. The Lithuanian people are, therefore, confident that the Government of the United States will continue in this attitude during the present meeting in London, and later in Moscow, or at any subsequent international conferences, and will not agree to the Soviet Union's claims to Lithuanian territory, or accept her assumed right to speak or act on behalf of the Lithuanian people, or be a party to any act prejudicial to the sovereignty rights and other vital interests of Lithuania.

In these circumstances I deem it my duty to reserve formally, in the name of the Lithuanian people and their legitimate Government, all their rights and claims in connection with forthcoming settlement of the German problem, and I hope that lawful representatives of the Lithuanian people will be accorded an opportunity in due course properly to present their just claims and to defend the legitimate interests of their country.

Accept [etc.]

P[OVILAS] ZADEIKIS

760C.6215/2-347 : Telegram

*The Ambassador in the Soviet Union (Smith) to the
Secretary of State*

TOP SECRET

Moscow, February 3, 1947—4 p. m.

273. Visit Polish Vice Premier to London re Polish-German frontier (infotel January 30¹⁵). I know Cavendish-Bentinck is strongly

¹⁵ Not printed. It reported that Polish Vice President Grabski was visiting London in order to present to the British Government the Polish views with respect to the Polish-German frontier (800.00 Summaries/1-3047).

opposed to UK sponsoring any recommendation that the Western Territories be returned to Germany. Believe that Lane likewise shares this opinion. Ordinarily would defer to judgment of these experienced diplomats on the spot, but in this case I take the opposite view for following reasons.

Question at issue is Germany versus Poland. Their relative importance was stated clearly in lecture given here January 28 by academician Tarle, who said, "we now face the problem of Germany, beside which every other problem is of insignificant importance."

As stated in my 33 of January 7,¹⁶ "Soviet approach to Germany is based on maintaining position of control already achieved in Eastern section and extending this control to the West." The agency by which it is hoped this aim will be accomplished is Communist Party in Germany.

Last week for instance, Communist controlled Socialist Unity Party passed series of resolutions attacking administration of Western Zones "where every form of reaction flourishes," and stated, "since it depends on the Germans themselves what course and aims are pursued, there must be cooperation between the Social Democrats and Communists in Western Zones". These tactics are standard operating procedure, results of which have been seen in all satellite countries. They can be met only by encouraging German non-Communist majority in its present tendency to look toward the West. This was the effect of Secretary Byrnes' wise speech at Stuttgart, immediately apparent in German elections. In our opinion the unavoidable reverse reaction in Poland was not of comparable importance in long-range future of Europe. Poland is already under Soviet domination, and likely to remain so for a long time to come. Whether or not the Polish people remain or turn still further to the East matters little provided the German people remain faced in other direction. And while I am sure there is no way of inducing Soviet or Polish Govts to relinquish the territory in question, if they decide to remain there, a firm stand on principle for the return of at least part of it as much needed agricultural land to Germany would cut the ground out from under German Communists who will of necessity follow the Kremlin line.

Please repeat to London as Moscow's 34, Warsaw as 7.

SMITH

¹⁶ *Ante*, p. 139.

740.00119 Council/1-1547

The Secretary of State to the Chinese Foreign Minister (Wang) ¹⁷

[WASHINGTON,] February 5, 1947.

I have the honor to acknowledge the receipt of your note of January 14, 1947 ¹⁸ which was transmitted to me by the Chinese Ambassador in Washington in a note of January 15, 1947 and in which you set forth the views of the Chinese Government concerning matters of procedure relating to the peace settlements for Germany and Austria and concerning the scope of subjects to be considered at the forthcoming meeting at Moscow of the Foreign Ministers of the Union of Soviet Socialist Republics, the United Kingdom, France and this country. You stated that you were sending identical notes to the Foreign Ministers of the Union of Soviet Socialist Republics, the United Kingdom and France.

Careful and sympathetic consideration has been given to the views expressed in your note. Without attempting to discuss in detail all the points contained therein, I may state that, as your Excellency is of course aware, this Government favored the inclusion of China among the sponsoring Powers for the conference which considered the peace settlements with Italy, the Balkan States and Finland in Paris last year, and this Government also favors the inclusion of China as a sponsoring Power for the conference to consider the peace settlements with Germany and Austria.

With regard to the forthcoming meeting at Moscow of the Foreign Ministers of the Union of Soviet Socialist Republics, the United Kingdom, France and this country, that meeting has been called for the consideration of German and Austrian problems, and the agenda as now agreed upon is limited to such matters.

If, in preparation for or in connection with the forthcoming meeting at Moscow, there should take place any discussions on the matters referred to in your note among representatives of this Government and other Governments, the representatives of this Government will not fail to bear in mind the views set forth in your note.

Editorial Note

On February 4, 1947, the Secretary of State conferred with Senators Arthur H. Vandenberg (Michigan) and Tom Connally (Texas) and invited them to accompany him to the Moscow session of the Council of Foreign Ministers. Both Senators reluctantly declined the invitation because of the pressure of urgent Congressional business,

¹⁷ This message was contained in a note from the Secretary of State to the Chinese Ambassador in Washington, dated February 5, 1947, not printed.

¹⁸ *Ante*, p. 145.

in particular the consideration of the treaties of peace with Italy, Bulgaria, Hungary, and Rumania. No Department record of the discussion has been found, but both Senators issued statements to the press following the meeting explaining their decisions. During his press conference on February 7, 1947, the Secretary referred to his discussions with the Senators and noted their decision not to accompany him to Moscow. For the text of the statement by the Secretary, see Department of State *Bulletin*, February 16, 1947, page 286.

740.00119 Control (Germany)/2-747: Telegram

The Ambassador in France (Caffery) to the Secretary of State

TOP SECRET

PARIS, February 7, 1947—9 p. m.

572. Bidault is not very happy about the various memoranda on Germany which the Quai d'Orsay has been working on, some of which have been delivered to the deputies in London and others are still in the drafting stage.¹⁹ He remarked to me:

"I apprehend that neither your Government, nor the British, nor the Soviets will approve our memoranda, but no matter; I must do my best to defend my country's interests. I am only too well aware that France is a defeated country and our dream of restoring her power and glory at this juncture seems far from reality. While I can admit that privately to you, I cannot admit it either to the French people or to the world at large."

While Bidault is sincere on this, he has, of course, put himself on the end of a limb so far as his French public is concerned in view of the fact that De Gaulle first and then Bidault afterwards time and again repeated all over France the refrain: separation of the Ruhr, special status of the Rhineland (the Saar is a case apart) as well as no real central government for Germany. When Bidault began talking about this, he did so with his tongue in his cheek but to his surprise he found it was popular, and the more popular it became the more speeches he made on it.

On the one hand, Bidault, as he and De Gaulle have so often said to me, are not afraid at this juncture of any real revival of Germany as Germany, but they are very much afraid indeed of a revived Germany under Soviet auspices. On the other hand, it must be remembered that Bidault is a very ambitious man and in the past on a number of occa-

¹⁹ The reference here is presumably to the French Government's memoranda dealing with (1) the provisional organization of Germany (January 17, 1947), (2) the constitutional organization of Germany (January 17, 1947), and (3) international economic control of the Ruhr (February 1, 1947). For the texts of these memoranda, copies of which were given to the American, British and Soviet Governments, see *Documents Français Relatifs à L'Allemagne (Août 1945-Février 1947)* (Paris, Imprimerie Nationale, 1947), pp. 42-64.

sions has made compromises with Communist forces in France on internal French matters and has supported Soviet policies in international affairs when it served his (or France's he could say) purposes to do so. With this in mind, he would be prepared to strike a bargain with the Kremlin to support Russian policies in eastern Germany and reparations for instance (mytel 420, January 31²⁰) if the Russians will go along with him in regard to international control of the Ruhr, economic union of the Saar with France; and all this in the face of the well-known fact that Russian plans, in direct opposition to the French plans, call for a strong central government in Germany.

CAFFERY

760C.6215/2-1047: Telegram

The Ambassador in Poland (Lane) to the Secretary of State

SECRET

WARSAW, February 10, 1947—5 p. m.

237. I regret I cannot agree with Ambassador Smith's position as expounded in his 273, February 4[3] to Department.²¹ I do not feel that question at issue is Germany vs Soviets but US vs Soviet Union. In Poland, British and ourselves have taken strong position in favor Polish people to prevent their domination by Communist controlled govt. The recent rigged elections indicate that for time being we have lost out in our fight but I feel that this is a long range problem and we must take every opportunity to enhance our prestige and to give Polish people hope for future. Grabski, an independent Pole who recently talked to British FonOff on Western lands, said that Polish people would never understand this territory should be returned to Germany and that it would mean a terrible tragedy for the 4 million Poles who have been settled there if they should now be sent to other parts of Poland. Cardinal Hlond in talk with me February 3 emphasized distinction which must be drawn between Polish Govt and Polish people and said he hoped he would never punish latter for sins of former.

British Ambassador who saw Modzelewski February 6 reports latter as having stated that govt (meaning Communist group in govt) feels stronger than ever before and will not be moved by any power from course which it has chartered and that within three years it will have complete control of entire country. Bentinck interprets this as meaning that intention is to Communize Poland. Polish Socialists

²⁰ Not printed; it reported that Ambassador Caffery had been told in confidence that the French Ambassador in Moscow had been instructed to seek an audience with Stalin and to put the French case along the lines described here (740.00119 EW/1-3147).

²¹ *Ante*, p. 151.

even those in govt admit to us openly their fear that they will be eliminated from govt and from national affairs. One colleague tells me that Berman who is Moscow's principal agent here admitted that newly elected SEJM will meet for only very short periods and very seldom and that Presidium of SEJM will continue to carry on functions of Presidium of KRN in other words govt of country by decree rather than by law.

I regret I cannot agree with Ambassador Smith that Polish people are turned to East at present time. Polish people as distinguished from Polish govt are in my opinion ninety percent pro-American and more strongly so than ever since recent elections which the man in the street correctly regards as having been maneuvered by the Soviet Govt to keep the present puppet regime in power.

Ambassador Smith and I are in agreement that there is no way of inducing Soviet or Polish Govts to relinquish territory in question. That being the case will not German people regard our inability to enforce our views as a sign of weakness and will not our prestige in Germany be decreased accordingly? At same time we would be losing support of Polish people which regardless of its hostility towards govt is almost universally in favor of retention of Western territories as compensation for loss of Eastern territory. My more detailed views were contained in my letter of January 13 to Secretary,²² copies of which were sent to Moscow and to London for Murphy.

Repeated Moscow as 19, to London for Murphy as 27.

LANE

740.00119 Council/2-1247

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] February 12, 1947.

Participants: The Secretary.
 M. Bonnet, the French Ambassador.
 Mr. Matthews.

The French Ambassador called on me at his request this afternoon. He said that he is returning to Paris in a few days and that his Government is anxious to know how we view the several memoranda which he has submitted to us on German problems coming up at the Moscow Conference.²³ He said that he had been instructed to deliver the memorandum on the Ruhr to me personally but before he could do so, he had read the text in the *New York Times* and had consequently not wished to bother me. He said that his Government

²² *Ante*, p. 142.

²³ The reference here is to the memoranda identified in footnote 19, p. 154.

had given much care and thought to the preparation of these memoranda and he was hopeful that at Moscow we would find the French position not so different from our own as had been the case during previous discussions. His Government is very eager to learn our reactions to its memoranda. I told him that I was going to be quite frank. I had not yet had sufficient time in view of the numerous other problems with which I had to deal to complete my studies of the French memoranda and that therefore I could not this time go into any detailed discussion of them. He could, however, tell his Government that the Department was gratified to observe the direction in which the French Government is leaning. I said that I had been hoping to stop off in Paris on my way to Moscow to have a chance to meet officials of his Government and to talk about the Moscow meeting. Unfortunately, my plans are linked with those of the President and his trip so that I am not certain just when I can get away. I had hoped to spend some 24 hours in Paris but I may only be able to stop for a few hours. The Ambassador said he was very happy to hear that I was planning to stop at Paris and that he had been on the point of asking me whether I could do so. He knew his Government would greatly welcome such a visit and the French people too with their memories of the war would be anxious to have me visit their country.

I asked if General Béthouart was still French Representative on the Control Council in Austria and he replied that he was. I told him that I had had happy associations with him during the war. I then asked especially for General Juin and whether he was still Chief of Staff. M. Bonnet said that he was. I told him at some detail of my great admiration for General Juin's qualities as a General and especially of his abilities to work with his Allies. I told him how it had been my great pleasure to award the General the DSM in Italy in spite of regulations to the contrary.

After some reminiscences of my service in France during World War I and my trip in 1945 the Ambassador remarked that he had been interested to read what I had said at my press conference concerning security and disarmament.²⁴ He said that he thought my statements would find a very welcome echo in France. Security is still the question that most concerns France. However, much the situation may have changed, the French peasant still thinks of Germany and wonders whether he will have to fight a third war against Germany. I said that I had tried to emphasize that security must be practical. It was easy for France being so close to the Rhine—perhaps we should now say the Elbe—to remain conscious of her security problems. It

²⁴ For the text of statements made by the Secretary of State at his press conference on February 7, 1947, see Department of State *Bulletin*, February 16, 1947, p. 287.

was less so in the United States in view of the oceans and great distance separating us from centers of possible conflict, especially if one got out in the Mississippi Valley, which is even farther from troubled areas. In all these discussions of disarmament we must take the practical view that finding a dependable basis of security comes first. In this country we have the domestic problem of wishing to balance the budget and the desire in some quarters to cut our military establishment for that purpose. I therefore feel that universal training is the only answer which would give us adequate military strength to back up our views on foreign policy questions at a cost not in excess of financial possibilities. On the matériel side, I said, we were pretty well off and had probably adequate reserves and plant facilities; but we must also have adequate numbers of trained men who could be called up in say a month's time to fill the skeleton forces which we are maintaining. Universal training is the only way to provide these reserves at a cost which the taxpayer can support. We had made the mistake of disarming unilaterally after the last war with tragic consequences and we were not going to do so again. The Ambassador said he was happy to hear it.

In conclusion, he mentioned the economic assistance, particularly with regard to wheat, concerning which he has been having conversations in the Department and said he hopes this assistance will be forthcoming.²⁵ He reiterated his hope that I would stop over in Paris en route to Moscow.

740.0011 EW (Peace) /2-1247

*Memorandum by the Counselor of the Department of State (Cohen)
to the Secretary of State*

SECRET

WASHINGTON, February 12, 1947.

Subject: Summary Statement on Important Phases of Austrian and German Settlements For Use in Connection With Meeting of Foreign Relations Committee.²⁶

A. AUSTRIAN SETTLEMENT

I. Mr. Byrnes was pressing throughout the past year to get consideration of a treaty for Austria but it was only in New York in December that he finally obtained agreement of the Council of Foreign

²⁵ For additional documentation regarding the concern of the United States over the political, economic, and financial situation in France, see volume III.

²⁶ The Secretary of State testified before a closed session of the Senate Foreign Relations Committee on February 14, 1947; see *post*, p. 166.

Ministers (CFM) to direct their deputies to prepare an Austrian Treaty for submission to the CFM at its Moscow Meeting.

Mr. Byrnes was eager to secure the prompt consideration and settlement of the Austrian Treaty for two important reasons:

(a) We are committed to treating Austria as a liberated and not an enemy country. As a liberated country, Austria should not be subject to the burden of occupation and occupation troops. We do not intend and Austria does not wish us to get out of Austria before the other occupying powers get out, but Austria wishes and we wish to have all occupying powers get out at the earliest possible moment.

(b) We not only wish to get the troops of occupation out of Austria in order to reduce the burden on ourselves and Austria, but to make possible the complete removal of troops from Rumania and Hungary. One of the principal objectives of Mr. Byrnes in pressing for the conclusion of treaties with the ex-satellite states was to get the occupation troops as quickly as possible out of all countries in Europe with the exception of Germany. In concluding treaties with Rumania and Hungary it was necessary, however, to allow the Soviets to retain troops in those countries so long as necessary to protect their communication lines with Austria. Therefore, when the occupation troops are withdrawn from Austria, the Soviets will be obligated to withdraw their troops from Rumania and Bulgaria. After that is done, occupation troops will be left only in Germany, although the Soviet will continue to have troops in Poland supposedly for the purpose of guarding the communication lines.

II. Our interest in the Austrian settlement is to see that Austria is freed from the continuance of restrictions and burdens which might endanger her independence and make her a vassal of the Soviet or any other power.

III. At Potsdam we obtained agreement that no reparations should be exacted from Austria. But it was also agreed at Potsdam that appropriate German foreign assets should be taken for reparation and it was agreed that these German assets in certain countries should go to the Western Allies and in certain other countries to the Soviet. German assets in western Austria were to go to the Western Allies and in eastern Austria to the Soviet. The Soviet has taken the position that as the occupying power she can determine for herself what are and what are not German assets and to take them out of Austria or use them in Austria in any way she wishes no matter what the effect of her action may be on the Austrian economy. While many difficult legal and interpretative questions are involved, we and the British will do everything we can in the treaty and otherwise, to protect Austria from what we regard as an unfair and inequitable application of the Potsdam Agreement by the Soviet.

IV. We are also endeavoring, in the treaty and otherwise, to protect the political refugees in Austria from being turned over against their

will to the countries of their origin without satisfactory proof that they are guilty of war crimes. There are several hundred thousand displaced persons in Austria and many of these the Soviet regard as hostile to the Soviet Union, and we fear that they will not be dealt with in accordance with our traditional concepts of due process if they fall into Soviet hands. Some of these displaced persons can be absorbed in the Austrian economy, but we will have to assist in finding homes for most of them elsewhere. General Clark has suggested that despite the overpopulation of Germany it would be best to move many of them to Germany than to leave them in Austria where their presence might complicate and delay the Austrian settlement and place too heavy a burden on the shattered Austrian economy.

B. THE GERMAN SETTLEMENT

While the deputies of the Council of Foreign Ministers (CFM) on the Austrian settlement have been instructed to draw up a draft treaty for the consideration of the CFM at Moscow, the deputies on the German settlement have only been instructed to hear and report the views of the other allied states which participated with armed forces in the struggle against Germany and to report on the question of procedure with regard to the preparation of the German settlement. While it is hoped that the CFM at Moscow will be able to consider the definitive terms of the Austrian treaty, the CFM will not have before it a definitive draft of the German settlement but will try to formulate the principal directives which should guide the Deputies in working out the definitive terms of the German settlement.

The principal objectives of the United States in regard to the German settlement have been set forth by Secretary Byrnes in his speech at Stuttgart last summer. At this time no more than a brief statement of these principal objectives should be attempted.

I. Military Objective.

Germany should be disarmed and demilitarized and kept disarmed and demilitarized. To secure this objective, President Truman and Secretary Byrnes with the full support and encouragement of Senators Vandenberg and Connally, have proposed a treaty by which the four principal allied powers undertake to see to it that Germany remains disarmed and demilitarized. The proposed treaty provides for a continuing system of quadripartite inspection and control to make certain that Germany does not rearm or rebuild her armament plants or reconvert her civilian industries for war. As Secretary Byrnes has stated, "the United States is firmly opposed to the revival of Germany's military power. It is firmly opposed to a struggle for the control of Germany which would again give Germany the power to divide

and conquer. It does not want to see Germany become a pawn or a partner in a struggle for power between the East and the West."

II. Economic Objective.

(a) Germany should be obliged to do her part to repair the devastation caused by her aggression.

To secure this objective, the Potsdam Agreement provided that, as part of a combined program of demilitarization and reparations, Germany's war potential should be reduced by the elimination and removal of her war industries and the reduction and removal of heavy industrial plants so that Germany would be left with levels of industry capable of maintaining in Germany average European living standards without assistance from others.

The plants so to be removed from the Soviet zone were to go to the Soviet Union and Poland and the plants so to be removed from the western zones were to go in part to the Soviet Union, but in the main to the Western Allies.

The levels of industry fixed under the Potsdam Agreement make no allowance for reparations out of current production. The levels fixed are scarcely sufficient to enable the German people to become self-supporting at the average European standard of living. Secretary Byrnes has stated that the United States will not agree to the taking from Germany of greater reparations than was provided by the Potsdam Agreement.

Some upward adjustment of the levels of industry for Germany should be made to take into account agreed changes in her boundaries and the larger than contemplated population which will have to live within her reduced boundaries. Any upward adjustment in the levels of industry would reduce the plants removals which could be made for reparations. If there were to be any reparations from current production, the levels of industry would have to be raised very substantially and plant removals reduced proportionately. The Soviet Union has probably already taken from her zone most, if not all, the plants which she had a right to take under the Potsdam Agreement and so in our view would be entitled to very little if any current production even if the levels of industry affecting primarily the western zones were raised.

The United States is not prepared to approve any change in the Potsdam Agreement which would make it more difficult for Germany to become supporting without external assistance. In other words, the United States is not prepared to finance the payment of reparations.

(b) While Germany should be obliged to make reparations within her means, Germany must be given a chance to maintain a minimum European standard of life without outside aid.

To secure this objective, Germany must be permitted within the reduced territory left to her to operate her economy as an economic unit. Zonal barriers to the exchange and distribution of her indigenous resources must be removed.

(c) German economy should be geared to the economy of Europe as a whole. While German trade should not be restricted by zonal barriers, Germany should not be allowed to deny access on equal terms to her great iron and steel resources to other European countries. We should not shortsightedly try to keep Germany weak and poverty-stricken, but we should not permit Germany to build herself up economically by depriving France and other European countries of the resources they need.

III. Political Objective.

(a) The German people throughout Germany should be given the primary responsibility for running their own affairs under proper safeguards which will ensure that Germany remains disarmed, maintains the democratic character of her governmental institutions and respects the human rights and fundamental freedoms of all who dwell within her gates.

To accomplish this objective, the Potsdam Agreement provided that the administration of affairs of Germany should be directed towards the decentralization of the political structure and the development of local responsibility. In carrying out the Potsdam Agreement the United States has organized its zone into three *länder* or provinces. It is our view that the government of Germany should be a federation of *länder* or provinces with a federal government with limited powers, but with the powers necessary to deal with matters, particularly economic matters, which require nation-wide treatment. The federal government should be denied the right to maintain any military department or establishment or to have control over internal security or education. The Allies should lay down the principles which should govern the drafting of the Constitution, but should permit the responsible representatives of the *länder* or provinces to draft the Constitution subject to the approval of the completed instrument by the Allies.

(b) The boundaries of Germany should be drawn with a view to the peace and prosperity of Europe.

We are committed to the assignment of the Koenigsburg area of East Prussia to the Soviet Union. We are committed to the detachment of the Saar from Germany and its economic integration with France.

We are committed to giving Poland some compensation in the East for the lands taken from her east of the Curzon line. But the German-

Poland boundary was only provisionally fixed at Potsdam for the administrative purposes of occupation, subject to the final decisions of the Peace Conference. The area in dispute is primarily a food growing area. It is now sparsely populated, most of the Germans having fled or been expelled therefrom. It has only been partially settled by the Poles. We are inclined to believe that the provisional line should be adjusted to enable German farmers to raise there the food which Germany and Europe so badly need.]

Other claims have been made for small portions of prewar Germany by other neighboring countries. These must be carefully examined, but in the interest of peace a very clear case should be made out for taking any further territory from Germany.

We are concerned not to make a hard peace or a soft peace, but a peace which will be effective and enduring.

860S.51/2-1347

*The British Embassy to the Department of State*²⁷

MEMORANDUM

Ref: 11/32/47

Acting on a decision of the Council of Foreign Ministers taken on the 11th December, 1946, a Four Power Financial Commission is at present setting in Trieste to study the financial situation of the Free Territory during the initial period and to make recommendations on this subject.²⁸ The Commission has to submit this report by the 20th February and it is estimated that several months will be required to

²⁷ A marginal handwritten note on the source text reads as follows: "File. Affirmative reply given orally Feb 14. WD [Walter Dowling?] SE".

²⁸ For the Council decision under reference, see *Foreign Relations*, 1946, vol. II, p. 1517. The Trieste Commission of Inquiry, as it was officially designated, held its first meeting on January 14, 1947, in the headquarters of the Allied Military Government, Trieste. The Commission members were: United States—Harold Glasser; United Kingdom—A. P. Graftey Smith; Soviet Union—Vladimir Sergeevich Gerashchenko; France—Christian de Lavarene. During January and February 1947, the Commission interviewed principal officers of the Allied Military Government and representatives of local business, labor and political groups. Yugoslavia and Italy sent missions to Trieste for consultation with the Commission, and the Commission, at the invitation of the Governments concerned, visited Rome and Belgrade. The conclusions and recommendations of the Commission were set forth in a 51-page Report, dated February 27, 1947, designated document CFM (47) TCI-151. This Report was subsequently circulated to the Council of Foreign Ministers as document CFM (47) (M) 2, March 10, 1947. Acting on behalf of the Council of Foreign Ministers, Soviet Deputy Foreign Minister Vyshinsky sent copies of the Commission's Report to the Secretary-General of the United Nations on September 7, 1947; see Vyshinsky's letter, Department of State *Bulletin*, October 26, 1947, p. 824. A preliminary summary of the contents of the Commission's Report was sent to the Department of State in telegram 24, February 20, 1947, from Caserta, p. 171.

put the recommendations of the report into effect. Unless, therefore, the Council of Foreign Ministers adopt the report at an early stage, the Free Territory may come into being without any arrangements having been made for its economic organisation.

2. His Majesty's Government in the United Kingdom wish to enquire whether the United States Government will agree to the inclusion of the report of the Four Power Commission in the agenda of the Moscow Conference. They also wish to know whether the United States Government would prefer that the report should be considered at the opening or towards the end of the Conference. His Majesty's Government in the United Kingdom think that the Four Power Commission will by no means have reached unanimous conclusions and that there will be major decisions of substance to be made on the report. They are therefore in favour of having it placed early in the agenda so that the Foreign Ministers themselves can make the necessary broad decisions and then leave the representative of the Four Power Financial Commission, who will be present in Moscow, to work out the details while the meeting is dealing with the rest of the agenda. The report can then be adopted in its final form at any later stage in the meeting which is convenient.

3. His Majesty's Government would be grateful for a very early expression of the United States Government's views on the foregoing. A similar communication is being addressed to the Soviet and French Governments.

WASHINGTON, 13th February, 1947.

740.0011 EW (Peace)/2-1447

*Memorandum by the Counselor of the Department of State (Cohen)
to the Secretary of State*

WASHINGTON, February 14, 1947.

Subject: Important Principles Involved in Austrian and German
Peace Settlements

A. Austrian Settlement.

[Here follows a very brief summary of the points regarding an Austrian settlement made in Cohen's memorandum of February 12, to the Secretary, page 158.]

B. German Settlement.

1. Germany should be disarmed and demilitarized and should be kept disarmed and demilitarized. Germany should not be allowed to become a pawn or a partner in a struggle for power between the East and the West.

2. We adhere to the Potsdam Agreement that Germany as the aggressor should be obliged to pay reparations to the extent that reparations can be paid over a reasonable period of time without depriving the German people of resources necessary to enable them to subsist at a minimum average European standard of life without external assistance. America is not prepared to finance the payment of reparations. America is not prepared to agree to greater reparations being imposed upon Germany than is required by the principles agreed to at Potsdam.

3. German economic recovery is essential to the economic recovery of Europe as a whole and should be encouraged in a manner to advance the recovery of Europe as a whole. The economic recovery of Germany should not be given priority over the economic recovery of the Allied countries, but no obstacle should be placed in the way of the efforts of the German people to speed their own economic recovery so far as they can do so consistent with their obligations to pay reparations and to share equitably with their neighbors their steel and coal resources now in short supply. We are opposed to Germany becoming again the economic master of Europe, but we are equally opposed to the short-sighted policy of trying to make Germany a vassal state.

4. We believe that the internal management of their own political, economic and social affairs should be entrusted to the German people as rapidly as possible, subject to the following basic obligations or safeguards:

- (a) the observance of agreed provisions of disarmament and demilitarization;
- (b) the fulfilment of the reparation obligations and the equitable distribution of the Ruhr resources between Germany and the rest of Europe so long as there is a shortage of steel and coal;
- (c) the maintenance of democratic institutions and the observance of human rights and fundamental freedoms;
- (d) the decentralization of political power among the *länder* so far as is compatible with the treatment of Germany as an economic unit.

5. Occupying powers should not use the occupation to secure special economic advantages for themselves or their nationals.

6. Occupation troops in Germany should be limited to the minimum constabulary forces necessary to protect Allied Military Government and its functions in Germany.

7. War prisoners, not guilty of war crimes, should be promptly repatriated.

8. We will do our best to carry out these principles in agreement with our Allies. But insofar as we cannot reach unanimous agree-

ment on the methods of carrying out these principles, we will carry them out in our own jurisdiction and in conjunction with such of our allies as will cooperate with us, leaving the door open always for the rest of our allies to join with us when they will. This is subject to the condition that to maintain our relative position we should not reduce our troop strength disproportionately in relation to our other allies.

711.00/3-347

*Minutes of an Executive Session of the Committee on Foreign Relations of the United States Senate*²⁹

[Extracts]

WASHINGTON, February 14, 1947.

The committee met at 10:30 o'clock, pursuant to call, in the Committee Room, the Capitol, Senator Arthur H. Vandenberg, Chairman, presiding.

Present: Senators Vandenberg (chairman), Capper, White, Wiley, Smith, Hickenlooper, Lodge, Connally, Thomas of Utah, and Hatch.

THE CHAIRMAN. We have an excellent quorum, gentlemen. I think we will come to order.

Mr. Secretary, you have been here before under other circumstances and auspices. You have always been welcome before, and you certainly are now. We are entirely at your service in any way we can be helpful to you—when we happen to agree with you. We will be very delighted to have you say anything you please to us this morning.

STATEMENT OF THE HONORABLE GEORGE C. MARSHALL
SECRETARY OF STATE

SECRETARY MARSHALL. Thank you very much, Mr. Chairman. I would appreciate it if you would give me some idea of the particular things in which you are interested at the moment. I know, of course, you are interested in the German and Austrian settlements, but other than that?

THE CHAIRMAN. I think, Mr. Secretary, if rather quickly, without dwelling on the points, you can give us a bird's eye view of what the situation is in South America and what the immediate situation is in China as a result of the recent developments, and where we go from here with respect to these things, it would be very helpful.

SECRETARY MARSHALL. I will start with China.

²⁹ This transcript was prepared by stenotype reporter Franklin A. Steinko. A memorandum by Marshall S. Carter, Special Assistant to the Secretary of State, attached to source text, indicates that the only other copy of this transcript was in the Top Secret file of the Senate Foreign Relations Committee.

SECRETARY MARSHALL. Now, as to the situation regarding Moscow: Aside from the various factors, the character of the Government to be set up in Germany, the matter of boundaries, the possibility of getting the Austrian Treaty handled first, and those matters, I think the Chairman and Senator Connally can give you more definite views and more well founded views than I can at the present moment, but all of those I am having analyzed for me in every detail as to the possibilities and particularly what are the fundamentals regarding which we must be implacable, which we just must have. I presume you other gentlemen are familiar with the difference between the situations regarding the Austrian Treaty and the German situation. They are attempting to draft a treaty for Austria. As to Germany, they are not at that phase at all. They are trying to get down to the principles which will guide the representatives in drafting such a treaty.

So, as I understand it, when we go to Moscow, we have two levels there. We have whatever progress has been made in London toward the draft of an Austrian Treaty, and on the other hand we have whatever progress has been made or not made in London as to the principles which will guide the deputies in drafting a treaty regarding Germany.

Now, the view as to the prospects of an accord in regard to the second item, the German treaty, vary from some who say three to six weeks and some, I think, like Senator Vandenberg, would translate weeks into months—three to six months, probably. But it would appear at the present moment that if you got a reasonable acceptance of certain guiding principles for the deputies regarding a German treaty, and then adjourned to have them work on that, you would have made very good progress.

The possibilities apparently are, as I gather from the advice I have received, that if we got that far with the thing on this first meeting, we are lucky.

THE CHAIRMAN. That is certainly true.

SECRETARY MARSHALL. That we will have to probably move on from there.

SENATOR SMITH. Do you mean an agreement on the Austrian Treaty, and dispose of that, and then these principles on the German Treaty?

SECRETARY MARSHALL. The Austrian Treaty is a separate transaction, and the anticipation is that the Soviets would be rather opposed to treating that ahead of the German thing, although we would desire to do that. The possibilities of managing that remain to be seen, but it looks like the prospects are not too good.

Anyway, if we could secure an agreement on certain guiding principles for the deputies to work on for the treaty regarding Germany in

this meeting, the consensus of opinion seems to be that we will have made pretty good progress.

THE CHAIRMAN. Do you think there is any significance in the change of attitude regarding the admission of correspondents to Moscow? ³⁰

SECRETARY MARSHALL. Smith has not given us the reaction to that particular thing. He is working on the increase in numbers. My guess is that in the first place they have limited accommodations. In the next place they want to hold the number down as much as they can, because it certainly is a bitter pill for them to have a swarm of correspondents in the country, and there is going to be a great collection if you get the British and French and the others. It is going to be a very disturbing element, and it is going to be a very difficult thing for them to hold within the narrow confines. My own guess is that I am going to be more concerned with the incidents [*incidence?*] of correspondents than with the aspects of the treaty.

THE CHAIRMAN. You are going to have one difficult time!

SECRETARY MARSHALL. I anticipate that.

I think they have a problem in accommodations, and they have a deep-rooted desire not to have too many of these people. Twenty does not seem much to us, but twenty plus the British and French and others seems a lot to them. That is the battle.

I suppose, too, quite naturally, that any increase on our side is an automatic increase all around the circle, which is the precedent involved, so there are a good many different points of view there. My own thought is that if you have twenty Americans in there the news of the thing will go all over the world. As a matter of fact, if you had three in there they would do a pretty good job of it, but there will be no suppression of the facts of life with twenty there. It is a question of each one of our own press industries back here getting a fair break. It is more that than it is the news. I have no thought at all in my mind that these twenty would not be able to tell the world pretty well what is happening.

³⁰ Despite the continuing efforts of the United States to increase the number, the Soviet Government was at this time reluctant to grant more than twenty visas for American correspondents to travel to Moscow to report on the forthcoming meetings of the Council of Foreign Ministers. In the negotiations between the two governments on this subject during January and February 1947, the United States took the position that such a restricted allocation was entirely inadequate. These negotiations are described in Walter Bedell Smith, *Moscow Mission 1946-1949* (Melbourne, London, Toronto, William Heinemann Limited, 1950), pp. 204-205. The Secretary of State discussed the issue during his press conference on February 7, 1947 (see Department of State *Bulletin*, February 16, 1947, p. 286) and again at his press conference on February 25, 1947. The position of the American correspondents in the matter was set forth in a statement by a committee of correspondents made public on February 8, 1947, and printed *ibid.*, p. 286, footnote 1. On March 1, the Soviet Government agreed to increase the number of visas it would grant to thirty-six.

THE CHAIRMAN. But it is a default in Mr. Molotov's guarantee.

SECRETARY MARSHALL. You would know that.

THE CHAIRMAN. I think that is very definite.

SECRETARY MARSHALL. We are going very hard for the fifty-two we started with.

SENATOR HATCH. Yesterday one of the overseas news agencies issued a statement demanding, in effect, that either the additional correspondents be allowed to go to Moscow, or that the place of meeting be changed.

THE CHAIRMAN. *The New York Times* demanded that in an editorial yesterday.

SENATOR HATCH. I was asked to comment on that yesterday, and I refused to give it my approval. I thought it was impossible to change the place of meeting.

SECRETARY MARSHALL. I read those things, and my own thought was that they did not do any harm. It was pressure to increase the number without my saying anything.

THE CHAIRMAN. Is there any significance in the fact that you are bringing Ambassador Lane home?

(The discussion was continued off the record.)

SENATOR CONNALLY. General, you spoke about these general principles on which we will agree with regard to Germany. Will not one of those be the question as to whether Germany should be preserved as a unit or whether it will be a federated state?

SECRETARY MARSHALL. Oh, yes. All of those things—the Ruhr area and all those various things—are involved in there. They are trying to boil down for me what I characterize as the Ten Commandments. I want to have clearly settled in my mind certain fundamental things that we must insist upon, and then a classification of those that you might say we will negotiate with regard to. I have to get that clear in my mind to my own satisfaction, and I have not reached that point yet. I have gone over the whole thing, all of the desires and all of those things, but it is still a general affair in my mind. I had about three hours of the Ruhr yesterday.

I might tell you gentlemen here—I would not advertise this—that I had Mr. Boland [*Bohlen*], Mr. Cohen, and Mr. Matthews and the head of the European Section and about three others make these regular presentations to me about an hour or two hours or three hours at a time, for my education. I am just sort of listening in. I have gotten through that. Now I have to go back and get it boiled down in detail where I can get my fingers on each specific thing and, of course, there are a great many. Then I have to go to the President.

But there are so many pros and cons to this thing in our relations

with the French and our relations with the British, and the great problem of the Ruhr, which, of course, is a thing that is a pretty hard nut to crack. In some respects I found it not quite so complicated as I anticipated. There seem to be certain things in the condition of affairs that were not great issues at the moment, which rather surprised me. But, goodness knows, it is difficult enough as it stands.

I am not prepared at all on the Austrian end of the thing.

SENATOR CONNALLY. Is it pretty clear in your own mind that this problem that you have, this preliminary session, this preparatory session, will then recess to give the deputies the intervening time to work on the matter?

SECRETARY MARSHALL. That would appear to be a hopeful prospect, and something we would be rather pleased with if it came out that way.

THE CHAIRMAN. That is the way Paris worked.

SECRETARY MARSHALL. If we could work faster than that it would be a miracle.

THE CHAIRMAN. It would be a miracle if it worked that fast!

SENATOR CONNALLY. I think this conference in Moscow is going to be a long, tough struggle.

[Here follow comments by the Secretary regarding the international implications of reductions in the defense budget, a discussion of universal military training and a further consideration of the question of relations with China.]

811.2340/2-1847

The Secretary of War (Patterson) to the Secretary of State

SECRET

WASHINGTON, 18 February 1947.

DEAR MR. SECRETARY: Present War Department plans contemplate a deployment of Air Force units in Europe which will total 38,000 personnel on 1 July 1947. General McNarney has stated that from a purely military standpoint the requirement for the air support of occupation forces in Europe is one fighter group and two troop carrier squadrons with ancillary units, totalling 7,500 personnel. General Spaatz concurs in General McNarney's analysis, but desires to retain a total air strength of personnel varying from 8,000 to 12,000 in order to permit a degree of flexibility in the rotation of tactical, including VHB units, from the United States to Europe for short training periods.

The present deployment of 38,000 personnel has been maintained to date primarily because of the desire of Mr. Byrnes that it not be

reduced.³¹ The War Department recognizes the State Department's position to date on this matter as to the political advisability of obvious reductions in our Air Force in Europe during the period of the recent conferences. The War Department also recognizes that the State Department may have a similar point applicable to the Moscow Conference. However, the current pressure for economy, both in money and manpower, the unsatisfactory operational state of the air units in Europe, and the grave difficulties being experienced in keeping air units in anything approaching a satisfactory operational state, even in the United States, make it extremely desirable from the military point of view that Air Forces in Europe be reduced in the near future toward the level indicated in the preceding paragraph.

It is requested that you review the situation outlined in this letter and provide the War Department with your views as to the practicability of reducing deployment of Air Forces in Europe in the near future. In case you feel, from a political standpoint, that immediate reduction is undesirable, it would be most helpful if you would furnish your views as to when reduction could be accomplished in order that plans may be prepared to use the limited resources in the most efficient and economical manner.

Sincerely yours,

ROBERT P. PATTERSON

860S.00/2-2047 : Telegram

The United States Representative on the Trieste Commission of Inquiry (Glasser) to the Secretary of State

SECRET

CASERTA, February 20, 1947—9 a. m.

24. From Glasser Trieste. Re No. D-129 subject Reurtel No. [7] 14 February.³²

1. Trieste commission set February 25 as final date for completion of report.³³ Glasser leaving Trieste 26 February for Washington by fastest means.

³¹ A memorandum by John D. Hickerson, dated February 25, 1947, addressed to the Secretary of State and the Under Secretary, not printed, stated the following:

"Last Autumn the War Department discussed informally with the State Department a proposal to reduce materially U.S. Army Air Force personnel in Germany. Mr. Byrnes at that time was in Paris. The matter was discussed with him there, and he urged strongly against the proposed reduction at that time. Mr. Byrnes felt that the reduction would have unfortunate political repercussions, since it would give the impression that the United States was pulling out of Europe." (S11.2340/2-2547)

³² Not printed; in it the Department requested a report on the progress of the Trieste Commission on Inquiry.

³³ Regarding the Report of the Trieste Commission of Inquiry, see footnote 28, p. 163.

2. Substantial agreement has been reached on budgetary reform which if effectively carried out would attain balanced internal budget for first fiscal year. However there is also large extraordinary budget the size of which is conditional upon political and economic conditions within the free territory such as extra police force, subsidy on bread, public works program to absorb unemployment. There may be disagreement within the commission on provision for such extraordinary items in the budget.

3. There is substantial agreement on the favorable foreign exchange prospects for the free territory after the first fiscal year. However there will probably be disagreement on the need for external assistance for basic foods during first fiscal year. The Russian view is the basic needs of the free territory can be supplied principally from Yugoslavia under the compensation trade agreement involving the bulk of the free territory's economy aid that reliance should be placed on Yugoslavia from the beginning.

4. There will probably be disagreement on the time when the new currency should be introduced and on the nature of the new bank of issue. The acquisition of a gold and foreign exchange reserve behind the new issue may be a matter of disagreement. Both Italy and Yugoslavia expressed willingness to contribute to such a reserve and to welcome the participation of the hinterland countries although they disagree as to the form in which the contributions should be made. The commission will not have time to study the organization of the banking system.

5. There may be minor disagreements on the character of the customs regime, particularly as to the extent to which barriers are to be set up against Italian trade.

6. In general there has been agreement on the determination of facts and then as agreements have been limited to the solutions of problems which will face the free territory.

7. Both Italy and Yugoslavia governments have expressed their desire to assist the free territory to solve its economic and financial problems and to make real contributions to that end. There may be disagreement within the commission as to the extent to which it is desirable to place reliance on such offers of assistance. In addition, both Yugoslavia and Italy expressed the desire for the hinterland countries, Switzerland, Austria, Czechoslovakia and Hungary to participate in providing assistance to the free territory.

Repeated Rome for personal attention Ambassador as number 11.

[GLASSER]

860C.00/2-2047

The United States Deputy for Germany at the Council of Foreign Ministers (Murphy) to the Secretary of State

SECRET
No. 90

LONDON, February 20, 1947.

SIR: I have the honor to refer to despatch no. 8401 dated January 9 from the American Mission at Berlin, despatch no. 1091 dated January 28 from the American Embassy in Warsaw, and that Mission's Report No. 101, dated January 21, regarding the Polish-administered area of Germany.³⁴ The comprehensive survey contained in the latter summarizes the available information on the present situation, with particular reference to Polish achievements to date and the economic importance of the area to post-war Poland.

The attached memorandum,³⁵ prepared by two members of my staff, reviews several other factors of importance to the formulation of American policy on the post-war Polish-German frontier, in particular: data on areas, population, and population density; the economic importance of the present Polish-administered area to Germany; and the treatment of the German population there. The main conclusions to be drawn are that: the formal acceptance of the present Oder-Neisse line would create a striking disproportion in the population densities of post-war Germany and Poland; the return of at least part of this area to Germany is desirable if that country is to attain a tolerable food standard; and, apart from Upper Silesia, the present Polish-administered area would not add materially to Germany's economic war potential, since both minerals and basic industrial production are concentrated in that part of the area. At the same time, Poland should be able, based on her post-war population and former self-sufficiency in food, to develop satisfactorily without the possession of all this territory. An additional consideration that cannot be avoided is the fact that, despite the words of the Potsdam Protocol, the treatment of Germans in the area, and especially their westward expulsion, has been both disorderly and inhumane.

Respectfully yours,

ROBERT MURPHY

³⁴ None of the despatches and reports under reference here have been printed. They were purely factual in nature and made no policy recommendations.

³⁵ Not printed.

740.00119 Council/2-2047

*The British Embassy to the Department of State*³⁶

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom are considering whether it would be possible to postpone the meeting of the Council of Foreign Ministers which is due to begin in Moscow on March 10th.

2. His Majesty's Government are informed that, owing to the unusually severe winter, passage of the Baltic and disembarkation at Libau will be impossible during the first week in March. Consequently there remains a difficulty with regard to transportation for the British Delegation; transportation by air must be excluded, and His Majesty's Government have not yet been able to ascertain whether rail transport facilities will be available. Moreover, Moscow would be much more tolerable in the Spring after the thaw has set in.

3. His Majesty's Government therefore would welcome postponement of the meeting until April 15th.

4. A further reason in favour of postponement is that, according to present information, the long and disputed report which is being prepared by the Control Commission for Germany will not be available before the end of February. Thus, there will be little time for its study before the Moscow meeting. Furthermore, the Deputies of the Foreign Ministers have as yet made little progress.

³⁶ This *aide-mémoire* was handed to Under Secretary of State Acheson by British Minister Sir John Balfour at 2:30 p.m. on February 20, 1947. After consulting with the Secretary of State, who discussed the matter on the telephone with the President, the Under Secretary saw Minister Balfour again at 5:30 p.m. and in accordance with the Secretary's instructions handed him the following statement:

"The Secretary of State regrets that he cannot accede to Mr. Bevin's request that he send to the Soviet Government a proposal to postpone the Moscow meeting of the Council of Foreign Ministers until April 15, 1947. He has already stated his intention to attend the meeting on the date already set and is still prepared to do so.

"He appreciates the difficulties mentioned by His Majesty's Government as warranting a postponement and would be willing to agree to such a proposal by Mr. Bevin should his Soviet and French colleagues be similarly disposed." (740.00119 Council/2-2047)

According to the account in Walter Millis (ed.), *The Forrestal Diaries* (New York, Viking Press, 1951), p. 245, the Secretary of State told Secretary of the Navy Forrestal on February 24 that Foreign Secretary Bevin had called the previous day and had asked Secretary Marshall to request from the Soviet Government a postponement of the Council of Foreign Ministers meetings until April 15. Bevin explained that the Russian northern ports were closed and that he could not fly because of his heart. Secretary Marshall told Bevin that he would support a British request to postpone the meetings but would not himself initiate such a request. Marshall explained to Forrestal that Russian ice-breakers were finding it possible to open the northern ports for travel.

On February 25, 1947, the following message was sent to the Embassies in Moscow, London, and Paris: "Brit have decided not to request any postponement Moscow Conference and are planning arrive in Moscow by March 10." (740.00119 Council/2-2547)

5. His Majesty's Government share the anxiety of the United States Government that no time should be lost in starting negotiations for a treaty with Austria. His Majesty's Government also understand how eager the United States Government is to begin discussions on Germany. His Majesty's Government hope, however, that on balance the United States Government will agree that a postponement is justifiable.

6. His Majesty's Principal Secretary of State for Foreign Affairs hopes that the Secretary of State will be ready to send to the Soviet Government a proposal for postponement, which His Majesty's Government would then support. It would be necessary at the same time to inform the French Government of this action.

WASHINGTON, 20th February, 1947.

740.00119 Council/2-2047

Archduke Otto of Hapsburg-Lorraine to the Under Secretary of State (Acheson)

WASHINGTON, February 20th, 1947.

DEAR MR. ACHESON: I have sent today a message to both the President³⁷ as well as the Secretary of State on the following matter:

On February 19th, a despatch was published in the newspapers according to which the Russian Delegate Mr. Fedor Gusev had demanded re-inclusion of a clause in the earlier American draft, by which the four power deputy ministers council agreed to write into the Austrian treaty a permanent veto against any Habsburg restoration in Austria. In addition this clause permanently exiles members of the Habsburg family from their own country and confiscates all their private property.³⁸

This is an unprecedented step against individual rights:

1.—It violates the Atlantic Charter. The Charter states: "They respect the rights of all people to choose the form of Government under which they live."

2.—It violates the Moscow declaration of November 1, 1943 by depriving individual Austrians of their democratic right to speak and act for any orderly form of Government they may desire.

3.—It promotes injustice by unwarranted interference in the domestic

³⁷ Archduke Otto's letter of February 20 to President Truman, which was very nearly identical to the letter printed here, was forwarded to the White House by Associate Justice of the Supreme Court Frank Murphy on March 15, 1947, with the suggestion that an appropriate acknowledgement be prepared but that the President not be "bothered" about it.

³⁸ On January 27, 1947, Archduke Felix called at the Department of State to discuss Austrian developments and to protest against the treaty clause referred to here.

affairs of Austria, a non-enemy country. Similar conditions are not even imposed upon enemy nations and it can not be ignored that:

a.—The Habsburgs and their followers were always pro-allied and anti-nazi prior to and during the German occupation of Austria; I myself and my brothers worked actively on the side of the Allies; Three of my brothers served as volunteers in the American army; The Monarchist leaders in Austria were without exception either imprisoned or killed by the Germans.

b.—The Austrian Monarchists stand for genuine democracy and all they ask is that the Austrian people be permitted to choose their form of Government in free and unfettered elections.

4.—There is an apparent contradiction of principles in this punitive act of disfranchisement, exile and confiscation for pro-allied Austrian Monarchists and the stand taken by the U.S. Delegation in upholding political rights in former Austrian pro-nazi Pan-German groups on the ground of interference with "Human Rights."

5.—Also this act may well open the door to permanent Soviet intervention into Austrian domestic affairs under the pretense that all non-communist movements are "Monarchists".

With this in mind may I ask you, dear Mr. Acheson, to use your great influence in order to prevent this injustice and violation of the human rights and to safeguard the basic rights of the individual.

Believe me [etc.]

OTTO OF AUSTRIA

760C.6215/1-3147

The Department of State to the British Embassy

SECRET

MEMORANDUM

With reference to the British Embassy's memorandum of January 31, 1947³⁹ relative to the Polish-German frontier, the Department of State has under study at the present time the attitude which the United States Government will adopt on this question. The United States Government is, of course, obligated under the Berlin Agreement to support the cession of Königsberg and the adjacent areas of East Prussia to the USSR. The United States Government is also committed to territorial compensation for Poland. However, the extent of this compensation to Poland is still under consideration, and it is therefore not possible to indicate at this time what the United States Government is prepared to accept as the permanent Polish-German frontier. The United States Government is inclined, however, to the view that in the interest of the recovery of Europe as a whole the German territory transferred to Poland shall be limited to an area which Poland can be expected to utilize fully within a reasonable period of time.

WASHINGTON, February 25, 1947.

³⁹ *Ante*, p. 149.

740.00119 Council/2-2547

The Chinese Embassy to the Department of State

AIDE-MÉMOIRE

1. Referring to the Note of the Secretary of State dated February 5th, 1947,⁴⁰ in reply to the Note of the Chinese Ambassador of January 15th, 1947, communicating the message of the Chinese Minister for Foreign Affairs,⁴¹ the Chinese Ambassador desires to convey the thanks of Dr. Wang Shih-chieh to the Secretary of State for his sympathetic consideration of the views of the Chinese Government and for the position taken by the United States Government that it favors the inclusion of China as a sponsoring Power for the conference to consider the peace settlements for Germany and Austria.

2. The Governments of the United Kingdom and France, in reply to the identical Notes to their Foreign Ministers, have likewise expressed their concurrence in the views of the Chinese Government on the matter.

3. It is requested that the United States Government will maintain at the meetings of the Deputies of the Foreign Ministers in London and at the Conference of Foreign Ministers in Moscow the view that the conference on peace settlements for Germany and Austria should be convoked in the name of the full Council of Foreign Ministers and that decisions on other related matters should be made jointly by the five Foreign Ministers.

4. If any other procedure is contemplated, it is earnestly hoped that the Chinese Government will be consulted before any action is taken.

[WASHINGTON,] February 25, 1947.

811.2340/2-2647

Memorandum by the War Department to the Department of State^{42a}

SECRET

WASHINGTON, 26 February 1947.

Subject: Minimum Strength of U. S. Forces in Europe

1. The War Department has restudied the problem of minimum strengths which should be provided by the United States for the accomplishment of occupational objectives in Europe. Consideration has been given to the present and probable future strengths of Allied troops on foreign soil in Europe. The War Department considers that

⁴⁰ Not printed; it contained the message of February 5, 1947, from the Secretary of State to the Chinese Foreign Minister, p. 153.

⁴¹ The Chinese Ambassador's note of January 15 is not printed; the Chinese Foreign Minister's message of January 14 is printed on p. 145.

^{42a} This memorandum was directed to Assistant Secretary of State, Major General Hilldring.

conditions have not changed to allow a reduction in the troop strengths which should be provided for Europe since the U.S. view was transmitted to the Council of Foreign Ministers in December 1946. (See Tab "C" ⁴²)

2. A staff study, which outlines pertinent details of the problem, is inclosed herewith. Appended to the Staff Study as Tab "B" ⁴³ is a War Department study which was furnished Mr. Byrnes and Mr. Cohen by the War Department during their discussion of the question of reduction of Allied forces in Europe in the Council of Foreign Ministers in November 1946.

For the Secretary of War:
J. E. BASTION, JR.
Colonel, GSC

[Enclosure]

War Department Staff Study

SECRET

[WASHINGTON, undated.]

THE PROBLEM

1. To outline War Department views on minimum U.S. forces which should be authorized for the accomplishment of occupation missions in Europe as of 1 July 1947 and 1 July 1948.

FACTS BEARING ON THE PROBLEM

2. *a.* As of 1 February 1947 the following armed forces were on foreign soil in Europe: (See Tab "A" ⁴⁴ for detailed tabulation)

United States	202,000
British	247,000
French	80,000
U.S.S.R.	1,110,000

b. The following factors in connection with U.S. troop strengths are pertinent:

(1) U.S. forces in Italy will be withdrawn when the Italian Peace Treaty comes into force. A total of 5000 troops will remain in Trieste for an indeterminate period.

(2) U.S. forces in Austria totalling 11,500 should not be reduced until after the conclusion of an Austrian peace treaty.

⁴² Tab "C" under reference here was a copy of document C.F.M. (46) (NY) 59, December 6, 1946, a proposal by the United States Delegation at the 3rd Session of the Council of Foreign Ministers in New York regarding the limitation of European occupational forces; for the text of the document, see *Foreign Relations*, 1946, vol. II, p. 1466.

⁴³ The Staff Study under reference here, dated November 21, 1946, is not printed.

⁴⁴ Not printed.

(3) Of the present 150,000 U.S. troops in Germany, approximately 38,000 are in AAF units. General McNarney, AAF and the War Department concur that this air strength could be reduced to between 8,000 and 12,000 without jeopardizing the occupation mission. The State Department, considering the overall situation in Europe, has been reluctant to see such a major removal of U.S. forces from Germany for fear it might be interpreted as partial abandonment of the U.S. occupational commitment and thus adversely affect the U.S. negotiating position in the conferences on Germany. Action is in progress to request the State Department to reconsider its position on this matter.

c. In connection with U.S.S.R. troops on foreign soil in Europe the War Department Intelligence Division estimates that some sizeable reduction will be effected by 1 July 1947. These reductions should be viewed with reserve because of the Soviet practice of retaining demobilized soldiers in civilian and quasi-military capacities in countries where Soviet troops are stationed.

d. Consultation between the War Department and the State Department in November 1946 during discussion of the question of reduction of Allied forces in Europe in the Council of Foreign Ministers resulted in the following U.S. proposal for troop ceilings: (See Tab "B" for War Department study furnished Mr. Byrnes and Mr. Cohen)

<i>Germany</i> (Allied Occupation)			
U.S.	—	140,000	
U.K.	—	140,000	
France	—	70,000	(approximate existing forces not subject to reduction in 1948)
U.S.S.R.	—	200,000	
<i>Poland</i> (Protection of Communication Lines)			
U.S.S.R.	—	20,000	
<i>Austria</i> (Aid for re-establishment of Independence)			
U.S., U.K., France, and U.S.S.R.	—	10,000 each	
<i>Hungary</i> (Protection of Communication Lines pending Austrian Treaty)			
U.S.S.R.	—	5,000	
<i>Rumania</i> (Protection of Communication Lines pending Austrian Treaty)			
U.S.S.R.	—	5,000	

DISCUSSION

3. During the past several months, War Department concern over budget and manpower restrictions has caused a concentrated effort to reduce U.S. forces in occupation areas to a "bed-rock" minimum which is consistent with the accomplishment of occupational objectives. In

November 1946, General McNarney advised the War Department as follows: "The occupation forces must be such as to provide the small amount of leeway to permit our governmental authority to operate in the event of a refusal or failure of the German people or quadripartite agencies to function, rather than be completely at their mercy. The ground strength (117,000 other than air for Germany and Austria) presently authorized for 1 July 1947 is the minimum which can accomplish the missions in the areas assigned." It is the view of the War Department that this force might be unable to maintain order in the event budgetary restrictions force a drastic reduction in the food which is supplied the German people. Assuming that conditions continue to be most favorable, however, some reductions in troop strength might be possible by abandoning or reducing such activities as:

- a. Commitment to displaced persons.
- b. Occupation of Austria.

Reduction of air strength in Europe will also reflect a minor saving in service type personnel.

General McNarney reaffirmed his position in a message to the War Department on 20 February 1947 that reductions in resources available to him below those presently planned could not be absorbed without jeopardizing his occupational mission.

4. Troops in Italy must be withdrawn within 90 days after the Italian peace treaty comes into force. It is assumed that the treaty will be ratified by the signatories and no discussion is believed necessary except to note a maximum of 5,000 troops from each the U.S., Britain, and Yugoslavia will automatically be available to the Governor in Trieste for a period of 90 days after he assumes office. These forces must then be withdrawn unless the governor requests their retention through the Security Council of the United Nations.

5. War Department Intelligence reports an increase in the Soviet practice of retaining demobilized soldiers in foreign countries in civilian or quasi-military capacities. These former soldiers are recruited into the Russian Secret Police, put in charge of cooperative farms, placed in responsible positions in industrial concerns, etc. All of these activities are largely controlled by the Kremlin and give the Soviets a degree of control disproportionate to the troop strength in such countries as Hungary, Rumania, Bulgaria, Finland, Austria, and Poland.

6. It is considered that Russia will correctly appreciate U.S., French, and British difficulties in maintaining sizeable occupation forces during peacetime. This appreciation will probably cause Russia to view troop ceilings as a stratagem on the part of the Western Powers to force a material reduction in Russian military strength in Europe,

while at the same time resulting in no real reduction in planned strengths on the part of the Western Powers. Another important factor is the Russian capability for rapid mobilization which puts her in a position to upset any agreed balance of force in Europe practically overnight.

7. This analysis is premised on continued occupation of Germany for a considerable period or until a treaty is concluded along the lines of the text of the U.S. Draft Treaty on the Disarmament and Demilitarization of Germany announced on 30 April 1946 and Mr. Byrnes' Stuttgart speech of 6 September 1946. It is considered that if such a treaty were concluded the troop strengths shown herein will still apply during the interim period until the treaty takes effect.

CONCLUSIONS

8. *a.* Conditions have not changed to allow a reduction in the troop ceilings for 1 July 1947 which should be provided for the Allies in the various European countries since the U.S. view was transmitted to the Council of Foreign Ministers in December 1946.

b. In the absence of unforeseeable difficulties these forces might be reduced by one quarter to one third by 1 July 1948. This reduction is subject to such earlier withdrawal from Austria, Rumania and Hungary as may be required by an Austrian treaty, and in the case of the U.S. would consist mainly of Air Force troops.

RECOMMENDATIONS

9. It is recommended that: A copy of this study be furnished to the Department of State for guidance in the forthcoming Moscow Conference.

740.0011 EW Peace/2-2747

Memorandum of Conversation, by the Assistant Chief of the Division of British Commonwealth Affairs (Richards)

[WASHINGTON,] February 27, 1947.

Participants: Secretary of State
The Australian Ambassador ⁴⁵
Mr. Stirling (Australian Minister)
Mr. Richards (BC)

The Australian Ambassador, accompanied by Mr. Stirling, Minister of the Embassy, called on the Secretary by appointment at 12:15 p.m. today. Mr. Richards of BC was present.

⁴⁵ Norman J. O. Makin.

The Ambassador stated that he had been instructed to call upon the Secretary to deliver a personal message from Dr. Evatt, Australian Minister of External Affairs, expressing the Australian attitude regarding the negotiations concerning the European peace treaties. The Ambassador stated that his Government was deeply concerned over the recent decision of the Council of Deputies which appeared to restrict the part to be played by the smaller powers in negotiation of the treaties and which seemed to be contrary to the expressed policy of both the United States and the United Kingdom. He stated that his Government felt strongly that all active belligerents in the war in Europe should take an active part on a democratic basis in negotiating peace treaties and urged that the Secretary use his influence to this end.

The Secretary received from the Ambassador a memorandum⁴⁶ setting forth the views of the Australian Government. The Secretary stated that he would give this memorandum and the statements of the Ambassador due consideration and that the Ambassador might rest assured that it was the intention of the United States to continue to urge that Australia and other active belligerents participate fully in the peace negotiations. The Secretary stated that he would support this policy in his conversations at Moscow.

The Secretary recalled with pleasure his war-time association with Dr. Evatt and asked that the Ambassador transmit his personal greetings to the Minister of External Affairs.

A[rthur] L. R[ICHARDS]

740.0011 EW Peace/2-2747: Telegram

*The Director of the Office of European Affairs (Matthews) to the Secretary of State*⁴⁷

SECRET
URGENT

LONDON, February 27, 1947—9 p.m.

1352. From Matthews. Accompanied by Murphy, I met with Harvey, Strang, and other Foreign Office officials working on Germany yesterday for an informal exchange of views on questions expected to arise at Moscow.

I made it clear that any views I expressed must be considered as purely tentative, since the various problems were still under study by

⁴⁶ The Australian Embassy memorandum under reference here, dated February 14, 1947, not printed, reaffirmed the view of the Australian Government that the procedure for the preparation of a German treaty should provide for the full participation in the negotiations from the outset for all substantial belligerents in the war against Germany. The memorandum also proposed that the Council of Foreign Ministers prepare a draft interim agreement incorporating the general nature of the eventual peace terms for Germany. Such an interim agreement would be revised and approved by a conference of governments which participated in the war against Germany (740.0011 EW Peace/2-1447).

⁴⁷ This telegram was sent via the facilities of the Embassy in London.

the Secretary and others in the Department. In general, neither Murphy nor I discovered any major differences between the British and ourselves. The British do not appear yet to have concluded their preparatory work, nor to have prepared texts for circulation to the CFM. There follows a summary of some of the points discussed. (My talk this morning on Mr. Byrnes' Four-Power treaty will be reported separately.)⁴⁸

1. *Provisional German Government.* The British do not seem to have given much thought to this other than the aspects covered by the establishment of German central administrative agencies. I outlined briefly and orally the thoughts contained in our paper on the subject, and they seemed to find our plan interesting and constructive.

2. *Laender.* British thinking on the number and areas of German *laender* is generally similar to ours.

3. *Future German Government.* While they do not seem to have thought out the structure in as much detail as we have, their ideas are similar to ours. They feel that the French plan for a confederation goes too far, and is not practical in a modern economy. They have so informed the French. They seem strongly opposed to any highly centralized Government such as the Russians wish. They were interested in our ideas for a bicameral legislature, but have not made up their mind on this. They said the French are opposed to any popularly elected national diet. The British agree that there should be no federal control over police or education, and likewise that the federal bureaucracy should be kept to a minimum. They have prepared a detailed study of a system of courts, and attach much importance to an independent, appointed judiciary removable only for cause similar to the British system. They agree with us generally that powers over foreign affairs, foreign trade, communications, finances, et cetera, should be granted the federal government are [garbled] similar to ours.

4. *Polish frontier.* I told them the general lines of our thinking, and they are pleased that we propose to seek a reduction of the existing areas transferred to Polish administration. They said that they would support us on this. (Previous indications given the Department that the British were prepared to accept the existing administrative boundary as permanent apparently did not originate with them.⁴⁹) I told them that our present thinking is that it might be preferable to leave the matter open for the time being if our proposals are not accepted.

⁴⁸ The reference here is to the Draft Treaty on the Disarmament and Demilitarization of Germany which Secretary of State Byrnes circulated to the 2nd Session of the Council of Foreign Ministers at Paris as document C.F.M. (46) 21, April 30, 1946. *Foreign Relations*, 1946, vol. II, p. 190. In telegram 1353, February 27, from London, not printed, Matthews reported that he had gone over the draft treaty with officers of the British Foreign Office who said that they attached great importance to the treaty and hoped the United States would push it at the forthcoming Moscow session of the Council of Foreign Ministers. (740.0011 EW Peace/2-2747)

⁴⁹ In the course of a conversation with Matthews on March 1, Foreign Secretary Bevin indicated that he had an open mind on the Polish-German boundary question and was prepared to support the American proposal to move the boundary further east.

5. *Dutch claims.*⁵⁰ The British are inclined to go along with a major portion of the Dutch claims, though not to grant their claims to certain coal mines.

6. *Belgian claims.* They consider the Belgian claim as a "minor rectification" which is well founded.

7. *Luxembourg claims.* They believe the Luxembourg claim considerably exaggerated, but might be inclined to grant a small area permitting a power plant near the Our River.

8. *Czechoslovak claim.* They favor granting some of the Czech claims on the theory that it would be inconsistent to grant rectifications to the western Allies and not to Czechoslovakia.

9. *Danish claim.* They wish to leave Schleswig frontier as it now is, and not to remove the German refugees or provide a separate administration.

10. *Austrian claim.* The British agree with us that Austria should be granted free transit rights across the Berchtesgaden salient, but that the area should remain in Germany.

11. *Saar claim.* While agreeing to accept the economic integration of the Saar into France, they do not agree that the additional territory should be included which the French have administratively embodied in the Saar. They might, however, accept some compromise with regard to the eastern part in view of the railway passing through it.

12. *Treatment of Germany as an economic whole.* Their views on this are similar to ours as well as on the measures required to implement it. They feel Russia and France should bear their share of the costs.

13. *Reparations.* They are opposed to reparations out of current production on grounds similar to ours.

14. *Coal.* They did not discuss the coal report other than to express some gratification at the recent increase in Ruhr production.

15. *The Ruhr.* Their views on the Ruhr have not changed since the drafting of their two proposals. They are firm against the establishment of any international control or supervision at the present stage. When such supervisory body is established, however, they believe that the Soviet should be included. They think that some troops should be stationed in the Ruhr, but not Soviet troops. They, therefore, favor during the post-occupation period, the establishment of national [units?] in various parts of Germany rather than quadripartite units. They feel that the French have "come part way" on the Ruhr, but do not find the French plan acceptable. They believe it carries Allied managerial functions down to an unworkable degree.

16. *Post-surrender acquisitions in Germany.* I outlined steps taken by the Soviet in this direction. While they seem equally disturbed, they do not appear to have given much thought to measures which should be taken. They do wish to insist on obtaining full information both as to past Russian removals and to Russian acquisitions in Germany.

Sent to Department as 1352, repeated to Berlin as 172, to Paris as 154.

[MATTHEWS]

⁵⁰ The territorial claims referred to in this and succeeding paragraphs of this telegram are summarized in the Report by the Deputies for Germany to the Council of Foreign Ministers, February 25, 1947, p. 40.

811.2340/2-1847

The Secretary of State to the Secretary of War (Patterson)

SECRET

WASHINGTON, February 28, 1947.

MY DEAR MR. SECRETARY: I have considered carefully your letter of February 18, 1947⁵¹ in regard to a proposed reduction of U.S. Army Air Force units in Europe.

I note that General McNarney has stated that purely from a military standpoint the requirement for air support for occupation forces in Europe is one fighter group and two troop carrier squadrons with ancillary units totaling 7,500 personnel. I also note that General Spaatz concurs in General McNarney's analysis, but desires to retain a total air strength of personnel varying from 8,000 to 12,000 to permit a degree of flexibility in the rotation of tactical units, including VHB units, from the United States to Europe for short training periods.

This matter has, as you know, been the subject of oral conversations between officers of the State Department and the War Department. I understand that, even if the orders for the withdrawal of air force units were issued at once, the actual withdrawal would not begin for a period of some weeks, probably not until sometime in May.

In all circumstances, I have no objection to the issuance of the necessary orders for this deployment along the lines of your letter. It is my hope that there will be no publicity concerning this movement and that it can be handled as a routine matter of administration.

Sincerely yours,

G. C. MARSHALL

860C.014/3-347

*Memorandum by the Polish Ambassador (Winiewicz)*⁵²

WASHINGTON, March 3, 1947.

As far as the problem of the Polish Western frontier (Oder-Western Neisse Line) is concerned, may I call your attention to the following additional observations:

⁵¹ *Ante*, p. 170.⁵² Ambassador Winiewicz delivered this memorandum to Under Secretary Acheson on March 3. Acheson's memorandum of his conversation with Winiewicz, dated March 3, not printed, read in part as follows:

"The Ambassador said that he had prepared a paper on the question of Poland's western frontier which he wished to present to the Department. He said he would like to have expressed these views to Secretary Marshall but he realized the pressure which the Secretary was under and he had therefore decided to present them in the form of a memorandum. He stated that he had prepared this personally and that it was therefore not an official statement of his government.

"The Ambassador stated that one of the principal points which he wished to make was the relationship between the territory which Poland had ceded in the east and the territory which Poland felt entitled to receive in the west. . . ." (860C.014/3-347)

1) When the Western territories were taken over by the Polish Administration they were both ravaged and depopulated for several reasons:

- a) some of the most violent military operations took place in these areas;
- b) the retreating Germans executed on a vast scale the dismantling and deliberate destruction of the transportation system, factories, power plants, mine installations, bridges etc.
- c) Nazi authorities carried out a compulsory evacuation of a large part of the pre-war German population, this affecting mostly able-bodied men and in particular, skilled workmen;
- d) large numbers of those not embraced by the Nazi evacuation plan fled of their own accord and from fear before the advancing Soviet and Polish armies.

The result was that, at the time hostilities ceased, these territories were inhabited probably by not more than three million persons, including over one million of the native Polish population, and the economy was at a virtual standstill.

2) Due to the energetic administrative and economic measures undertaken by the Polish Government. 3.5 million Poles have been newly settled in this area, the majority of them repatriated from territories east of the so-called Curzon Line, established at Yalta as the eastern Polish border. Thus the number of Polish inhabitants of these territories by the end of 1946 was close to 5 million. During 1947 another 1,150,000 will be settled there.

In fulfillment of the Potsdam Agreement, and in accordance with decisions of the Allied Control Council in Berlin, 1.5 million Germans were transferred from Poland to Germany proper by the end of 1946. About 0.5 million are still awaiting repatriation, which was suspended during the period of intense cold, to spare them the hardships of travelling under winter conditions, particularly distressing in a war-shattered country.

3) The last production figures for the newly acquired western areas of Poland indicate that the present monthly rate, as compared with pre-war level, reached:

in coal	70%
in iron ore	90%
in steel	60%

At the same time the Polish Administration succeeded in putting into operation in these areas 80% of the pre-war number of food-processing factories.

All these results were obtained at the cost of great efforts and large investments of capital. The achievements in all fields would have been

even greater, if it were not for the after-effects of the war still interfering with reconstruction and rehabilitation.

4) It should be stressed that the changes in Poland's frontiers, decided upon at Yalta and Potsdam, resulted in a shrinkage of Polish territory by about 20%. The density of population of post-war Poland (western territories included) was 200 per sq. mile, as indicated by the census of February 1946. This was higher than that of France, Greece, Spain, Yugoslavia, Ireland, Sweden, Norway and Finland. It has increased, however, considerably since the time the census was taken, due to repatriation of Poles from beyond the Curzon Line and of Polish displaced persons from the West. It will further increase during 1947, following the expected repatriation of 573,000 Poles from areas east of the Curzon Line and other parts of the Soviet Union.

5) The Polish nation having proved itself unquestionably capable of settling and rehabilitating the newly acquired lands, the preservation of the present Polish-German frontier will: render possible the settlement of the remaining Poles returning from the East, of Polish displaced persons and Polish soldiers demobilized in the West; stabilize economic conditions in Poland; enable Poland to raise her agricultural production to a level at which she will become once more, as before the war, a country exporting food, a fair amount of it going to Germany (never self-sufficient in that respect); speed up full recovery of Polish industry and mining, and export capacity, particularly in coal.

6) On the other hand, any attempt to readjust the present Oder-Neisse frontier would: wreck an already stabilized and integrated economic structure; result in enormous moral and material losses for Poland; necessitate new compulsory population movements, once more victimizing the Poles who have been already uprooted and displaced by the German occupants; increase the number of displaced persons in need of international assistance; finally, would be gravely detrimental to the whole economy of Europe, by severely affecting production, disrupting trade and exchange of goods, and bringing other harmful consequences.

740.0011 EW Peace/3-447: Telegram

*The Director of the Office of European Affairs (Matthews) to the Secretary of State.*⁵³

SECRET

PARIS, March 4, 1947—noon.

URGENT NIACT

963. From Matthews. I went over at some length with Chauvel and Couve de Murville yesterday various questions coming before the

⁵³ This telegram was sent through the facilities of the Embassy in Paris.

CFM meeting at Moscow. They seemed well informed of our view from reports of French Embassy at Washington. They had little to add on French position. They attach considerable importance to the Austrian Treaty and feel there is a fifty-fifty chance of completing it at Moscow. They believe the Soviet Govt really wants a treaty provided a satisfactory formula can be found on German assets. They agree with the British and with us that it is important for the Austrian deputies to start work immediately after the conference opens, particularly on the economic clauses. Even Gousev, they said, seemed agreeable.

They do not expect much agreement on German problems. They stress basic differences between Soviet position and US-British position on reparations; and on structure of permanent German Govt between US-French position and Soviet demands for high centralization.

On reparations they seem to have no firm position but are worried lest the Soviet plan for reparation from current production inevitably will result in building up Germany's industrial machinery potential contrary to French security interests.

They stressed the importance they attach to discussions on coal and insist that they must have some idea of longer range coal allocations. They say that unless they know this they cannot estimate possibilities for executing the Monnet plan and they must know where they stand.

They said they would support our four power treaty but like the British desire to see such matters as level of industry included in the supervisory functions of the Control Mission. They will, I think, likewise try to tie in the treaty with their proposals on the Ruhr.

They expect the conference to last a month.

Repeated London 192 and Berlin 86.

[MATTHEWS]

840.6362/3-647 : Telegram

The Acting Secretary of State to the Embassy in France

SECRET

WASHINGTON, March 6, 1947—1 p.m.

870. Following summary *aide-mémoire* delivered Dept by French Emb on instructions French Govt 3 Mar :

Start summary : In recent talks with Brit Govt French reps insisted that decisions be made soonest in Berlin recognizing French need coal. French stated their del Moscow instructed not to engage discussions Ger economy particularly any involving raising Ger level industry unless conditions of Ger coal deliveries to France had previously been

settled.⁵⁴ To facilitate solution Brit authorities considering setting up immediately commission of experts to examine on technical level general questions coal supply western Eur and to indicate conditions under which procedures for allocating Ger coal could be modified. Brit intend discuss with Matthews to obtain US agreement to new procedure which would enable three govts to reach conclusions on Eur coal supply prior to Moscow Conf.⁵⁵ French Govt urgently requests US to give favorable consideration to Brit plan. End summary. Riddleberger has full text.⁵⁶

Dept not previously advised any such proposal. Brit have not approached Dept and no info any approach to Matthews.⁵⁷

French Emb will be advised no word from Brit and obviously no time to carry out proposal prior Moscow meeting 10 Mar. Attention also called to presence on CFM agenda of report of ACC coal experts. Early discussion coal problem anticipated. USDel Moscow aware serious French coal needs and will give full consideration to them. Dept would have no objection prompt survey of coal requirements of Eur importing countries on technical level but suggests country reps at ECO best qualified on account continuous dealings Eur coal supply, requirements and allocations.

Recent forecast '47 Eur coal position made by MEA London. MEA being instructed cable summary to Paris, Berlin, Moscow and air pouch text forecast with Dept comments. Please advise USDel.

Sent Paris as 870, rptd London 1067, Berlin 498 and Moscow 399.

ACHESON

⁵⁴ Telegram 1023, March 7, from Paris, repeated to Berlin for the Secretary, not printed, reported that a French Foreign Office official had made the following comment in connection with the French coal problem and the Moscow Conference:

"If the United States could find a way to meet French views on German coal exports, he was certain that the French would find it possible to go along with United States' views on other German problems." (840.6362/3-747)

⁵⁵ Telegram 1049, March 10, from Paris, not printed, reported that the British had not spoken to Matthews regarding the matter under reference here (840.6362/3-1047).

⁵⁶ The full text of French *aide-mémoire* under reference is filed separately under 862.6362/3-347.

⁵⁷ Telegram 1534, March 10, from London, not printed, reported that the basis for the French *aide-mémoire* of March 3 was a British proposal which had been mentioned during recent British-French economic conversations in Paris. The British proposed a high-level study of the German coal position by American and British experts. The British did not believe that there should be French representation on such a joint US-UK expert group. The British proposal had been recommended to Foreign Secretary Bevin who, subject to his approval, would take it up in Moscow with Secretary Marshall. (840.6362/3-1047)

740.00119 Council/3-647

*Minutes of a Conversation between the Secretary of State and the President of France (Auriol)*⁵⁸

SECRET

[PARIS, March 6, 1947.]

After having welcomed General Marshall, personally and in the name of the French people, PRESIDENT AURIOL said:

"Monsieur Bidault, as you know, was obliged to leave for Moscow before you arrived, but I know you will see a great deal of him there.

"Actually France is faced with two grave problems: reconstruction and security. With your aid, the people of France have made considerable efforts. They must accomplish even more. The installation of our permanent democratic institutions, the agreement which exists among the different elements of our government, the efforts of Leon Blum and Ramadier, have allowed us to begin our uphill climb; but the French people are still subject to harsh privations which, if prolonged too long, could give birth to uneasiness, leading in the political realm to further uncertainty with grave consequences.

"Our problem, General Marshall, is coal. Our annual production is actually 50 million tons, which exceeds the production of 1938. At that time we imported 25 million tons: at the present time we no longer receive such importations. In 1946 we imported 12 million tons: 6 million from the United States and 6 million from Poland and Germany. In 1938 we had at our disposal 73 million tons; we now have only 61 million tons. To reach the total figures of 1938, which we need in order to exist, we must find 12 million more tons: to commence our work of reconstruction we need much more than this. Furthermore, I should add that we were able to produce 50 million tons of coal by utilizing labor furnished by prisoners of war. If this labor is taken away from us we must further increase our importations. The most modest estimate of our vital coal needs for this year is an importation from Germany of 500,000 tons per month, and for next year 1,000,000 tons per month. We do not wish to deal a death blow to Germany, but it seems to us that the figures I have just given only represent what equity calls for. It would be useful, I believe, to study the conditions necessary to increase the production of the Ruhr mines, and it seems to

⁵⁸ The source text is accompanied by a cover sheet from the American Embassy in Paris reading as follows:

"The following is a free translation of the French minutes of conversation between Secretary of State Marshall, and President Auriol and Monsieur Teitgen, Acting Foreign Minister, of France, which has been cleared by both, and text of which was only completed and given to us late this afternoon, March 8."

According to telegram 1036, March 7, from Paris, not printed, the Secretary of State, who arrived in Paris at 12:40 p.m. March 6, called on President Auriol and Acting Foreign Minister Teitgen at 6:30 p.m. The Secretary left Paris by plane for Germany at 2 p.m., March 7 (740.00119 Council/3-747).

me desirable that American and French technicians be consulted in this regard. The new formula of coal distribution recently adopted does not seem to have taken into account the promises which were made by the British Foreign Minister."

MONSIEUR TEITGEN, Acting Foreign Minister, then continued:

"The situation is actually as follows: our minimum coal requirements of German coal for 1947 are 500,000 tons per month, and we are actually receiving 235,000 tons. Germany is only exporting 10 per cent of its production and of that percentage France is only receiving 235,000 tons per month, which is less than half of our indispensable minimum requirements. In recent conversations, though it is true there were no formal engagements, it was understood that if (German) production was increased the percentage made available for export would also be increased. Production has increased, and we were hoping to have the allocation of coal to France increased in the same proportion. We have obtained an increase of 25,000 tons per month, making a total monthly allocation of 260,000 tons, which is entirely insufficient. (Teitgen added that allocations are already fixed for March, April and May.)

"In such conditions, the problem is a vital political question for France. Our entire reconstruction is in the balance. The future of our country can depend on the negotiations being conducted regarding Germany. If essential dispositions are not taken in time, Germany will be restored much more quickly than France. This question of French reconstruction and of German reconstruction dominates, in my opinion, the political picture. If we were to receive precise guarantees on coal, the political problems themselves would perhaps appear to us more simple. (Teitgen's remark actually was: 'If the United States could find a way to meet French views on German coal exports, the French would find it possible to go along with the United States views on other German problems'.)

"It is for this reason that the French Government instructed Bidault, who represents France at Moscow, to raise the question of coal before considering the other political and economic problems concerning Germany.

"Such is the French situation in so far as reconstruction is concerned. This question is not a purely French problem, but exists for all Europe. In all equity, Germany should not be reconstructed before France and the other countries that it ravaged. I will add that a strong France is indispensable to Europe and the world, a France surrounded by members of the French union, and I should like to say in passing that I formulate the wish that as a result of the efforts which we have made to create democratic and fraternal ties between members of this same

family (French Union), to see disappear the difficulties in this regard which have arisen in the organization of the United Nations."

THE PRESIDENT (Auriol), who (said he) did not want to refer in detail to the various memoranda given by the Foreign Minister to the diplomatic representatives of the Governments of the United States, of the United Kingdom and of the Soviet Union concerning the future organization of Germany and of the Ruhr, reminded General Marshall of the unanimous agreement reached in the French Parliament concerning these documents and concerning French foreign policy in general. He said he would limit himself, if he might, to a reference to his already ancient recollections as a statesman:

"I must admit", said the President of the Republic, "that in 1919 I believed in the strength of democracy in Germany, and, a Socialist myself, I believed in social democracy. I was convinced that a democratic spirit could develop in vanquished Germany. Nothing came of it. I would not like us to make the same mistakes once again. Doubtless the Versailles Treaty specified that weapons of all kinds would be turned over to the Allied powers and reports of Marshal Foch and of General Nollet had allowed room for some optimism. The German armed forces for the (German) territory as a whole had been reduced to 100,000 men. This figure was soon increased to 200,000 men by the SPA decisions. Weapons, most of them, under pressure of the Control Commissions, were surrendered but Germany, preserving her industrial potential, was nevertheless capable of building modern and efficient weapons. Adopting the theories which Jean Jaurès had expressed in *The New Army*, the German staff taught the small army at its disposal and turned it into a remarkable cadre of officers. At the right moment the Third Reich found troops which had received their physical training in sport clubs and in youth organizations, troops whose morale had been built up in the German schools. At the opportune moment the industrial trusts and the banks gave their support to the spirit of revenge and aggression which smashed democracy. A Germany, stronger than ever, had sprung up from the Treaty of Versailles. It is no longer possible to leave Germany the possibility of using similar methods and of transforming tomorrow its police forces into instruction cadres and to rebuild its military potential. We consider (continued the President) that centralized power in Germany constitutes a real danger for peace in the constitutional period. It is not necessary to refer to the Weimar Constitution and to where this constitution led Germany. Federalism could be a remedy to the danger of centralization. It is not possible for the security of Europe to leave the Ruhr in the hands of industrial magnates. Only international control could remove this danger. M. Georges Bidault will go into greater

detail, but it was appropriate that I should point out the lessons gained from a bitter and painful personal experience and from the aggression of a nation which can once again think of revenge tomorrow."

GENERAL MARSHALL then spoke. He first took up the question of coal.

"I am happy to be here", said the Secretary of State. "I came to Paris purposely to obtain first hand information concerning the situation of France, the state of her economy and of her reconstruction and to gather also at first hand information concerning the reorganization of Europe. Many things which I shall tell you, Mr. President, I have already said to the Prime Minister a half an hour ago.

"I would like you to be convinced that I realize perfectly well the critical character of the present situation. I know that France wishes to secure that efficient tranquility which would permit her to restore her economy. I will not go into any details, Mr. President. I intend to meet with General Clay in Berlin, to inform myself concerning the coal problem in Germany and in France. I trust, Mr. President, that you not lose sight of the fact that I fully appreciate the privations and the sufferings of the people of France and the consequences which may result from them. I spent two and one-half years in France myself during the First World War. Two of these years before joining General Pershing I spent in the country side by side with artisans, workers and peasants. I was able to gauge the work of destruction wrought by the Germans and the sufferings and the courage of the French population. I was in France some while back during the recent battles and once again I saw German destruction and French suffering. During the entire occupation of your country, Mr. President, and within the field of the responsibilities which had been assigned to me, the liberation of France was my great concern. I can tell you without boasting that among the men who are not Frenchmen I know as much as anyone else about the sufferings of this country, about its present situation and its worries. It is through my own personal experience that I look at your problems perfectly conscious of the situation wrought in France through the fault of Germany.

"I come back to the question of coal. I want to be informed about this. I was happy to obtain directly your views on this matter. I would like to say that I shall give it my full attention.

"As you just did a few moments ago, Mr. President, I am taking the liberty to refer to the political reactions to which you have alluded. We, representatives of the American Government, must take into consideration the situation of the occupied nations as well as of the liberated nations. It is a question of finding a balance between the urgent needs of France and the urgent needs of Germany. There is the

question of avoiding that the United States of America be compelled to continue paying the heavy contributions which Germany is now costing the American taxpayer. The situation is the same in Japan. The problem is not an easy one for in addition it is a question of finding a happy balance between these political and economic considerations and the political situation within the United States.

"I must therefore size up, with precision, France's situation and gather information from our representatives in Germany.

"I must be able to inform American public opinion in order to justify what we shall decide to do. In France there are very direct reactions towards Germany—reactions which are not easy to guide from a governmental point of view. I realize that this state of affairs renders difficult any satisfactory solution.

"I can assure you, Mr. President, that I shall forget nothing of what you have told me and more particularly of what you have told me concerning the problem of coal. I shall take it up at once with our representatives in Berlin. It is an urgent question which belongs to today and not to tomorrow.

"I now come to the problem on security. The President of the Council of Ministers reminded me of France's painful experiences.⁵⁹ The Government of the United States places vital importance on the question of providing for security until the organization of the United Nations becomes sufficiently strong. We believe that security lies in a treaty signed by the four major powers. Any regional agreement such as the one which has been signed recently at Dunkirk must, we believe, come within the framework of a wider security. It is this basic security that a treaty between the four powers could insure. This treaty implies the commitment of the American Government, which means a complete change of American policy when compared to the events which followed the First World War. Rather than separate proposals, it would be desirable to have such a document define the control clauses over German war potential and establish the broad principles of disarmament and of demilitarization.

"I know what happened after Versailles. I was placed in charge of a school with 400 officer students, most of whom have since taken part as officers in high command, in the liberation of your country. At that time we could know nothing of what was going on in Germany: the War Department had no information on the subject. I decided to send

⁵⁹ Secretary Marshall had a forty-minute meeting with French Premier Ramadier just prior to his conversation with President Auriol. A translation of the French minutes of the meeting with Ramadier were sent to Secretary Marshall by Ambassador Caffery on March 17, 1947 (711.51/3-1747). In his conversation with Ramadier, Marshall emphasized the importance the United States placed in the strengthening of the United Nations and in the conclusion of the proposed Four-Power treaty on German disarmament.

to Europe some of my professors on their vacations. One of them visited von Blumberg, who was in command in East Prussia. This officer brought back to us information which left no doubt as to the intensive development of German aviation. This was later brought to the world's attention by the Lindbergh visit to Germany and attendant publicity. That was in 1931. All of these military visitors agreed as to the military training to which German youth was subjected and as to the use of the methods about which you have just spoken: the Germans were training 100,000 officers. I know these German methods: just like compulsory military service, they date back to the Napoleonic wars.

"Mr. President, once again I come back to the necessity of guaranteeing security. An agreement is needed which offers reasonable guarantees and which can assure lasting peace in Europe: and that agreement is to be found in the Four Power treaty. I am not a diplomat: I mean exactly what I say and there is no use trying to read between the lines because there is nothing to be read there."

740.0011 EW Peace/2-1847

*The Acting Secretary of State to the Mexican Ambassador
(Espinosa de los Monteros)*

WASHINGTON, March 6, 1947.

MY DEAR MR. AMBASSADOR: Before his departure for Moscow, Secretary Marshall asked me to communicate with you in his absence regarding your visit to his office on February 18 last.⁶⁰ At that time you inquired, on behalf of your Government, whether my Government would support, in the Council of Foreign Ministers, the claim of the Mexican Government that it should be invited to participate in the making of the peace treaty with Germany. You will recall that you left with Secretary Marshall a memorandum⁶¹ embodying your Government's inquiry, and that he said he would look into the matter immediately and give you this Government's answer.

Since your visit, the Department has instructed the American Ambassador in Mexico, D.F., to acknowledge on behalf of the United States Government the Foreign Office memorandum of January 16 last,⁶² in which this inquiry was first made. The American Ambassador

⁶⁰ The memorandum of conversation covering this visit is filed separately under 740.0011 EW Peace/2-1847.

⁶¹ The memorandum under reference here, dated February 18, 1947, not printed, is also filed under 740.0011 EW Peace/2-1847.

⁶² The memorandum under reference was transmitted to the Department as an enclosure to despatch 2556, January 27, 1947, from Mexico City, neither printed (740.0011 EW (Peace)/2-2747).

was instructed⁶³ to make his acknowledgment in the following terms:

1. The Department has received the Memorandum.
2. The Council of Foreign Ministers, at its session in New York in 1946, decided to appoint deputies for Germany and instructed them to hear the views of governments of Allied States neighboring Germany and of other Allied States which participated with their armed forces in the common struggle against Germany, should these governments wish to present their views on the German problem. These deputies are now meeting in London. As the Ministry for Foreign Relations has noted in its Memorandum, the Council of Foreign Ministers left open the question of holding a peace conference.
3. The Government of the United States agrees that Mexico should be allowed to participate in the making of the treaties for Germany and Austria.
4. The United States will make its position in this respect known to the other powers represented on the Council of Foreign Ministers.
5. The opposition offered by the Union of Soviet Socialist Republics to the proposal of the United States, that Mexico should participate in the negotiations for a peace with Italy, gives no grounds for assurance that all the other powers represented on the Council of Foreign Ministers will agree to Mexico's participation in the peace arrangements for Germany and Austria.

Sincerely yours,

DEAN ACHESON

760H.6315/3-647: Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

SECRET

BELGRADE, March 6, 1947—9 a.m.

217. Made courtesy call on Foreign Minister⁶⁴ today. In course of general conversation we came to Yugoslav claims on Carinthia. Minister mentioned that Nazis had built 2 dams on Drave immediately above frontier and thereby reduced electric output of Yugoslav dams below frontier to 3 percent of capacity.

Yugoslavs have been conducting vigorous propaganda campaign locally in favor of their claims. They have at least 2 strong points in their favor, 1, sections of the area undoubtedly have Slovene majorities, 2, Austria can scarcely claim as good record as Yugoslavia in fighting Axis aggression.

Plebiscite after last war of course weakens Yugoslav claims. Nevertheless as means of countering Yugoslav assertions that we always favor their adversaries even if ex-enemies, Department might wish to consider possibility either of accepting new plebiscite (which would probably go against Yugoslavia) or of ceding small area containing

⁶³ In instruction 867, February 27, 1947, to Mexico City, not printed.

⁶⁴ Stanoje Simić.

Nazi dams which if Simić informed me correctly are on territory close to frontier with Slovene majorities. This would correct apparent Nazi injustice to Yugoslavia.^{64a}

Repeated Moscow 7, Vienna 8.

CABOT

Editorial Note

On March 8, 1947, Senator Vandenberg called on Acting Secretary of State Acheson and proposed that American ratification of the peace treaties with Italy, Bulgaria, Hungary, and Rumania be withheld pending the signing of an Austrian treaty. It was the view of the officers of the Department of State, subsequently fully endorsed by Secretary Marshall, that Senator Vandenberg's proposal was inadvisable for a number of reasons.

B. RECOMMENDATIONS ON CONFERENCE SUBJECTS

740.00119 Council/1-2447

Memorandum of Conversations, by the Assistant Chief of the Division of Central European Affairs (Lightner)

SECRET

[WASHINGTON,] January 24, 1947.

Participants: Mr. Benjamin V. Cohen
Gen. John H. Hilldring
Mr. Willard L. Thorp
Mr. H. Freeman Matthews
Mr. Charles E. Bohlen
Mr. E. Allan Lightner, Jr.

Three meetings were held in Mr. Cohen's office on January 22 and 23 to discuss the preparatory work for the CFM meeting in Moscow on March 10 with the object of deciding on specific studies and recommendations which should be prepared in the Department as soon as possible. It was agreed that papers on the following subjects should be prepared (this list is not intended to be a complete list) :

1. U.S. proposal for presentation to CFM on the Polish-German frontier, with memo giving supporting background.
2. Statement of U.S. position on other boundary questions.

^{64a} Telegram 154, March 20, to Belgrade, not printed, replied to this message as follows :

"For urinfo position of US on Austrian frontier formulated at time of Moscow Declaration 1943 stated that no change would be made in frontiers existing in 1937. This position consistently upheld since that time and is supported by Brit and French. US Deputy at London stated with Brit and French concurrence that plebiscite in 1920 had settled question and no major changes had taken place since that time." (760H.6315/3-1447)

3. Statement of U.S. position on reparations, particularly the Soviets' desire for reparations from current output.

4. U.S. proposal for presentation to CFM on organization of the central government, to ensure the maximum degree of decentralization consistent with the need for a viable economy for the whole country (central administrations in certain agreed economic fields); also memo giving supporting background.

5. U.S. proposal for presentation to CFM on control machinery in the period after the end of the occupation—inspection system and security troops required to carry out inspection tasks.

6. U.S. proposal for presentation to CFM on reduction of forces of occupation prior to the establishment of the German government (A-H).

7. Outline of Peace Treaty; treaty headings and, if possible, draft provisions.

Territorial Questions.

With respect to the Polish-German border it was felt that it might be a mistake in tactics to reach a decision on the frontier until we see what the rest of Germany looks like. At the same time it would be well for the U.S. to come forward with a concrete suggestion. We should make it clear that the frontier should not be settled purely on grounds of Poland's national prestige but on solid economic grounds as well. Our proposal should take into account the fact that the U.S. favors territorial compensation to Poland but that it is also important that the food producing areas of northeastern Germany must not remain fallow while Europe is starving. Information should be obtained with regard to what the Poles have done with the area under their administration. The question should be approached on the basis of a revision of the Oder-Neisse line rather than as a new proposal based on Poland's old borders.

A paper should be prepared for presentation to the CFM setting forth a U.S. proposal for the Polish-German frontier. Alternative proposals, which we might fall back on in bargaining with the Russians, should be prepared, together with supporting data. Another paper on the U.S. position on other boundary problems should be available, although it is not expected that the U.S. will initiate any proposals on these questions.

Reparations.

In considering the Soviet desire for reparations from current output we must start from the premise that we should adhere to the agreement already reached at Potsdam, which does not envisage reparations from current production. If we should make any compromise at all on this point we should only do so in return for something else which would help to improve the situation in Germany, and then only if the reparations from current output are limited in amount and short in

point of time. We should also propose that the Level of Industry Plan⁶⁵ should be reexamined, not in connection with reparations from current production but because we consider the plan too low based on the standards of the Potsdam Agreement itself. At Moscow we should make it clear that we are not holding up deliveries of capital equipment merely for bargaining purposes, that we are eager to go ahead as soon as possible but that we need to know whether Germany will be treated as an economic unit. In any case we should not resume deliveries of capital goods before the Moscow meeting.

The bargaining on reparations matters will, of course, be closely linked with the question of economic unity. Thought should be given as to what we mean by economic unity. It will not depend on a paper agreement but on how it is carried out, particularly how the Russians and French carry it out. We must be careful to see that if we get agreement on economic unity it does not result in political centralization. Probably the French would have no objections to economic unity if we convinced them that we insist on a decentralized political structure for Germany such as a confederation of states. The important goal, not to be lost sight of, is to get a Germany which will be integrated into Europe.

A paper should be prepared on reparations problems, particularly our position on reparations from current production.

Structure of the German Government.

The U.S. favors decentralization with large powers in the *Laender* governments. We must clarify our thinking on the details. How many *Laender* should there be? Would a federal state be composed of these *Laender* or should the *Laender* be grouped into larger units in order to reduce the number of units participating in the central government? These questions can hardly be decided until we know what the structure of Germany will be. To what extent can a confederation of states meet the economic problems of a modern state? We must examine this question in detail, indicating what powers will be given to the component states and what powers to the federal government. Will the legislative organ take the form of a *Reichstag* or a *Bundestag*? In any case there should be no central control of education and police (interior). There may have to be central control of such things as the post office, telephones and railways. The power to tax is a more difficult question. A compromise solution will have to be worked out in order to reconcile economic needs with our concept that politically

⁶⁵ For the Level of Industry Plan for Germany as approved by the Allied Control Council for Germany in March 1946, see Department of State *Bulletin*, April 14, 1946, pp. 636-641 or *Documents on Germany Under Occupation 1945-1954*, selected and edited by Beate Ruhm von Oppen (London, New York, Toronto, Oxford University Press, 1955), pp. 113-118.

Germany should consist of a loose federation. Political checks must be supplied on economic power where such power is centralized. At Moscow firm agreement on these matters may not be possible but it is hoped that some sort of directive can be agreed upon for the deputies.

A paper should be prepared for presentation to the CFM describing the organization of the central government, which shall be decentralized as far as possible and yet still provide for the central economic controls required in a modern state. An accompanying memo should present background material. A cable is expected from Dr. James K. Pollock, who is now on a mission to Berlin, outlining his views on this subject.

Control of Ruhr Industries.

Concrete plans should be advanced as to what we mean by control of Ruhr industries. Presumably we will support the second British plan on the control of the Ruhr but we should emphasize that the controls to be established should be truly economic ones, within well defined limits, rather than political controls. The question of Russian participation is important and no arrangements should be agreed upon or proposed which would permit any Russian representatives to take part in operational control. There should be no danger in Russian participation if they are not permitted to exercise a veto and if the powers of the commission are well defined.

The Ruhr problem involves the question of inspection and controls, not only for that area but for all of Germany, as a means of enforcing the proposed treaty for the disarmament and demilitarization of Germany. We should sketch out how the inspection corps or security forces will work in the period after the end of the occupation. The CFM should endeavor to frame directives for the deputies on this subject.

A paper on such control machinery for presentation to the CFM should be prepared; it should deal with the inspection system and the token forces required to support it. Proposals regarding the security forces, the tasks which they are to perform, where they will be stationed and the numbers to be employed should be worked out with the War Department through General Hilldring's office. A memo giving background discussion to support the U.S. proposals should also be prepared.

It would also be useful to present at Moscow a paper urging the reduction of forces during the period of occupation. This would entail agreement with the other occupying powers in order that the forces be reduced proportionately in all zones. The U.S. would favor drastic curtailment, as for purposes of security vis-à-vis the German population only a small number (35,000 or 40,000) are now believed to be necessary. A paper on this subject would be useful.

Draft Peace Treaty.

It was felt that if the personnel situation in the Department makes it possible, work should be started on the first draft of the Peace Treaty. At least thought should be given to the matters to be covered. An outline of treaty headings might be started, perhaps in DRE. The Delegation at Moscow should be prepared to present treaty headings and possibly even a tentative draft treaty.

Note: It was pointed out that the preparation of the papers discussed above was urgent and that Mr. Riddleberger (CE) should be responsible for seeing that they were ready at the earliest possible date.

CFM Files : Lot M-88 : Box 57

Policy Papers Prepared by the Department of State

SECRET

[*Editorial Note:* The entire collection of policy papers and recommendations, including all appendices and supplements, is included in a volume entitled "State Department Briefs for Moscow—1947". A second partial set of the same papers is entitled "Working File of Documents Used at CFM (Moscow) 47". With one exception these papers were presumably prepared in the Department during February 1947. The letter identifications and titles appearing here are those of the source texts. For the comments on these papers by the Office of Military Government for Germany, March 5, 1947, see pages 223 and 229.]

A. PLAN FOR ESTABLISHMENT OF PROVISIONAL GERMAN GOVERNMENT X

The Allied Control Council is instructed to take the following action for the formulation of a provisional German Government:

1. Establish a German national council as a provisional government to be composed of those heads of governments of the *Länder* who are democratically responsible to their respective State assemblies. Members of the council may be represented by deputies who shall be under the instructions of the members. Decisions of the council shall be taken by majority vote.

2. The powers and functions of such provisional government shall be:

- (a) The council shall be given control over German central administrative agencies to be established in the fields of finance, transport, communications, foreign trade and industry. In these fields, the

council shall exercise legislative power. The chiefs of executive agencies established in these fields shall be instructed to act only in conformity with laws, decrees and other regulations or directives given them by the provisional government.

(b) The council shall appoint and dismiss the chiefs of the German central administrative agencies subject to the approval of the Allied Control Authority.

(c) The laws and regulations enacted by the council shall become valid unless disapproved by the Allied Control Council. The German central administrative agencies will be appendages of the National Council and the Allied Control Authority will refrain from direct interference in their activities.

(d) Whenever *Länder* agencies continue to operate in matters under the jurisdiction of a central administrative agency, they shall be brought under the executive authority of the administrative agency and the legislative authority of the German National Council. However, delegated administration shall be resorted to as far as possible. In cases where a State authority contests such jurisdiction the Allied Control Council will decide the issue.

(e) The council shall be given such other functions as may be conferred upon it by the Allied Control Council.

Recommendation

It is recommended that this proposal be submitted to the CFM.

Attachments

Draft directive to ACC on Establishment of a Provisional German Government.⁶⁷

B. PLAN FOR ESTABLISHMENT OF LÄNDER IN GERMANY

The Allied Control Council is instructed to establish in Germany an appropriate number of *Länder* upon which a Federal German State could be established. The liquidation of Prussia as a German *Land* is of course authorized. The ACC is further instructed to retain as far as practicable the historic and traditional boundaries of former States or of Prussian provinces. Enclaves should be eliminated.

The following list of proposed *Länder* is inserted as a guide for the Allied Control Council:

1. Bavaria (except the Bavarian palatinate—see below under Baden);
2. Württemberg;
3. Baden (including the Bavarian palatinate but excluding the Saar);
4. Hessen (the three regions of Hessen, Kurhessen, Nassau-Hessen);

⁶⁷ For the Draft Directive as circulated to the Council of Foreign Ministers on March 21, 1947, see *Germany 1947-1949: The Story in Documents*, Department of State Publication 3556 (Washington, Government Printing Office, 1950), p. 189, or Department of State *Bulletin*, March 30, 1947, pp. 569-570.

5. Rhine Province;
6. Westphalia;
7. Lower Saxony (including Hanover, Brunswick, Oldenburg and Lippe);
8. Schleswig-Holstein;
9. Thuringia;
10. Saxony (the former Land Sachsen, including part of Silesia);
11. Middle Germany (Halle-Merseburg, Province of Saxony and Anhalt);
12. Brandenburg;
13. Mecklenburg (including part of Pomerania);
14. Berlin;
15. Hamburg;
16. Bremen.

Additional territory to these *Länder*, or possibly additional *Länder*, may be considered by the ACC, but only to the extent that the Eastern frontier of Germany is revised.

The proposed *Länder* are illustrated as shown on the attached map, together with appropriate statistical data.

Recommendation

It is recommended that the U.S. propose the creation of German *Länder* in accordance with the attached list.

C. STRUCTURE OF THE FUTURE GERMAN GOVERNMENT

The Allied Control Council is instructed to inform the provisional German Government when it is constituted of its obligation to draft the text of the new German constitution. It will likewise inform the provisional German Government that Allied approval of the constitution will depend upon the fulfillment of the following conditions:

- (a) That Germany be a democratic State;
- (b) That Germany be a Federal State;
- (c) That Germany have (i) a Federal Council composed of representatives of the *Länder*; (ii) a Federal diet elected by universal suffrage with each *Länder* prescribing the methods of election and exercising control over electoral machinery;
- (d) That the two houses of the legislature have an equal share in legislation;
- (e) That the head of the German State be elected by the Federal Council from among its members in annual rotation. The head of the State would appoint an appropriate number of ministers. The head of the State would resign in case of a vote of non-confidence by the Federal diet;
- (f) That there be a Federal Supreme Court as a constitutional court for the settlement of disputes between the Federal government and the *Länder*, and between the *Länder*. The Federal constitution and law shall, however, be enforced in the first instance by the *Länder* courts with appellate jurisdiction in the Supreme Court to assure uniform jurisprudence in Germany.

(g) That the constitution safeguard the democratic character of the *Länder* and local self-government;

(h) That the constitution contain a bill of rights ensuring effective guarantees for individual rights and liberties;

(i) That the *Länder* retain jurisdiction in the following fields: (i) administration of justice; (ii) police; (iii) internal administration; (iv) public welfare; (v) culture and education; (vi) religious affairs; (vii) such foreign relations as are necessary to implement the foregoing; for example, religious concordats.

(j) That where the Federal government exercises jurisdiction, it should wherever possible delegate the administration to the *Länder* (*Auftragsverwaltung*).

D. THE POLISH-GERMAN FRONTIER: PROPOSAL OF U.S. GOVERNMENT

A. *The Problem*

The Potsdam Protocol assigned to Poland the administration of former German territory east of the Oder-Neisse line (exclusive of the Koenigsberg district of East Prussia) pending the final settlement of the Polish-German frontier, which now remains to be determined.

This area under Polish administration has been *de facto* incorporated into Poland and is not subject to the Allied Control Authority for Germany. Most of the German population has been removed to Germany west of the Oder-Neisse line, and the land has in fact been resettled by Poles (4,320,000 according to a recent official Polish statement).

The United States is not committed to the cession of this particular area to Poland. It is committed to a revision of the former Polish-German frontier in Poland's favor. In offering a specific proposal for the delimitation of the frontier between Germany and Poland this Government is influenced by the paramount consideration that, in the interest of a peaceful and lasting settlement, justice be done both to Poland and Germany.

To Poland it is only fair that some compensation be made for her territorial losses east of the Curzon line and for the severe damage and suffering inflicted by the German armed forces upon the Polish nation. For her economic well-being Poland is rightfully entitled to additional industrial resources and to more adequate sea frontage and port facilities. And there should be no restoration of the Polish "corridor" which proved a menace to international stability and security.

For Germany it is of critical importance that her agricultural resources, seriously reduced by the Oder-Neisse line, be enlarged by a restoration of some of the food surplus area lying east of this boundary. The danger of requiring an eventual German population in excess of 70,000,000 to live within an area of 142,000 square miles which falls far short of self-sufficiency in food supply, is apparent. Moreover it

cannot be denied that much of the region in question has for centuries been indisputably German, historically and ethnically. It would be difficult to oppose the universal desire of all democratic German parties for revision of the present *de facto* frontier on grounds of justice and to do so would create a powerful irredentist sentiment and strengthen the forces of extreme nationalism.

B. *Proposed Frontier*

The United States proposes the following as the most satisfactory settlement of the Polish-German frontier :

1. Cession to Poland of East Prussia (except for the Koenigsberg district, as defined in the Potsdam Protocol, whose cession to the U.S.S.R. this Government approves), Danzig and German Upper Silesia (Oppeln district).

2. Establishment of the Polish-German frontier from Upper Silesia to the Baltic Sea at a line following the 1919 boundary from Upper Silesia to the confluence of the Netze and Draga rivers just west of Kreuz, thence to Neuwedell, and from there to Dramburg, and west of Belgard to the Baltic sea just east of Kolberg.

In addition to the territories mentioned in (1) this line would assign to Poland a substantial part of Pomerania. To Germany it would give Lower Silesia, Eastern Brandenburg and the major part of Pomerania.

For Poland this settlement would mean the addition in the west and north (to its 1937 area) of about 21,600 square miles, which had in 1939 about 4,200,000 inhabitants. The Polish-German boundary north of Upper Silesia would be straightened and shortened by 130 miles. Poland's sea frontage would be broadened to about 200 miles. The Polish economy would be strengthened by the acquisition of the valuable industrial and mineral zone of Upper Silesia and the developed agricultural areas of East Prussia and Eastern Pomerania. Poland would possess two important seaports in Gdynia and Danzig (Gdansk). The new frontier north of Upper Silesia would run through a moderately populated region, and thus would not give rise to serious economic and communications problems. The territory gained by Poland would be sufficient to meet her needs for additional food resources and resettlement.

For Germany this settlement would mean the addition (to her present *de facto* area of 142,000 square miles) of about 18,600 square miles whose 1939 population was approximately 4,800,000. This accession of valuable agricultural land, formerly a major source of food for western Germany, and a well developed industrial area in Lower Silesia, would go far to meet Germany's pressing requirements for food and resettlement. It is believed, also, that the democratic forces

in Germany would be ready to accept this proposal as an equitable solution of the problem of Germany's eastern frontier.

Recommendation

It is recommended that the Secretary consider the proposed frontier as a possible American position at Moscow, but not necessarily advance it as an American proposal initially.

If it be decided to advance an American proposal for a revision of Germany's Eastern frontier, it is recommended that it be based upon the argument of the necessity of full utilization of the land in that area. To ascertain the facts on the expulsion of Germans and resettlement by Poles, the U.S. might suggest that a commission of investigation be established to report subsequently to the CFM on the utilization of the agricultural resources of the territory ceded to Polish administration.

E. GERMAN BOUNDARY PROBLEMS (OTHER THAN THE POLISH-GERMAN BOUNDARY)

I. GENERAL STATEMENT

Most of the Governments who have submitted claims for territorial acquisitions from Germany have based their claims on their right to receive compensation for damages done to their countries by Germany during the war. They have accompanied their territorial demands with other specific economic demands. They apparently mistrust Germany's readiness to make good the damage done by any means other than the sacrifice of tangible assets controllable and workable by the injured parties. This attitude probably also reflects the belief that they are not likely to obtain very much compensation from Germany through reparations. In several instances historical reasons are advanced as justifying transfer of territory, usually dating back to the situation before the Treaty of Vienna (1815). The claims are not presented as annexationist in the old-fashioned chauvinist sense (in some cases the governments indicated that they are opposed to annexation in principle), but whatever the grounds advanced the claims are not inconsiderable.⁶⁸

II. FRENCH CLAIMS

A. THE SAAR

Present Status of the Problem

The French have demanded that the Saar be integrated with the economy of France. They have not demanded that it be formally an-

⁶⁸ Regarding the claims made by the Allied states for the rectification of their frontiers with Germany, see the documentation on the meeting of the Deputies for Germany in London, January-February 1947, pp. 1-112.

nexed to France and it is not clear what special political status they propose for the Saar.

The French have already taken steps to separate the Saar economically from Germany and have instituted customs and monetary controls for this purpose. Its administration is separate from the rest of the zone. The French have also unilaterally extended the borders of the Saar territory, incorporating the districts of Saarburg and Wadern, thus extending the Saar up to the Luxembourg frontier along the Moselle.

Position of the Other Powers

Great Britain. Mr. Bevin declared in a speech on October 22, 1946 that the British Government was prepared to accept the French proposals about the Saar "subject to necessary adjustments of the French reparations balance and the delimitation of the exact area."

The U.S.S.R. No official statement has been made regarding the Saar, although in general the Soviets have indicated that they do not favor frontier changes in the West.

In his Stuttgart speech of September 6, 1946,⁶⁹ Mr. Byrnes explained the United States position on the Polish-German frontier on East Prussia and on the Saar. He then stated that "except as here indicated, the United States will not support any encroachment on territory which is indisputably German or any division of Germany which is not genuinely desired by the people concerned." In view of this commitment it is believed that the United States should seek agreement on the principle that, with the exception of the questions of the Polish-German frontier, East Prussia and the Saar, no territorial changes shall be made unless they can be demonstrated to be minor "rectifications" or "improvements" in the frontier, or to be desired by the local population in the districts concerned. If more than minor frontier rectifications are permitted,—by recognizing the principle of transferring German territory as compensation for war damage,—the problem will be greatly complicated as those countries which have submitted moderate claims have expressly reserved their right to submit additional claims. (The Polish-German frontier question is discussed in another paper).⁷⁰

The United States. In his Stuttgart Speech on September 6, 1946, Mr. Byrnes stated that France's claims to the Saar territory, "whose economy has long been closely linked with France", should not be denied. In a personal letter to M. Bidault on October 14, 1946,⁷¹ Mr.

⁶⁹ Secretary Byrnes' speech is printed in the Department of State *Bulletin*, September 15, 1946, pp. 496-501 as well as in a number of other Department publications.

⁷⁰ *Supra.*

⁷¹ *Foreign Relations*, 1946, vol. v, p. 621.

Byrnes reaffirmed his position regarding the Saar and indicated that he did not object to the French taking certain administrative steps in the Saar, which were declared to be necessary in order to effect control of food distribution and currency provided the French informed the Council of Foreign Ministers of the steps contemplated. (Subsequently, in the meeting of the CFM in New York, the French member informed his colleagues in a general way of French intentions to take such administrative steps. This subject was not discussed further and the French immediately thereafter established a tight customs control on the border between the Saar and the French Zone).

Recommendations

The United States should continue to support in principle the French claim to integrate the Saar into the economy of France. It should not recognize the expansion of the territory of the Saar on grounds of administrative convenience to the French. The Saar in any event will have to rely to some extent on food and manpower from regions beyond its territory; this was the case when it was under the control of the League of Nations and its development during that period was not hampered as a result of having to obtain food and labor from outside the territory.

The United States will wish to study carefully any proposals which the French may submit regarding the political status to be accorded to the Saar. Outright annexation to France is considered undesirable. The French themselves are unlikely to want to grant the Saar full equality with the other parts of metropolitan France. Another alternative which would probably be more acceptable to the French would be to make the Saar an autonomous state under French protection, possibly with a French High Commissioner, some special form of passports and the right of the people of the Saar to elect local government officials. It is doubtful that the United States would wish to support such a scheme, which would have the effect of giving the Saar the status of a French colony. (Incorporation into metropolitan France would probably be more advantageous to the Saarlanders).

Another alternative, which it is believed the United States could support, would be to place the Saar under an international regime similar to that of the League of Nations from 1919 to 1935, except that this time no plebiscite would be called for and the arrangement would be of a permanent character.

B. THE RUHR AND RHINELAND

Present Status of the Problem

The French wish to separate the Ruhr and Rhineland from Germany. Since they realize that they have little likelihood of getting

agreement on this demand they may not press their case for the political separation of these areas. They will, however, be all the more interested in measures to control the Ruhr industries in order to ensure their production for the benefit of France and other countries in Europe. (This question is discussed in other papers on the subjects of the Ruhr and on the control machinery to enforce the provisions of the proposed Disarmament and Demilitarization Treaty).

Position of the Other Powers

The other occupying powers oppose the political separation of the Ruhr and Rhineland from Germany.

Recommendations

The United States should continue to oppose the political separation of these areas.

III. BELGIAN CLAIMS

Present Status of the Problem

The Belgians submitted a memorandum dated November 14, 1946,⁷² to the Council of Foreign Ministers indicating their desire for a rather moderate frontier adjustment. The Belgian memorandum points out that the International Commission charged with delimiting the new boundary between Belgium and Germany under the Versailles treaty decided on March 27, 1920 that the section of the railway connecting the two Belgian towns of St. Vith and Eupen was assigned to Belgium; that the railway for a distance of about 20 miles passes alternately through Belgian and German territory; that this has created six German enclaves on Belgian territory comprising a total area of about 8 square miles and containing a population estimated at about 3,850; that these enclaves should be eliminated by incorporating them into Belgium so that the railway line will not pass out of Belgian territory.

Position of the Other Powers

No information is available regarding the position of the other powers.

Recommendations

The Belgian claim would appear to qualify as a minor rectification and should be given sympathetic consideration. The views of the Germans residing in the area should be taken into account as well as the effect which the transfer of this territory would have on the economic situation of Germany.

⁷² *Foreign Relations, 1946*, vol. II, p. 1162.

IV. LUXEMBOURG CLAIMS

Present Status of the Problem

The Luxembourg Government in a memorandum dated November 27, 1946,⁷³ presented its demands to the Council of Foreign Ministers. Luxembourg wants the advancement of her frontier along the Moselle and the Sur Rivers in the South and along the Our River in the north up to a depth of six miles in certain places. According to the memorandum the population in this area is estimated at from 20,000 to 30,000 inhabitants. Luxembourg bases its claim on the right to obtain partial compensation for losses sustained during the war and on historical grounds, these areas having been taken from Luxembourg and assigned to Prussia by the Treaty of Vienna in 1815. All of the inhabitants in the areas demanded by Luxembourg allegedly speak the Luxembourg language (*sic*) and the majority allegedly favor the incorporation of the territory into Luxembourg.

The acquisition of the territory demanded would give Luxembourg the watershed required for the construction of a large dam on the Our and would make possible the acquisition and exploitation of the important railway along the German bank of the Moselle which connects the Lorraine mine basin with the Rhine and Ruhr mine basins.

Position of the Other Powers

No information is available regarding the position of the other powers on the Luxembourg territorial demands. However, it should be noted that the Luxembourg claim east of Moselle in the south includes territory which the French have unilaterally incorporated into the Saar.

Recommendations

The Luxembourg claim is more than a minor rectification of the frontier. It would represent an increase of around 10 percent of the total territory of Luxembourg. It is rich in agricultural and mineral resources. If historical claims based on the situation before the Treaty of Vienna of 1815 are to be considered, the whole map of Europe would have to be changed. The United States should maintain its position that only minor adjustments or improvements in the frontier can be considered. Even if the German inhabitants should not object to being annexed to Luxembourg, the United States should oppose the transfer of these regions, which are important to the German economy.

V. NETHERLANDS CLAIMS

Present Status of the Problem

The Netherlands Government presented a memorandum to the Council of Foreign Ministers dated November 5, 1946,⁷⁴ presenting

⁷³ *Foreign Relations*, 1946, vol. II, p. 1316.

⁷⁴ *Ibid.*, p. 1016.

territorial claims designed to straighten the Dutch-German frontier by annexations amounting to 700 square miles with a population of some 119,000. This change would shorten the frontier by about 115 miles. The Dutch claims include changes in the demarcation of the frontier at the mouth of the Ems River and would place the Island of Borkum in Dutch territory. The German city of Emden would remain in Germany but the proposed annexations would give the Dutch a large measure of control over that city. The changes would also give to the Netherlands the Bentheim oil fields and the coal basin south of Venlo.

Position of the Other Powers

Great Britain. The British Government is believed not to be enthusiastic about the Dutch demands, particularly as the changes proposed do not affect Dutch security. It is understood that the British attitude would be to accept changes only for very urgent reasons. This represents a change from a position taken earlier by the British Government, when it indicated that Dutch claims for territorial compensation at the expense of Germany would be given energetic support.

Belgium. The Belgian Government has not expressed its views officially but members of the Belgian Parliament have been disturbed by the extension of the Dutch claims and have indicated their particular interest in the future status of Aachen. No information is available regarding the attitude of other governments.

Recommendations

The Dutch demands are more than minor rectifications of the frontier. The loss of these agricultural surplus areas would affect the German economy and would incorporate around 119,000 Germans in the Netherlands. The territory claimed might result in certain improvements in the frontier but it would also create new more serious problems than those now existing, particularly in connection with the disruption of existing essential public utilities services. Only minor rectifications of the border involving few people, and possibly including changing the frontier in the coastal waters of the Ems Estuary, should be approved by the United States.

VI. CZECHOSLOVAK CLAIMS

Present Status of the Problem

The Czechs demand frontier rectifications involving ten sectors of thirty-eight parts bordering on the Soviet and United States zones of occupation totaling about 320 square miles and 25,000 inhabitants. The Czechs originally wanted far more extensive areas, including important sections along the border of Silesia and the territory now

under Polish administration.⁷⁵ If there is no change in the Oder-Neisse boundary, these changes involving Poland would not be submitted to the CFM but, if taken up at all, would be left for settlement between the Czechs and the Poles. The reasons for the Czech claims are "that the guarding of the frontiers should be made easier and that both transport and economic considerations call for such adjustment." The present frontier, running along the tops of the Sudeten mountains, would be extended in many sections to include the slopes on the German side. The areas demanded are mainly woodland which would be useful to the Czech economy.

Position of the Other Powers

The Czech claims have not, as far as is known, received the support of the great powers.

Recommendations

The areas claimed would not be of great strategic importance vis-à-vis a demilitarized Germany. Furthermore, Czechoslovakia, which has been depopulated through the expulsion of its German minority, has no need for territorial expansion. The districts claimed are historically and ethnically German. On the other hand Czechoslovakia would obtain some economic advantage and administrative convenience by these frontier changes. If frontier rectifications of a minor nature are to be made, for example, on the German-Belgian border, the United States could not logically refuse to consider the Czech claims, but it would want to examine the claims minutely with the object of scaling them down to meet the qualification of minor frontier rectification.

VII. AUSTRIAN CLAIMS

Present Status of the Problem

Austria no longer demands the Berchtesgaden area (to facilitate communication between Salzburg and Innsbruck) and apparently is satisfied to have the 1937 frontier restored. It requests free transit rights across the neck of the Berchtesgaden area to solve the communications problem.

Position of the Other Powers

The United States has opposed the cession of the Berchtesgaden area to the Austrians while the other Governments have not made specific statements on this issue.

Recommendations

The United States should favor the reestablishment of the 1937 frontier, and the granting of free transit rights across the Berchtesgaden salient.

⁷⁵ See telegram 100, April 26, 1946, from Praha, *Foreign Relations*, 1946, vol. II, p. 122.

VIII. DANISH CLAIMS

Danish public opinion is split on the question of the status of Schleswig, the area on the Danish-German frontier which remained part of Germany after the plebiscite in 1920. The Danes are primarily interested in assuring cultural rights for the Danish minority in Schleswig, in securing the removal of German refugees in that area and in securing the administrative separation of Schleswig from Holstein. The Danes may favor a plebiscite in Schleswig to determine whether the inhabitants wish the area to be annexed to Denmark. The Danish Government has not pressed for a plebiscite since a large group in Denmark (the Social Democrats) opposed any change in the frontier on the grounds that the Schleswig population would turn out to be troublesome German nationalists after annexation.

Position of the Other Powers

Great Britain. Schleswig is in the British zone and the British Government has opposed the Danish demands for the removal of refugees and for a separate administration for Schleswig. The British have not taken a position on the boundary question.

The United States. Mr. Byrnes informed the Danish Foreign Minister in New York last December that the problem might be taken up by the Conference of Foreign Ministers when they next discussed the German settlement.

Other Powers. No views expressed.

Recommendations

It is believed the United States should oppose any change in the border on the grounds that this would be more than a minor rectification of the frontier. The question of special privileges for the so-called Danish-minded population of Schleswig would have to be considered carefully as part of the broad problem of the treatment of special racial minority groups in Germany.

IX. SOVIET CLAIMS

Present Status of the Problem

The only Soviet claim is to the northern part of East Prussia, including the city of Koenigsberg. This area has been incorporated into the Soviet Union as a result of the agreement at Potsdam.

Position of the Other Powers

The United States and the British Governments agreed at Potsdam that they would support at the peace settlement the proposal of the Soviet Government concerning the ultimate transfer to the Soviet Union of the city of Koenigsberg and the area adjacent to it. In his Stuttgart speech Mr. Byrnes reaffirmed this, stating that "unless the

Soviet Government changes its views on the subject, we will certainly stand by our agreement."

Recommendations

We should stand by our agreement.

F. IMPLEMENTATION OF UNITED STATES DRAFT TREATY ON DISARMAMENT AND DEMILITARIZATION OF GERMANY

[*Editorial Note:* This paper, the source text of which bears the date of February 4, 1947, is not here printed. The paper reviewed the articles of the draft treaty (for text see document CFM (46) 21, April 30, 1946, *Foreign Relations*, 1946, volume II, page 190) and the general principles for the operation of the Control Commission envisaged in the treaty.]

G. REPORT OF THE SECRETARY OF STATE'S POLICY COMMITTEE ON GERMANY, SEPTEMBER 15, 1946

[*Editorial Note:* This Report, which covered 37 mimeographed pages, is not printed. It reviewed the permanent objectives of American policy toward Germany as well as the immediate goals of German policy. Members of the Committee preparing the Report were: James W. Riddleberger, Chairman, John Kenneth Galbraith, Edward S. Mason, and Henry P. Leverich.]

H. TREATMENT OF GERMANY AS A SINGLE ECONOMIC UNIT ⁷⁶

The Problem

General Statement

The problem is to agree on the principle of the treatment of Germany as a single economic unit previously agreed by the United Kingdom, Soviet Union and the United States at Potsdam, and to implement such agreement.

Concise Statement of Background

The continued French veto of the establishment of central German administrative departments and the Soviet objection to common economic policies, required for the treatment of Germany as a single economic unit, have prevented the achievement of economic unity in Germany. The French veto has been based upon its fears of a politically centralized Germany. Since France was not represented at Potsdam, and has refused to be bound by the provision of the Protocol respecting central agencies, France is within its rights in objecting.

⁷⁶ This paper is Memorandum 1 in a series entitled "Principal Economic Issues on Current German Problems for Council of Foreign Ministers Meeting, Moscow."

The Soviet Union has repeatedly stated its agreement with the principle of common economic policies, but has refused to proceed with their formulation and implementation in the important fields of foreign trade, internal trade and monetary reform. In addition, it has taken unilateral action in establishing Soviet corporations in Eastern Germany, subject to Russian control and operating outside of the limitations imposed on German industry. For any occupying power to consider a portion of the resources of its zone as exempted from the common policies for Germany would make the treatment of Germany as an economic unit impossible.

The United States desires treatment of Germany as an economic unit

(a) to prevent the permanent economic and political division of Germany (and Europe) between east and west;

(b) to pool and plan the joint use of the resources of the four zones in such a way as to accelerate attainment of a self-sustaining economy and to establish a sound economic foundation for the growth of democracy.

Views of Other Powers

It is believed that the *British* will support the US position in general and for the most part in detail. They will, however, urge a higher degree of concentration of authority in the central agencies than desired by the US.

The French are likely to attempt to modify the powers of the central German administrative departments, either by having them headed by quadripartite committees, or by limiting their authority in the separate zones, or both. The French have indicated a willingness to subscribe to common economic policies for Germany, but it is probable that they would object to sharing the burden of financing the present import deficit.

The Soviet Union has hinted broadly that it is ready to subscribe to the treatment of Germany as an economic unit, provided that it receives reparation out of current production (see Memorandum No. 2). It is not clear, however, that it would be willing, even on this basis, to agree with the US positions on the extent of the authority of the central agencies; the sharing of an interim import deficit; the definition and limitation of occupation costs; and the recognition of German sovereignty over all enterprises in Germany.

Recommendation

It is recommended that the Secretary of State submit to the Council of Foreign Ministers a proposal, couched in the form of a draft directive to the Allied Control Authority, for the implementation of the

provisions of the Berlin Protocol dealing with the treatment of Germany as an economic unit. This directive should require the Allied Control Authority to constitute the central German administrative Departments under terms of reference which would make their unhindered operation in each of the four zones possible; and to proceed with the implementation of common policies in production, foreign trade, financial and monetary reform. The nature of these common policies should be broadly agreed. It should likewise stipulate that all resources in Germany are subject to the direction of the Allied Control Council and to German law.

A suggested draft directive is attached as Annex A.⁷⁷

Alternative Positions

The Secretary of State may find it desirable to make concessions to the Soviet Union and France by excluding them from the necessity to contribute to the financing of the interim German deficit on the grounds that their zones do not operate at a deficit and because of inability to pay.

I. REPARATION ⁷⁸

The Problem

Precise Statement

To give effect to the provisions of the Berlin Protocol regarding reparation to be paid by Germany, or to revise the Level-of-Industry Plan for Germany agreed by the Allied Control Council on March 28, 1946 and to devise an alternative method by which Germany would pay reparation.

General Statement

→ The problem is to agree upon the resumption of reparation removals under the Level-of-Industry Plan, stopped on May 8, 1946, by General Clay because of the failure of the French and the Soviets to implement the terms of the Berlin Protocol regarding economic unification, provided always that the economic unification of Germany is agreed to. → It is anticipated that the Soviet Union will propose that reparation out of current output be substituted for removals of capital equipment; a decision must be taken on this question. In connection with this proposal, the Soviet Union is likely to suggest an upward revision of the Level-of-Industry Plan. The British may be expected to suggest an upward revision of the Level-of-Industry Plan without providing for reparation out of current output. The IARA countries other than the US and UK, while generally preferring reparation from current output, are in any event interested in obtaining prompt

⁷⁷ Not printed.

⁷⁸ This is Memorandum No. 2 in a special series "Principal Economic Issues on Current German Problems for Council of Foreign Ministers Meeting, Moscow."

resumption of reparation deliveries from the three Western zones. US bargaining and final positions must be taken on these points.

Concise Statement of Background

On May 8, 1946 General Clay halted reparation removals from the United States zone of occupation because of the French failure to agree to the creation of central administrative departments, provided for in the Berlin Protocol, and because of Soviet unwillingness to agree on common policies for the operation of German foreign trade. Assuming agreement on economic unification, called for in the draft US directive attached as Annex A to Memorandum No. 1, it would be appropriate to resume deliveries of reparation as previously agreed.

The Level-of-Industry Plan, however, was agreed to upon the basis of two assumptions additional to the one that Germany would be treated as a single economic unit. These dealt with population and borders. In view of the inaccuracy of the assumption regarding population, and the proposed separation of the Saar from Germany, some revision in the Level-of-Industry Plan is required. In addition, US experts are convinced that the Level-of-Industry Plan contains internal inconsistencies, particularly in respect of electric power and heavy chemicals. The nature of these inconsistencies is that too little capacity has been left in basic industry to provide the appropriate production of power and intermediate products required to maintain levels of output agreed on for finished goods industries. Revision to eliminate these inconsistencies is required.

An entirely different approach to the problem of reparation is likely to be presented to the Council of Foreign Ministers by the Soviet Union which, as noted in Memorandum No. 1, is anxious to trade its adherence to the economic unification for reparation out of current production. Discussions on this point have been conducted by Soviet representatives with members of the United States element, although no conclusions have been reached. It is clear, however, that the Soviet Union would expect the level of industry to be left to Germany to be substantially increased in order to provide capacity to manufacture the current reparation. It is likely that the Soviet Union's position will be supported by a number of smaller countries, including the Netherlands. It may be expected that the British, likewise, will urge a drastic upward revision in the level of industry to be left to Germany on the grounds (a) that the assumptions of the original agreement are proved to be in error; and (b) that the standard of living objective of the Berlin Protocol is harmful to European trade.

Finally, it should be noted that there is increasing sentiment in the United States for some upward revision of the Level-of-Industry Agreement. This has been expressed by the Colmer Committee of the House of Representatives, in a speech by John Foster Dulles, which is

said to have had the advance approval of Senator Vandenberg and Governor Dewey, and by various other groups. It is opposed, however, by Ambassador Pauley and by the Society for Prevention of World War III.

Views of Other Countries

As already noted, the *Soviet Union* will want to abandon the Level-of-Industry Plan in order to receive reparation out of current production as a *quid pro quo* for economic unification.

The *British* are likely to propose a drastic upward revision in the Level-of-Industry Plan without any change in the reparation provisions of the Berlin Protocol.

It is not expected that the *French* will have any strong views on the foregoing, except that they will be inclined both to retain the Level-of-Industry Agreement, and add reparation out of current output to reparation in the form of capital removals.

Recommendation

It is recommended that the Secretary initially take and defend *in extenso* a position based squarely upon the carrying out of the reparation provisions of the Berlin Protocol and the Level-of-Industry Agreement, the latter to be adjusted only for corrections in the original assumptions regarding population and boundaries and to remove internal inconsistencies. Reparation out of current output should be resisted on the ground that exports are not sufficient to pay for imports and are not likely to prove so within the short-term future.

A draft directive, setting forth this position, is attached as Annex A.⁷⁹

Alternative Positions

No alternative position is recommended, except that the Secretary may, as a last resort in an effort to obtain agreement to the treatment of Germany as an economic unit, agree to allow reparation deliveries from capital equipment to be replaced by reparation out of current production, within narrow limits and without increasing the reparation burden on Germany.

J. COAL⁸⁰

[Extracts]

The Problem

Precise Statement

To receive the report of the Allied Control Authority and its Experts on German Coal Production and Allocation and to take such action or issue such instructions to the ACA as may be agreed.

⁷⁹ Not printed.

⁸⁰ This paper was Memorandum 3 in the special series "Principal Economic Issues on Current German Problems for Council of Foreign Ministers Meetings, Moscow."

General Statement

The problem is to restore German coal production to prewar levels to ensure that coal retained in Germany is allocated in such a way as to implement effectively a common program of production and foreign trade for a unified Germany and to avoid waste and non-essential use; and to devise a formula for the division of coal output as between retention in Germany and export which will reconcile our conflicting interests in the achievement of a self-sustaining German economy and in the economic recovery of Europe as a whole.

Recommendation

It is recommended that the United States attempt to obtain CFM agreement to:

(a) Emphasis on the urgency of increased coal production with assignment of an overriding priority in German industry to coal mine needs and food, consumer goods, etc. as incentives for miners.

(b) An instruction to the ACA to allocate coal for German domestic use without regard to zonal boundaries, in such a manner as to maximize industrial production for export and essential domestic needs and to eliminate use by non-essential industry, black market diversions and excessive use in mines, public utilities and other fields.

(c) Acceptance of the restoration of exports by April 1, 1947 to the level of September 1946 (1,150,000 tons, including exports to Austria) with further increases to be negotiated in ACA as production rises. Agreement on such an adjustment between the needs of the German economy and those of other countries in Europe should be reached prior to any agreement on reparation from current output or on trade understanding alternative to such reparation.

A draft CFM directive to the ACA is attached as Annex A.⁸¹

Alternative US Positions

No need is foreseen for an alternative position on the problems of production and allocation within Germany. Objection may be raised to language. Concessions may be made in this regard. It is, however, in the United States interest to have the most stringent and direct instructions for priority of export industries and for the elimination of expenditure of coal on low-priority German reconstruction or on non-essential uses.

So long as discussion is confined to principle and the CFM does not discuss detailed formulae, the only possible concession, which should be made with reluctance, would be that increases in exports take place from increases in production over the present level of production, rather than from the September 1946 level.

⁸¹ Not printed.

In any discussion of detailed formula, it is recommended that no US position should compromise a level of exports to Western and Southern European countries at average monthly rates of 1,750,000 tons in the second half of 1947, 2,250,000 tons in 1948, and 3,000,000 tons in 1949.

K. INTERNATIONAL SUPERVISION OF THE RUHR ECONOMY⁸²

The Problem

Precise Statement

To determine, with respect to a peace settlement with Germany, the U. S. views on various schemes for international control or supervision of the Ruhr economy, particularly as advanced by the French government in its proposal made to the CFM (CFM (46) 1) on April 25, 1946 and elaborated on a supplemental memorandum of February 1, 1947.

General Statement

To outline the essential features of any scheme for the supervision of the Ruhr economy which the United States can reconcile with its dual objective to establish a self-sustaining German economy capable of creating a sound economic foundation for the democratic reconstruction of Germany and to prevent Germany from using the vital economic resources of the Ruhr for its own exclusive advantage rather than for the benefit of Europe as a whole.

Concise Statement of Background

1. Views of the Other Powers

The French have been the most determined exponents of a special settlement for the Ruhr. They have steadfastly opposed economic unification of Germany and the establishment of central German agencies to ensure the treatment of Germany as a unit until the Ruhr-Rhineland issue is settled. They want the ownership of the basic Ruhr industries vested in the powers who took active part in the war against Germany, but are willing to leave the profits of ownership in the Ruhr. They would entrust management, as distinct from ownership, of the coal and iron and steel industries to international administrations in which the states "directly interested" would participate; and would organize other important Ruhr industries such as the mechanical and chemical industries into compulsory syndicates under the control of allied commissioners. A Ruhr commissioner named by the United Nations would be empowered to decide conflicts between the international administrations of Ruhr industries and the territorial authority for the Ruhr. While formally adhering to the original French view that

⁸² This paper is Memorandum No. 4 in the special series "Principal Economic Issues on Current German Problems for Council of Foreign Ministers Meeting, Moscow."

the Ruhr should be politically and economically separated from Germany, the most recent French proposals appear by implication to leave the door open to the retention of the Ruhr by Germany.

The British favor socialization of Ruhr industries under German auspices, with provision for international supervision and control by an organization having certain rights against the owning German public corporation and the German Government which will be enforceable only by appeal to a superior international body.

The Soviet Union has made clear its opposition to political and economic separation of the Ruhr from Germany. It probably would favor international control provided that it shared in that control with a full vote and possibly with the right to exercise a veto.

The Low Countries apparently favor international control of the Ruhr but regard the separation of the Ruhr from Germany as impracticable and inadvisable.

2. *The U.S. Interest*

The United States favors the inclusion in the peace settlement of specific provisions governing the Ruhr not simply because it recognizes that an assurance of such provisions is necessary to overcome French opposition to the establishment of central German agencies and a provisional German government, but especially because it realizes that unfettered German control of the vital coal and iron and steel resources of the Ruhr would leave many European countries which are dependent on the Ruhr at the mercy of Germany.

The shortage of coal and steel is the most important obstacle to European economic recovery. As long as the shortage continues there must be an assurance that the product of Europe's greatest coal reservoir, the Ruhr, will be distributed equitably. During this period Germany will want to retain as much of its coal as possible for domestic consumption and for the production of higher valued goods for export. Most of the western and southern European countries, on the other hand, will have a vital interest in maximizing German coal exports, while other European countries, particularly those in the east, will have a greater interest in exports of German steel and steel products than in exports of German coal. Means must therefore be found to reconcile the interests of Germany with those of the rest of Europe and to reconcile the varying interests of European countries in the export of Ruhr coal and steel.

During the period of occupation and military government the occupying authorities can be relied upon to effect such a reconciliation of interests, provided the Council of Foreign Ministers issues a directive on the production and distribution of coal to the Allied Control Authority and provided the non-occupying powers are given the means to express to the occupying authorities their views on the ap-

appropriate division of the output of such vital commodities as coal and steel as between consumption in Germany and export.

Present indications, however, point to the probable continuation of the coal and steel shortage beyond the period of occupation and military government. Moreover, even after the shortage has been overcome there is danger that the German government or German private interests may use their control over vital resources, particularly over the most important source of coking coal in Europe, for the purpose of extorting political concessions or reestablishing and reinforcing the predominance of the German iron and steel industry in Europe. The peace settlement will therefore need to contain provisions to insure the equitable distribution of Ruhr resources and to prevent Germany from using its control over such resources to its exclusive economic or political advantage.

Since the United States has no direct interest in the disposal of the Ruhr's resources, it should leave to European countries the initiative of making detailed proposals for the international supervision or control of the Ruhr economy. It is interested in having as many European countries as possible participate in the framing of appropriate provisions governing the Ruhr so that they may reflect a consensus of views. It is interested also in excluding from a Ruhr settlement any provisions which are likely to prove impracticable or which may prevent Germany from attaining a standard of living sufficiently high to encourage the development of a peaceful democratic Germany.

The United States recognizes that the French are interested in a Ruhr settlement for reasons of military security as well as for economic reasons. It believes, however, that the security aspects would more appropriately be treated as part of the overall problem of keeping Germany disarmed and demilitarized.

Recommendation

1. The United States should favor proposals for international supervision or control of the Ruhr's economic resources which reflect the views of as many European countries as possible and which would insure the equitable distribution of the Ruhr's economic resources in the interests of Europe as a whole and prevent Germany from using such resources for selfish economic or political advantage.

2. The United States should reject as impracticable and inadvisable the political and economic separation of the Ruhr from Germany. Such a settlement would, by creating a serious deficit in the German balance of payments, make it virtually impossible for Germany to support itself on an adequate standard of living. It would also necessitate the abandonment of the reparation plan based on the Potsdam Protocol.

3. The United States should oppose international ownership and

management of Ruhr industries on the ground that international management would require the creation of a large international bureaucracy, would probably be inefficient and would give rise to serious conflicts within the management. The United States should not oppose, however, socialization of Ruhr industries by German provincial authorities.

4. The United States should make sure that any limitations on Germany's rights to dispose of the Ruhr's economic resources do not make it impossible for Germany to attain a standard of living at least equal to the average of Europe exclusive of the United Kingdom and the Soviet Union.

5. The United States should use its influence so far as possible to insure that any necessary supervision over the distribution of the Ruhr's economic resources is carried out in accordance with objective criteria and by a staff as impartial and free of political control as possible.

6. The features of a Ruhr settlement which would be acceptable to the United States are outlined in a suggested draft directive to the deputies of the CFM attached as Annex A.⁸³

L. POST-SURRENDER ACQUISITIONS IN GERMANY

[*Editorial Note:* The text of this paper, which was Memorandum No. 5 in the special series "Principal Economic Issues on Current German Problems for Council of Foreign Ministers Meeting, Moscow," is not here printed. The paper reviewed the need to stop unilateral Soviet and French post-surrender acquisitions of interests in enterprises and property in Germany, to set aside such previous acquisitions as were inappropriate, and to establish uniform principles governing the acquisition of new foreign interests in Germany.]

CFM Files : Lot M-88 : Box 90

*Memorandum Prepared by the Office of Military Government for
Germany*⁸⁴

SECRET

[BERLIN,] 5 March 1947.

A. SUMMARIZED ANALYSIS OF THE GERMAN PROBLEM

1. An analysis of the German problem indicates clearly that it may be divided into two distinct phases:

⁸³ Not printed.

⁸⁴ This paper was prepared by OMGUS at the request of the Department of State in preparation for the forthcoming session of the Council of Foreign Ministers in Moscow. Fifty numbered copies were printed for the use of the United States Delegation to the Council session.

a. Matters beyond the purview of the Allied Control Council which were not determined in the Potsdam Protocol;

b. Matters determined in principle in the Potsdam Protocol and hence within the purview of the Allied Control Council which, however, the Council has been unable to resolve because of fundamental differences of viewpoint between the occupying powers.

2. The problems included in the first phase may be listed as:

a. The disarmament treaty;

b. The final fixing of boundaries;

c. The final structure of German government; and

d. The peace treaty.

3. The problems coming under the second phase, that is, problems which have been within the purview of the Allied Control Council but beyond its ability to agree, fall either into those concerned with political unification and/or those concerned with economic unification. While political and economic unification have been considered separately, it must be recognized that one can not be accomplished without the other. The unification of Germany both politically and economically must be undertaken concurrently and as a part of a common plan.

4. Twenty months of quadripartite government and the recent completion of a report of progress to the Council of Foreign Ministers⁸⁵ have developed the fundamental differences between the occupying powers.

5. It would appear clear that the Soviet position is in favor of an economic unification accompanied, however, by a political unification which will leave substantial powers in the Zone Commander to control the economic resources of the zone for which he is responsible.

6. The Soviet position will favor a strong central government except as it is suborned [*subordinated?*] to the Zone Commander, as only a strong central government lends itself to single party domination. While favoring economic unification, the Soviet representatives will try to exact as prerequisite conditions completion of the reparations program for the delivery of capital plant from the western zones. They may be prepared to modify the program to provide substantial reparations from current production. They will insist that removals from Eastern Germany are not subject to quadripartite review.

7. While the French position will not indicate a direct opposition to economic unification, it is manifest that whereas the Soviet position is really in favor of economic unification, the French in fact want

⁸⁵ At its 3rd Session in New York, November 4–December 12, 1946, the Council of Foreign Ministers had directed the Allied Control Council for Germany to prepare a progress report. The last section of the Report of the Allied Control Council was completed on February 25, 1947. The Report is not printed, but for a brief description, see footnote 95, p. 239.

neither economic nor political unification. The French position will favor a weak central government with such limited powers that it cannot be effective either as a government or in exercising appropriate economic controls.

8. There would appear to be no basic differences between the American and British positions in principle, although their detailed proposals may be somewhat difficult to reconcile.

9. The Soviet representatives will charge the western occupying powers with having taken inadequate measures in demilitarization, denazification, and decartelization. They will attack also the strong state powers given to the *Laender* in the American Zone. However, the attack will be concentrated on the bizonal economic unification of the British and American Zones as being contrary to the provisions of the Potsdam Protocol. This attack will reveal their real apprehension—that the success of this economic unification will weaken the position of the U.S.S.R. in Germany. However, the record which is contained not only in the quadripartite report, but also in the special papers prepared by Military Government (indexed at *Tab A*)⁸⁸ will easily refute the Soviet charges. In point of fact they are not to be taken seriously as they are primarily a smoke screen behind which the Soviet representatives will press for the acceptance of their views with respect to central government and to a production program designed to make vast quantities available for reparations.

10. The papers prepared by the State Department have been examined with great care and the comments of Military Government with respect to these papers are appended in *Tab B*.

11. In general, Military Government does not disagree with the basic concepts contained in the State Department papers. It does differ in various details, some of which are most important. An important difference lies in our disagreement with the establishment of a provisional German government which at the same times leaves certain specific powers in the hands of the Zone Commanders. We could stress the necessity to give the provisional German government a free hand except that its actions may be disapproved by the Allied Control Council. Otherwise a single dissent by an occupying power would prevent the enactment of necessary legislation.

12. We are also apprehensive that an internationalization of the Ruhr which is independent of the Allied Control Authority, or which forces the economy of the Ruhr to be considered separately from the economy of Germany, is unworkable and undesirable.

⁸⁸ Tab A under reference here is not printed. It listed 34 OMGUS Papers, Background Briefs, and Special Reports on various German questions for the use of the United States Delegation to the Council of Foreign Ministers.

13. The State Department proposal for the structure of a future central government may be sound. However, we doubt the advisability of such extensive experimentation in the field of government as is proposed. No justification in German history, nor in the governmental experience of other democracies, can be found for such a plan.

14. We are of the view that the proposed directive on coal is not only inflexible but would prevent a revival of the German economy and prolong the period in which it would necessarily have to be supported by American and British tax payers.

15. In accepting the integration of the Saar with the French economy, we must recognize the necessity for an increase in the level of industry in Germany to compensate for the loss of surplus export and production in the Saar. Moreover, the State Department paper does not clearly define the boundaries of the Saar as that area is to be integrated into the French economy.

16. The proposal of the State Department for the investment of foreign capital should be reconsidered and in any event should not become effective until economic conditions in Germany have reached some degree of stability.

17. While the major problems have been considered in the State Department papers, our experience in quadripartite government has indicated that there are some basic considerations common to any and all plans for the treatment of Germany as a whole. These considerations are recognized in a general way in the several documents. However, their importance to the success of any agreed plans indicates that they should be agreed to prior to the acceptance of a specific proposal or else should be incorporated in each agreed proposal.

18. The United States should insist as the basis for any specific agreement to the following conditions:

a. A common utilization of the indigenous resources of Germany to include agreed allocations for exports, and when a balanced economy is obtained, for reparations if the use of production for this purpose is accepted.

b. An agreed import-export program designed to make Germany self-sustaining and to repay past costs incurred by the occupying powers. This program should provide for the acceptance by each occupying power, on a satisfactory basis, of responsibility for a share of the deficit incurred during the period in which a self-sustaining economy is being developed.

c. The acceptance of a financial reform program with a single issuing source for currency under quadripartite supervision and the decentralization to the fullest extent feasible of banking and taxation.

d. Complete freedom of movement in Germany for persons, ideas and goods, including freedom of the air for approved civil traffic.

e. Freedom of German press and radio, within the limits of security, throughout Germany.

f. Freedom of political action for democratic political parties approved to operate on a national basis without discrimination. Elections throughout Germany to be under quadripartite supervision and inspection.

g. Freedom of action throughout Germany for trade unions, authorized to establish federations of a democratic form in accordance with their own desires.

h. The definition of zonal boundaries to indicate only the areas of security responsibility of the several occupying powers.

i. An agreed definition of occupation costs.

j. An agreed plan to control the size of the occupying forces to be held in Germany on a timed reduction program.

19. If these conditions are accepted the establishment of central administrative agencies under a provisional national government can be effective. The central agencies mentioned in the Potsdam Protocol should be augmented by agencies for Food and Agriculture, and Justice. The time has passed for these agencies to report individually to the Allied Control Authority. They will receive national support and be effective only if they are responsible to a provisional national government which is under the general supervision of the Allied Control Authority.

20. The provisional national government would be composed of representatives of the *Laender* or provinces. Except in specific fields such as reparations deliveries and external restitution, it should be given broad authority subject only to the disapproval of its actions by unanimous vote of the Allied Control Authority when its actions transgress Allied objectives. In no event should Zone Commanders have authority to set aside, obstruct, or defeat the actions of the provisional national government except and unless acting under the instructions of the Allied Control Authority.

21. This provisional government should be charged with the creation of a drafting commission to prepare a German constitution under broad instructions which require the inclusion of democratic principles, and the establishment of a federal type of government which may have sufficient central authority to be effective under modern conditions. This preparatory Commission should be superseded at an early date by an elected constitutional assembly which should complete the constitution for the approval of the occupying powers. The approved constitution should be presented to the people for ratification and for the election of the constitutional government within a period of one year from the formation of the provisional government.

22. If the above measures can be accomplished it would appear that American objectives in Germany are capable of realization. It must be recognized that it will be difficult to secure acceptance of these objectives unless some allowance is made for reparations from German

production. Obviously, it will be difficult for the United States to concede production for this purpose as long as Germany must produce exports which will eliminate the present occupation costs to the United States, and provide some repayment of past costs. Perhaps this could be met in part by waiving any claim to reciprocal deliveries although this will be opposed by IARA. However, there can be no question but that the complete integration of the German economy will in itself increase the ability of Germany to export, and perhaps a portion of this increase could be made available for reparations from production.

23. It is certain that the presently agreed level of industry in Germany will not support a production program for reparations. It is still our view that the agreed level of industry will provide a standard of living equal to, but not greater than the average for Europe (exclusive of UK and USSR). It will not permit the repayment of occupation costs. Moreover, under the provisions of the Potsdam Protocol, consideration could not be given to the effect of such a level of industry on a stable European economy. It is apparent that an increased level of industry in Germany is greatly needed by all of Europe, which is now recognized by the Netherlands, Belgium, and other countries whose progress to recovery is retarded by their inability to exchange goods with the German economy.

24. The tragedy inherent in present conditions is that skilled industrial workers for whom there is no industrial work fitted to their special ability, and skilled agricultural workers for whom there is no land, have been brought into Germany in large numbers. This has resulted in an abnormal concentration of population in an area severed from normal economic ties developed over centuries and unable to establish new ties while prostrate before Allied authority. Concurrently both agriculture and industry in the areas from which these people have been moved are retarded at a time when full production is essential to peace in Europe.

25. Recognizing the impracticability of correcting these conditions other than the correction which may be effected by readjustment of the eastern boundary, it becomes even more necessary to offer this concentrated population an early hope for political and economic stability. If this cannot be done, all of the steps taken in denazification and demilitarization will become meaningless, the words "re-education" and "reorientation" of the German people to a democratic way of life will not only cease to be a hope but will become the symbol for the destruction of western ideas and civilization.

26. Destructive measures are temporary and transient. Constructive measures can succeed only if accompanied by progress. Almost seventy million people with a considerable background of stoic endur-

ance and physical courage may not have the means within themselves to wage war, but if they are forced to live without hope, they are certain to become the pawn of future international strife.

27. It is easy to confuse constructive measures in Germany with sympathy for the aggressive, domineering German concept which led to two wars for conquest. However, Germany has received a punishment from this last war which should prove a lasting deterrent to the regrowth of militarism within Germany. Even if it does not, we must still depend on our controls being enforced in the years to come. An economic void in Central Europe will punish the German people indefinitely; it will punish Europe even more and destroy the stability which is essential to the growth of democracy and the maintenance of western cultural thought.

Tab B

SUMMARY OF MAJOR COMMENT BY MILITARY GOVERNMENT ON STATE DEPARTMENT PAPERS ⁸⁷

The Plan for Establishing Provisional German Government

Military Government concurs in the basic concept. However, it suggests that in addition to the central agencies provided for in the Potsdam Protocol, there should be added Food and Agriculture, and Justice.

The plan is also based on the provisional government being formed of "heads of governments of the *Laender*" who are democratically responsible to their respective state assemblies. This latter condition does not exist everywhere at the present time and provisional government should not be deferred awaiting elections in the French Zone.

Military Government feels strongly that the plan which provides that laws and regulations of the provisional "shall be valid unless disapproved by the Allied Control Council" is sound. However, the directive specifies that they shall "become valid upon approval by the Allied Control Authority." We should never consent to such a condition as the resulting veto power in the hands of a single occupying power could nullify almost every action of the provisional government. This remark applies equally to the appointments and dismissals from key positions in the central administrative agencies.

Military Government believes the provision in the second alternative organization, which provides for representation on a zonal basis, is not sound as it would unduly emphasize the continuance of zonal boundaries.

⁸⁷ The detailed comment by OMGUS on individual papers prepared by the Department of State covering 31 pages in the source text is not here printed. The State Department papers under reference are those printed *supra*.

It is believed that the relationship between the central administrative agencies and the *Laender* should be clearly delineated to avoid the states becoming merely agents of the central government.

Plan for Establishment of Laender

The State Department proposal does not indicate whether the proposed *Laender* units are to be established immediately for provisional governmental purposes or are to be included in the ultimate federal government. The re-establishment of a united Wuerttemberg, a united Baden, and a united Rhine province, are desirable in the ultimate governmental structure. However, their re-establishment under the provisional government would not appear feasible with existing zonal boundaries. It would be very difficult to change these zonal boundaries during the period in which a provisional government is in operation.

Military Government is of the view that the proposal by the State Department is one of several alternatives which are acceptable. It doubts the wisdom of the detailed pattern being determined by the Council of Foreign Ministers and suggests that it would be desirable for the Allied Control Council to determine this pattern in consultation with German authorities.

The Structure of the Future German Government

There appear to be some differences in the three State Department papers which deal with these subjects. Military Government considers that there are serious difficulties in the State Department papers. The proposal for the election of the "head of the state" annually from the Upper House while subjecting him and his cabinet to a vote of non-confidence in the Lower House, is unique, and certainly not proven by experience. It would create a weak and unstable government and would build up pressures for the centralizing authority similar to those which wrecked the Weimar constitution. Moreover, the Upper House would become a mere appendage of constitutional government.

This proposal also delegates functions of government to the states rather than the reverse, whereas our position to date has been that the federal or central government will have only those powers given to it by the several states. The detailed conditions requisite for the approval of the constitution should not be prescribed, but rather general standards should be given to the Germans for them to work out in detail, subject of course to final Allied approval of the proposed Constitution.

The Polish-German Boundary

Military Government concurs fully in this paper. It has prepared a proposal for the internationalization of Upper Silesia in the thought that it may have bargaining advantages if and when the internationalization of the Ruhr is considered.

German Boundary Problems other than the Polish-German Boundary

Military Government concurs in the recommendations of the Policy Committee. It would point out that the French occupying authorities have taken unilateral action to extend the boundaries of the Saar territory and that this extension should not be included in the integration of the Saarland with France. Moreover, it should be clearly understood that the integration of the Saarland with France will require an adjustment in the Level of Industry Plan to compensate the German economy for the loss of surplus exports from the Saar.

Implementation of the U.S. Draft Treaty on Disarmament and Demilitarization of Germany

Military Government concurs in the provisions of this draft treaty with the exception of the paragraphs in Article I which prohibit the manufacture of sporting arms and ammunition and the manufacture of commercial explosives. The Allied Control Council has already found it necessary to permit the controlled manufacture of sporting arms and ammunition, and also of commercial explosives.

Military Government also suggests that in paragraph (d) of Article I, first and second sentences, the words "scientific research" be included after the word "production" in each case so as to provide in the treaty for the prohibition of scientific research in military subjects.

Treatment of Germany as a Single Economic Unit

Military Government concurs in the statement of basic problems, however, the passage of time has made it necessary to establish a governmental organization stronger than the Central Administrative Governments contemplated at Potsdam in the form of a Provisional German Government. We are particularly of the view that the Department's proposal to leave the occupying authorities in each zone the right of action in certain fields, would make it impossible to get uniform policy established throughout Germany. The authority of the Provisional Government should be exercised through German machinery under quadripartite top supervision.

It is believed most unwise to establish a directive which would limit German industry by limiting the coal to be made available to Germany. Certainly the American taxpayer would not be happy if this directive should leave him still in the position of having to finance Germany.

Soviet ownership of the so-called Soviet AG's should not be recognized, and we should insist that such ownership be disavowed as a condition to economic unity.

The State Department omits reference to a Central Department of Agriculture. We feel that such a central department is essential and we have been authorized to support its establishment in the Allied

Control Council. Likewise, we are of the view that a Central Department of Justice is needed.

Reparation

Military Government concurs in general in this paper. It points out, however, that a revision of the Level of Industry Plan to be effective must also call for a revision of the proposed export of coal in the Level of Industry Plan. It has become evident that the Level of Industry Plan should be reviewed not only to take into consideration the standard of living contemplated in the Potsdam Protocol, but also the recovery and economic well-being of Europe as a whole. Moreover, if current production is to be used for reparations, the level of industry must be revised accordingly. If this is agreed, it should be specified that production will be used for reparations only when there is a balanced economy, unless agreement can be obtained for an equitable sharing of deficits until the economy is balanced.

The cancellation of agreements for reciprocal deliveries could be used as a bargaining point in resisting Soviet demands for reparations from production, although it is obvious that such a decision would not be acceptable to IARA.

Coal

Military Government does not concur in Memorandum No. 3 on Coal. This memorandum makes recommendations for the issuance of certain overriding priorities and also for the allocation of coal both within Germany and for export. It also enters into the field of denazification and into the findings of effective means of consultation and cooperation by miners and management of mines. It would hardly seem that these were matters for the Council of Foreign Ministers. In point of fact, they are well in hand. The recommendations are therefore unnecessarily critical of British administration.

While the proposed directive is sound in directing quadripartite allocation of coal produced in Germany, such allocation is undesirable if we did not secure full economic unity. If we do secure economic unity, it is unnecessary.

The directive with respect to economizing the consumption of coal lacks meaning, in view of the small amount of coal which has been made available to the German economy.

The directive to restore export coal to the September 1946 level in April means substantial increase in the cost of occupation. It would be difficult to justify before the American Congress. We have agreed here with the British to increase the export of coal in April by 50,000 tons, in May by 200,000 tons, and in June by 300,000 tons. This will restore the September 1946 export level. We have then agreed a sliding scale in which increased production would be shared between ex-

port and internal needs. Even this directive should not be given to the Allied Control Council in fixed terms if, in fact, it is desired to give to the Allied Control Council or to the US/UK Bizonal Agencies the flexibility which will permit the development of a self-sustaining economy.

The entire coal paper is devoted to emphasizing the export of coal rather than the utilization of coal to make the German economy self-sustaining and thus reduce or eliminate the present costs of occupation. It must be pointed out that the receipts from coal exports are perhaps less than one-third of the receipts from the exports which could be produced in Germany with this coal. The coal directive could entirely wreck the bi-zonal plan to obtain economic self-sufficiency within the U.S. and U.K. zones. It is interesting to note that several of the claimant countries having [*have?*] willingly taken reductions in allocations of German coal, recognizing the importance of German economy to Europe.

International Supervision of the Ruhr Economy

Military Government concurs in the views expressed in this paper rejecting the political and economic separation of the Ruhr and opposing international ownership and management.

However, it does not believe that allocations should be made by a Ruhr Authority independent of the Allied Control Authority or whatever Allied Authority may have supervision over the German government. Germany can not have two governments. A Ruhr Authority must not have a separate power to allocate. The power of allocation must remain with the Allied Control Authority and must be exercised for all of Germany, since the power to allocate is a basic power of government. Whatever body is established to control the Ruhr must be subordinate to the Allied Control Authority as long as the Allied Control Authority exists.

Military Government is also of the view that government ownership of the Ruhr will not prove to be the most expeditious way to bring the Ruhr back into production. In any event, it would recommend that this question be left to the German people. If an international control is to be established over the Ruhr, it is believed that it should be a quadripartite directorate operating under the Allied Control Authority with powers of the general sort exercised by the Federal Trade Commission in the United States. A Commission of this type could be continued in existence in the Peace Treaty after the Allied Control Authority has been dissolved.

Post-Surrender Acquisitions in Germany

Military Government agrees with the State Department's views that foreign investors should be permitted to invest in Germany to recover

holdings lost through reparations removals and, in fact, it would go further to permit such investment to replace property lost through war damage. We can not agree that any investment should be permissible which is supported by foreign exchange. The economic condition of Germany is such that the admission of foreign investors to the "bargain basement" of Germany while it is prostrate would result inevitably in extensive "carpet-bagging". This would be particularly true if the foreign exchange is converted into German currency at a rate arbitrarily fixed by the occupying powers. We do not believe that foreign holders should be permitted an increase in their investment in Germany which would place them in a stronger position in Germany than their German-owned competitors. If this did result, and it could result from the proposed policy, Germany would be obligating herself to pay off a foreign debt for materials which were not allocated on an impartial basis within the German economy to permit that economy to first pay off occupation costs.

Economic Provisions of the Berlin Protocol

Military Government does not agree with the interpretation that the Potsdam Protocol prohibits a standard of living of post-war Germany greater than the average of Europe. It is the position of Military Government that this standard was established as a measure of reparations and not to prevent the Germans themselves from their own efforts to attain a higher standard of living in the future. This commentary also implies that agreement has been reached with respect to reciprocal deliveries, which is not correct.

C. RECORDS AND REPORTS OF THE PROCEEDINGS OF THE SESSION

Editorial Note

PRINCIPAL MEMBERS OF THE DELEGATIONS TO THE FOURTH SESSION OF
THE COUNCIL OF FOREIGN MINISTERS, MOSCOW, MARCH 10-APRIL 24,
1947 ⁸⁸

UNITED STATES DELEGATION

Member

George C. Marshall, Secretary of State

Deputy for Germany

Robert D. Murphy, United States Political Adviser for Germany

⁸⁸ This list was compiled from materials in the files of the Department of State. For the complete list of the United States Delegation see *Participation of the United States Government in International Conferences, July 1, 1946-June 30, 1947*, Department of State Publication 3031 (Washington, Government Printing Office, 1948), p. 19.

Deputy for Austria

General Mark W. Clark, United States High Commissioner to Austria

Advisers

Walter Bedell Smith, Ambassador in the Soviet Union

Benjamin V. Cohen, Counselor, Department of State

John Foster Dulles

General Lucius D. Clay, Commander-in-Chief Europe; Military Governor for Germany

Major General William H. Draper, Economic Adviser to the Military Governor for Germany

H. Freeman Matthews, Director, Office of European Affairs, Department of State

Charles E. Bohlen, Special Assistant to the Secretary of State

James Riddleberger, Chief, Division of Central European Affairs, Department of State

John G. Erhardt, Minister in Austria

UNITED KINGDOM DELEGATION

Member

Ernest Bevin, Secretary of State for Foreign Affairs

Deputy for Germany

Sir William Strang, Political Adviser to the Commander-in-Chief of British Forces of Occupation in Germany

Deputy for Austria

Lord Samuel Hood, Deputy to the Secretary of State for Foreign Affairs for the Peace Treaty with Austria

Advisers

Sir Maurice Drummond Peterson, Ambassador in the Soviet Union

Sir Edmund Lee Hall-Patch, Deputy Under Secretary of State for Foreign Affairs

William Henry Bradshaw Mack, Political Adviser to the Commander-in-Chief of British Forces of Occupation in Austria

Lieutenant General Sir Brian Hubert Robertson, Commander-in-Chief of British Forces of Occupation in Germany; Military Governor for Germany

Major General T. J. W. Winterton, British Deputy High Commissioner to Austria

SOVIET DELEGATION

Member

Vyacheslav Mikhailovich Molotov, Minister for Foreign Affairs

Deputy for Germany

Andrey Yanuaryevich Vyshinsky, Deputy Minister for Foreign Affairs

Deputy for Austria

Fyodor Tarasovich Gusev, Deputy Minister for Foreign Affairs

Advisers

Marshal of the Soviet Union Vasiliy Danilovich Sokolovsky, Chief of the Soviet Military Administration in Germany

General Vladimir Vasilyevich Kurasov, Soviet High Commissioner to Austria

Vladimir Semenovich Semenov, Political Adviser to the Soviet Military Administration in Germany

Yevgeniy Dmitriyevich Kiselev, Political Adviser to the Soviet High Commissioner to Austria; Soviet Diplomatic Representative to the Austrian Federal Republic

Andrei Andreyevich Smirnov, Chief, Third European Division (Central Europe), Ministry of Foreign Affairs

FRENCH DELEGATION

Member

Georges Bidault, Minister for Foreign Affairs

Deputy for Germany

Maurice Couve de Murville, Director General for Political Affairs, Ministry for Foreign Affairs

Deputy for Austria

Jacques-Camille Paris, Minister in the United Kingdom

Advisers

Général d'Armée Georges Catroux, Ambassador in the Soviet Union

Hervé Alphand, Director General for Economic and Financial Affairs, Ministry for Foreign Affairs

Tarbé de Saint-Hardouin, Political Adviser to the French Commander-in-Chief in Germany

Louis de Monicault, Political Adviser to the French Commissioner to Austria; Minister in Austria

Général Perruche

CFM Files : Lot M-88 : Box 60

Record of Decisions of the Council of Foreign Ministers, First Meeting, Moscow, Aviation Industry House, March 10, 1947, 5 p.m.

SECRET

CFM (47) (M) 1st Meeting

PRESENT

U.S.S.R.

M. Molotov (Chairman)
 M. Vyshinski
 M. Gousev
 Marshal Sokolovsky
 M. Smirnov
 M. Semenov

U.K.

Mr. Bevin
 Sir M. Peterson
 Lord Hood
 Sir E. Hall-Patch
 Mr. Dixon

U.S.A.

Mr. Marshall
 Mr. Smith
 Mr. Cohen
 Mr. Dulles
 Mr. Murphy
 Mr. Bohlen

FRANCE

M. Bidault
 General Catroux
 M. Couve de Murville
 M. Alphand
 M. de St. Hardouin

I. SELECTION OF CHAIRMAN AND TIME OF MEETING OF THE COUNCIL

It was agreed:

- a. that the head of the U.S.S.R. Delegation should be Chairman of the first meeting of the Council in Moscow;
- b. that at subsequent meetings the chairmanship should rotate in accordance with the customary procedure of the Council; and
- c. that normally the Council should meet at 4 p.m.

II. AGENDA OF THE PRESENT SESSION

It was *agreed* to add to the Agenda of the Moscow Session of the Council which was accepted in New York (CFM/46/NY/74)⁸⁹ consideration of the financial position of Trieste (CFM/47/M/2).⁹⁰

⁸⁹ For the text of the document under reference here, dated December 12, 1946, setting forth the decisions of the Council of Foreign Ministers with respect to the agenda for its next session, see *Foreign Relations*, 1946, vol. II, p. 1557.

⁹⁰ The document under reference, the Report of the Trieste Commission of Inquiry, is not printed; see footnote 28, p. 163.

After an exchange of views, a decision as to the inclusion of the following subjects in the Agenda was *postponed* to the following meeting:

- a*, letter of the Inter-Allied Reparations Agency (CFM/47/M/1),⁹¹ which was communicated to the Council by the Deputies;
- b*, information to be given to the Council by participants in the Moscow Agreement on China of December, 1945, concerning execution of the decisions of the conference (proposal by the U.S.S.R. Delegation—CFM/46/NY/7);⁹²
- c*, reduction of occupation forces in Europe (proposal by the U.S. Delegation—CFM/46/NY/59).⁹³

III. WORK OF THE DEPUTIES FOR GERMANY AND AUSTRIA

It was *agreed* that the Deputies for Austria of the Foreign Ministers and the Deputies for Germany of the Foreign Ministers should at the present session of the Council continue the work which they had begun in London.

The Members of the Council communicated the names of their appointed Deputies as follows:

U.S.S.R. Delegation

Deputy for Austria	—	F. T. Gousev
Deputy for Germany	—	A. Y. Vyshinski

U.S. Delegation

Deputy for Austria	—	General Clark
Deputy for Germany	—	Mr. Murphy

French Delegation

Deputy for Austria	—	M. Paris
Deputy for Germany	—	M. Couve de Murville

U. K. Delegation

Deputy for Austria	—	Lord Hood
Deputy for Germany	—	Sir William Strang

⁹¹ See *post*, p. 391.

⁹² The document under reference, dated March 10, 1947, was the statement on China by Foreign Minister Molotov, made in the course of the Council's 1st Meeting, March 10. For the text of the statement, see V. M. Molotov, *Speeches and Statements Made at the Moscow Session of the Council of Foreign Ministers, March 10—April 24, 1947* (London, "Soviet News", 1947), p. 121.

⁹³ *Foreign Relations*, 1946, vol. II, p. 1466.

IV. LIQUIDATION OF PRUSSIA

It was *agreed* to approve the decision of the Allied Control Council for Germany regarding the liquidation of the Prussian State (see Annex ⁹⁴).

V. REPORT OF THE ALLIED CONTROL COUNCIL FOR GERMANY TO THE COUNCIL OF FOREIGN MINISTERS ⁹⁵

It was *agreed* to instruct the Deputies for Germany to discuss on the morning of March 11 the order in which the Report of the Allied Control Council for Germany should be considered and to make a recommendation on this question to the Council.

VI. NEXT MEETING

Next meeting of the Council: March 11, 1947, at 4 p.m.

Meetings of the Deputies for Austria and the Deputies for Germany: March 11, 1947, at 10 a.m.

740.00119 Council/3-1047: Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

SECRET
URGENT

Moscow, March 10, 1947—11 p.m.

741.⁹⁶ Delsec 1288. For the President and Acting Secretary Acheson from Marshall. The opening meeting of the Council of Foreign

⁹⁴ The Annex is not printed. It consisted of a translation of the Allied Control Council for Germany Law No. 46 on the abolition of the State of Prussia. For the text of the law, see *Germany 1947-1949*, p. 151, or *Ruhm von Oppen Documents on Germany*, p. 210.

⁹⁵ At the close of its Third Session in New York, November 4-December 12, 1946, the Council of Foreign Ministers agreed to instruct the Allied Control Council for Germany to submit to the Council of Foreign Ministers by February 25, 1947, a report dealing with the work of the Control Council since its creation and the problems of the political, economic and financial situation of Germany; see Items II, 1 and III of CFM (46) (NY) 74, December 12, 1947, *Foreign Relations*, 1946, vol. II, p. 1557. The final portions of the Report requested by the Council of Foreign Ministers were completed and approved by the Allied Control Council for Germany at its 55th Meeting, February 25, 1947; see telegram 467, February 26, 1947, from Berlin, p. 855. The Report, which covered many hundreds of pages and weighed approximately six pounds, was divided into the following major sections: I. Demilitarization, II. Denazification, III. Democratization, IV. Economic Problems, V. Reparations, VI. Central Administration, VII. Population Transfers, VIII. Territorial Reorganization, IX. Liquidation of Prussia. The complete text of the Report, which has not been printed, is included in CFM Files, Lot M-88, Box 89.

⁹⁶ The telegrams from the Secretary of State during the Moscow Session of the Council of Foreign Ministers were transmitted through the facilities of the Embassy in Moscow and bear the Embassy telegram numbers as well as the Delsec series number.

Ministers convened this afternoon with Molotov, Bidault, Bevin and myself present.⁹⁷ After the usual courtesies, it was agreed that chairmanship would rotate daily, starting with Molotov today. At the request of the British the Ministers agreed to add to the agenda the report of the Four-Power Commission investigating the financial situation in Trieste. Deferred to the next meeting was Molotov's request to add to the agenda the second letter from the Inter-Allied Reparations Agency. It was also agreed to direct the deputies to proceed forthwith with their work on both the German and Austrian treaties.

Molotov then proposed that the agenda include an information report by each of the four signatory powers to the Moscow declaration as to the fulfillment of promises contained in the declaration as regards China.⁹⁸ I stated that the submission of such a report appeared to be a reasonable request but that I was concerned as to just how China would be represented at the discussions. Molotov stated that since China was not a signatory of the Moscow conference he saw no reason why they should be represented. (I do not think such report should be rendered to these four Ministers, that is, to this council, but only to Molotov and Bevin.)

I then proposed that we add to the agenda the question Mr. Byrnes introduced at New York, to have the four powers limit the number of occupational troops they were using. I said that it was my understanding that Mr. Molotov had deferred this matter in New York, but had left open a possibility of discussing it at this meeting. Mr. Molotov then asked if I agreed to include the China problem in the agenda, and I stated that I wished to think it over further and would report tomorrow. Molotov then gave similar reply to my request on occupational troops.

The Council agreed to refer to the deputies the report by the Allied Control Council for Germany with instructions that the deputies have available for tomorrow's meeting a digest of procedure to be followed by the CFM in considering the Council's voluminous report. The CFM Council then approved the action of the Allied Control Council in the liquidation of Prussia.

The Council then adjourned.

[MARSHALL]

⁹⁷ For the agreed record of the decisions reached at this meeting and the identification of the documents cited and discussed, see *supra*.

⁹⁸ Section IV of the Communiqué of the Moscow Conference of the Three Foreign Ministers, December 27, 1945, in telegram 4284, December 27, 1945, from Moscow, *Foreign Relations*, 1945, vol. II, p. 815.

740.00119 Council/3-1147: Telegram

The Secretary of State to the Acting Secretary of State

SECRET

Moscow, March 11, 1947—8 p.m.

URGENT

759. Delsec 1289. For Acheson from Marshall. This morning March 10, Mr. Bidault called on me at his request. He stated that he had been informed of my discussions with Auriol.⁹⁹ I told him that since leaving Paris I had had some discussions with American technicians and had reached certain superficial conclusions.

I understood that it is now expected that coal exports from the Ruhr will be increased in April and that exports will be restored to the full level of September 1946 by June or July. I said further I understood there was hope that, as coal production further increases, there would be probable further increases in exports during the latter part of the year. He said he had hoped that the September export level of coal would be reached by April but did not press the matter. I stated my understanding that any increase in the level beyond 60% of pre-war involved substantial increases in transport and steel production for the mines and equipment.

I said I understood that the French would like to see French and American technicians at the mines in operating capacities, but we felt this was the wrong way to increase production. We felt that there should be French, American and British control or supervision at the top, but that the way to get coal is to have the mines administered and operated by the Germans.

Bidault replied vaguely that we could discuss details later and he was not sure that this was an important point of difference.

I said France could help get her coal needs by accepting our invitation to join the bi-zonal arrangement we have made with the British. She would then have a say on the coal problems. Bidault smiled and said I was doubtless familiar with the origins of the French position on this matter. He made it clear that he referred to the Communist participation in the French Government and their reluctance to permit the French to join. He said that the joining of the French zone with the British and American would depend on how the whole picture develops.

We then discussed the length of the conference, and I emphasized the importance to the world of the problems with which we are dealing, saying that it sometimes is difficult to see the forest for the trees. He remarked that he had begun his political career working by the side

⁹⁹ For the record of the Secretary of State's conversation with President Auriol in Paris on March 6, see p. 190.

of a man (De Gaulle) who saw only the forest and didn't look at the trees, and he said this was equally bad.

(Department please pass to Paris as Moscow's 62).

[MARSHALL]

740.00119 Council/3-1147: Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

TOP SECRET
URGENT

Moscow, March 11, 1947—11 p.m.

761. Delsec 1291, for the President and Acting Secretary Acheson from Marshall. The CFM met today 11 March from 4 to 7:30 p.m. with me presiding.

It was agreed that the letter from the Inter-Allied Reparations Agency¹ would be considered at the time we considered the overall matter of reparations, and not as a separate item on the agenda.

On the information report Molotov desired on China, both Bevin and myself agreed, and so stated, that it was not a matter for CFM but that we had no objection to an informal exchange of data among the three ministers concerned as an item entirely separate from the Council table. Bidault disassociated France from any discussion thereof. Molotov proposed that any discussions result in a communique such as that of the Moscow Conference, I and Bevin opposed any discussion of such a matter at the Council table. There being no agreement, we passed to the next item.²

On the limitation of occupational troops, Molotov stated that since the item was not included in the agenda agreed upon at New York, he reserved his position. Both Bevin and Bidault indicated no prior objection and hence none now. I stated that the matter was pertinent to the issues we were now considering, that we had circulated our proposal on December 6,³ and believed that it was pertinent to the conference. It was agreed to hold the matter in suspense pending further Soviet consideration.

¹ *Post*, p. 391.

² On March 15 the Secretary of State wrote to Foreign Minister Molotov proposing that they and Foreign Secretary Bevin exchange information concerning the execution of the Moscow declaration on China. The information would be exchanged by April 1 and copies would be sent to the Chinese Government. In a letter of March 24, Molotov agreed to Secretary Marshall's proposal. The Secretary and Molotov subsequently exchanged information in communications dated March 31 and April 1, respectively. For texts of the communications referred to here and other related documentation, see volume VII.

³ Document CFM (46) (NY) 59, December 6, 1946, *Foreign Relations*, 1946, vol. II, p. 1466.

The report of the deputies for Germany on procedure to be followed by CFM in considering ACC report indicated a priority for discussion of important items and recommended a further directive to the deputies to study the matter and make specific proposals after a general discussion on CFM.⁴ The first and only item discussed today in the priority list was demilitarization of Germany.

Bidault was glad to note the non-existence of a German army but expressed concern over the delineation between war potential and industrial potential.⁵ Bevin stated that the British views were contained in the ACC report itself. Molotov then made a prolonged attack on failure of the western zones to demilitarize armed forces and forces of non-German national and suggested instructions to the Allied Control Council as follows: ⁶

A. By 1 July 1947, submit plan for elimination of war industry potential. Such elimination to be completed by the end of 1948 with special emphasis on trusts, cartels, et cetera.

B. Expedite destruction of war material and installations for waging war on land, sea and air, to be completed by the end of 1949.

C. Disband and liquidate by 1 June 1947 all remaining German military and auxiliary units.

D. Disband and eliminate all remaining military units, camp guards and personnel of non-German national.

I stated my general acceptance of the ACC report except for the reduction of heavy industry. The removal contemplated cannot be done without economic agreement and controlling Germany on a purely zonal basis requires a higher level of economy in each zone. I submitted a resolution that CFM note the ACC report on demilitarization and the substantial progress made by ACC therein, and

⁴ The Deputies for Germany held their 31st Meeting (their first meeting during the Moscow Session of the Council of Foreign Ministers) on March 11 at 10 a.m. to consider the order of discussion of the Report of the Allied Control Council for Germany. The report of the Deputies, circulated to the Council as document CFM (47) (M) 4, March 11, not printed, recommended that the Council of Foreign Ministers consider the following questions in the following order:

1. Demilitarization,
2. Denazification,
3. Democratization,
4. Economic principles,
5. Reparations,
6. Displaced persons,
7. Territorial reorganization,
8. Creation of central administrative agencies.

⁵ For the text of Foreign Minister Bidault's statement, see *Déclarations de M. Georges Bidault: Président de la Délégation Française au Conseil des Ministres des Affaires Étrangères: Session de Moscou Mars-Avril 1947* (Paris, Imprimerie Nationale, 1947), p. 5.

⁶ For the text of Foreign Minister Molotov's statement and suggestions, see V. M. Molotov, *Problems of Foreign Policy: Speeches and Statements April 1945–November 1948* (Moscow, Foreign Languages Publishing House, 1949), pp. 343–347.

direct continuation of action along these lines in accordance with ACC agreements and procedures.⁷ I then recommended that Molotov's instructions and my resolution be referred to the deputies for a report.

Bevin stated his desire to study Molotov's and my statements further in writing before committing his government. He then presented a detailed and rather caustic defense against the Soviet allegations, concluding with his view that in spite of misunderstandings on the Potsdam Agreement the ACC seems to have done pretty well.

Molotov stated that the Soviets do not share the general optimism of the other colleagues but accepted my recommendation that the deputies consider our views in greater detail.

At this point Bidault suggested that certain French views expressed in the report should also be considered by the deputies.⁸

Bevin pointed out that much of the confusion was a result of no clearcut definition of war potential plants and cited several examples to support the confusion.

I agreed with Bevin's concern as to what were and what were not war potential plants and stated emphatically that the United States Govt and people desire to see Germany completely disarmed and demilitarized. I said that Germany is not capable of waging war today and we all know it. Further that the Four-Power pact or treaty, in our opinion, would be the determining factor in keeping Germany in a state of demilitarization. I then pointed out that we must avoid dissension over details of procedure on such matters, that allied unity would be the determining factor in continuing the state of German demilitarization.

It was agreed to await Bevin's statement or proposed directive to be presented tomorrow.

The meeting then adjourned.

[MARSHALL]

740.00119 Council/3-1247: Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

TOP SECRET
URGENT

Moscow, March 12, 1947—11 p.m.

776. Delsec 1295. From Marshall to the President and Acting Secretary Acheson. Today's CFM meeting,⁹ 12 March, with Bidault Chair-

⁷ The draft resolution of the United States Delegation described here was circulated to the Council as document CFM(47)(M) 5, March 11, 1947, not printed.

⁸ The French views under reference are printed in *Déclarations de Bidault*, p. 6.

⁹ This was the 3rd Meeting of the Council of Foreign Ministers.

man, proved relatively ineffective. Bevin replied lengthily to charges pressed yesterday by Molotov.¹⁰ Based on shortage of German manpower for her economy, he asked the Soviets for a report of German prisoners of war still held in Allied territory. All four Ministers agreed to furnish this information.

Bevin charged Soviet failure to destroy German capital ships and Molotov accepted charge but gave extenuating reasons. Molotov stated he would report subsequently on progress in this matter.¹¹

Bevin hewed the line that destruction of so-called war potential plants could not proceed much further without agreement on unified German economy. He added that the Potsdam Agreement is seriously affected by Germany's not being treated as an economic unit and felt that the German level of industry plan should be reviewed and brought up to date.

He proposed that Deputies limit their review of ACC report to the facts, leaving policy matters for the Council of Foreign Ministers.

Molotov agreed with the necessity for unified German economy and review of the German level of industry plan, but saw no reason why war potential plants having no peacetime use should not be destroyed at once.¹²

The four delegates appeared to be in general agreement with this view, although no formal statement was made to that effect.

After considerably more discussion along the foregoing lines, most of which appeared to be propaganda for home consumption, it was agreed that the CFM would review and discuss all eight items of the ACC report in the priority proposed by the Deputies and that any directive to the Deputies for further study would be held in abeyance pending complete discussion by CFM.

[MARSHALL]

¹⁰ Foreign Secretary Bevin read a prepared statement on demilitarization which was circulated to the Council as document CFM (47) (M) 8, March 12, 1947; the text of the statement is printed in *Documents on International Affairs 1947-1948*, selected and edited by Margaret Carlyle and issued under the auspices of the Royal Institute of International Affairs (London, New York, Toronto, Oxford University Press, 1952), pp. 417-422.

¹¹ In document CFM (47) (M) 69, March 27, 1947, not printed, the Soviet Delegation stated that "the complete destruction of the ships of category 'C' of the German navy will be fully accomplished in August 1947." The Tripartite Naval Commission had defined category "C" ships as those which were inoperable or those whose construction and repair could not be completed in six months. For the Report of the Tripartite Naval Commission, December 6, 1945, see *Foreign Relations*, 1945, vol. III, p. 1506.

¹² Foreign Minister Molotov's reply to Foreign Secretary Bevin's prepared statement is summarized and quoted from at length in Molotov, *Speeches and Statements at Moscow*, pp. 8-10.

740.00119 Council/3-1047

*Minutes of a Meeting*¹³

SECRET

[Moscow, March 13, 1947.]

Present: Secretary Marshall
Monsieur Georges Bidault
Mr. H. Freeman Matthews
Monsieur Hervé Alphan

GENERAL MARSHALL: "I would have liked to return your visit earlier, but you must understand that being a newcomer to the Council of Foreign Ministers, I am finding some difficulty in adapting myself to it. Up to the present time, I was occupied with conducting war; that is a relatively simple profession, because one understands clearly the objectives to be attained. To make peace seems to me to be a more complicated matter. It is my experience that I form certain opinions when, suddenly, a new element is introduced which is misleading. It is difficult for me to decide on the best methods to adopt."

M. BIDAULT: "Yesterday's session, in fact, was an example of the difficulties of the methods to which you refer."

GENERAL MARSHALL: "I admired the manner in which you yourself presented the problem of demilitarization in such a manner as to avoid giving a too provocative aspect to your proposals."

M. BIDAULT: "I must say that I was a bit disappointed by the reception given to these proposals and I did not understand very well the attitude of Mr. Bevin in this matter. We will have to talk about many complex problems: economic unity, coal, level of industry, war potential, reparations, all questions which are extremely involved with each other. Whereas it was possible to isolate, as I indicated, the question of demilitarization: I regret that it was not done and that the consequence may be general confusion on all the problems which are before us."

GENERAL MARSHALL: "Please note that it is Mr. Molotov himself who proposed that the question of demilitarization alone not be referred to the Deputies in order to examine the other items on the agenda."

M. BIDAULT: "Yes, but what was involved there was only an alternative proposal and which, in any case, did not satisfy the interests of the French Government."

GENERAL MARSHALL: "It must be admitted that the problem is a very complex one."

¹³ The authorship of these minutes is not indicated. Attached to the source text is the original French text from which these minutes were translated. The minutes were probably prepared in French by Alphan and Matthews.

I speak to you now as someone who has fought and who knows the Germans. We do not fear so much seeing Germany rising again if a genuine agreement of the Four Powers is established. What we are worried about is a Germany which will ally herself with one or the other of these Four associated powers. On two occasions, at least, in history, she has succeeded in evading obligations which were imposed on her by treaties. The German people are indomitable. If we are not careful, they will start all over again. And we should recall that her motto is: 'Divide in order to rule.'

M. BIDAULT: "That is the very reason for our vigilance and our concern."

GENERAL MARSHALL: "Believe me that the United States is thinking also about the future. In my opinion, the best guarantee for peace is the conclusion of an agreement between the Four Powers, on a sound basis.

While I was Chief of Staff of the American Army, I thought often that the last war could have been avoided on two conditions: on the one hand, if the United States had made a commitment; on the other hand if American military preparation had been more advanced."

M. BIDAULT: "Mr. Byrnes, while he proposed a pact for the Four Powers, seemed a bit surprised and disappointed with our lack of enthusiasm. I must tell you here, in the most clear manner, how I declared on the first day that the French Government attached the greatest importance to the presence of the United States in Europe and, obviously, above all in Germany. We consider that there lies the fundamental element of world peace. But what we fear is that the Four Power Treaty may be considered as a sort of 'substitute' for other guarantees which we believe necessary. Perhaps we have exaggerated our fears. But we firmly believe that a whole series of measures are indispensable to guarantee peace: demilitarization, control, Four Power Pact and alliances, occupation. Each one of them, taken by itself, would not be sufficient to permit us to achieve our objectives.

I hope therefore no one will accuse us of indifference with regard to Mr. Byrnes' proposal, but rather they should remember that the real solutions must be global.

France has various reasons for adopting this attitude. She remembers the Treaty of 1919. In a troubled world where the United States and the Soviet Union can affront each other, it seems necessary to us to superimpose on the Treaties material guarantees of a territorial and industrial character.

The Four Power Treaty constitutes a peaceful gesture, generous, courageous on the part of the United States. However, other guarantees seem to us also indispensable."

→ GENERAL MARSHALL: "I return to your idea of global solution. All that the United States can do to increase the prestige of UN will be done but UN is a very young child, without tradition, without experience, and which has not yet been tested. We must therefore in the immediate future take intermediary measures. The Four Power treaty is, it seems to me, in this respect, essential."

→ M. BIDAULT: "I wish to remind you that it was I myself who at San Francisco took the responsibility of insisting that there be inserted in the Charter measures permitting the negotiation of pacts against the Axis Powers."¹⁴

GENERAL MARSHALL: "The Four Power Treaty is a basic element. On the one hand, it will have in its favor, making known to all countries, and notably France, that the United States agrees to take responsibility in Europe; on the other hand it will serve to make the American people conscious of this responsibility. The necessary measures will be taken therefore by us in order to develop our industry in accordance with commitments made. The President of the United States would not have to spend a lot of time, as President Roosevelt was obliged to do, in order to lead the American people during the war. Many things would, therefore, be simplified in this manner and a greater confidence would exist in international relations.

"Beside the Four Power Accord, I can see the utility of the bilateral treaty, such as that which exists between France and Great Britain. At all times these treaties, in my opinion, have less prime importance than the Four Power Pact. Finally, in the immediate future, we would also have to take measures such as those we are discussing now with regard to demobilization and the level of industry of Germany, but these measures are not the decisive factors. A determined Germany can always evade them if the pact between the Four Powers does not exist.

"I wish to add that this pact seems to me equally fundamental for the solution of the problems in the Far East.

"That is why Mr. Byrnes may have seemed a bit disappointed in stating that this 'revolutionary' change of attitude on the part of the United States had not been fully understood, particularly on the part of France which is one of the principal beneficiaries.

"All the measures which you imagine for the establishment of the future regulation of Germany—except those which concern, for the immediate future, the rebuilding of your economy—seem to me 'superficial', if I compare them with the necessity for the Four Power Pact."

¹⁴ For documentation on the United Nations Conference on International Organization, San Francisco, California, April 25–June 26, 1945, see *Foreign Relations*, 1945, volume I.

M. BIDAULT: "With that exception, in the meantime, it is important in the immediate period as in the future that the French economy not be destroyed by the German economy. We are going to raise these economic questions in the Council. Do you not believe that it may be necessary that our experts have a preliminary exchange of views on this subject?"

GENERAL MARSHALL: "I agree. I think that we must talk first of all about coal. General Robertson has arrived. We can decide to submit this question to study by French, British and American experts."

M. BIDAULT: "I agree. I am going to return once more to the reaction of Mr. Byrnes. I understand his feelings, but I wish to remind you that he for the first time made his proposal at a moment when he discarded simultaneously the suggestions by the French Delegation made with regard to the future of Germany. I myself was a bit surprised then by his attitude and that explains perhaps the sentiment of Mr. Byrnes."

GENERAL MARSHALL: "I knew these problems after the last war. I have personally heard Foch and Weygand talk about them. They were discussing at that time, as now, the Ruhr. The solution of Foch was simple, it was a solution of force. Do you not think that there may be an element of force in the Four Power Treaty? An element of continuity also? What preoccupies me is not what is going to happen in four or five years in Germany, it is the situation in which we will find ourselves within 10 years.

"It is necessary that our public opinion be informed continuously in order that we may counteract propaganda by constantly keeping our peoples informed; it is a consideration which our Department of State will not lose sight of."

It was decided that Mr. Matthews and M. Alphand will take the necessary steps towards arranging an early meeting of American, British and French experts on the question of coal.

740.00119 Council/3-1847: Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

TOP SECRET
URGENT

Moscow, March 13, 1947—10 p.m.

799. Delsec 1297. For the President and Acheson from Marshall. Fourth CFM meeting, Bevin presiding, 13 March.

I opened discussion on denazification with brief statement of our

activities to date and cited lack of uniform implementation in the four zones with consequent distrust incident thereto.¹⁵

I proposed resolution instructing ACC to have enacted a uniform German law based on ACC Directive No. 38 to assure equal and just treatment of all persons.¹⁶

Bidault pointed out that democratization flowed naturally and inseparably from process of denazification and likewise stressed need for uniformity of processes in the four zones. He stated that democratization was interdependent with economic stability on a unified zonal basis, and agreed in principle with my resolution.¹⁷

Molotov expressed dissatisfaction with efforts of Allied Control Council, and launched a lengthy attack against U.S. and British procedures and non-compliance with intent of Berlin agreements.¹⁸

As usual, he glorified complete Soviet compliance. Although stating his agreement in principle to my resolution, Molotov introduced recom-

¹⁵ The statement by the Secretary of State on German denazification was circulated to the Council as document CFM (47) (M) 10, March 13, 1947; for the text of the statement, see *Germany 1947-1949*, pp. 107-109, or Department of State *Bulletin*, March 23, 1947, pp. 522-523.

¹⁶ The text of the resolution proposed by the Secretary of State was as follows:

"The Council of Foreign Ministers notes the report of the Control Council on Denazification and concludes that uniformity of denazification practices and procedures throughout Germany is imperative. It instructs the Allied Control Council to direct the appropriate German authorities to enact a uniform German law based on Control Council Directive No. 38 to assure equal and just treatment of all persons in accordance with the degree of their responsibility, said German legislation to be effective unless disapproved by the Allied Control Council."

For the text of Directive No. 38 of the Allied Control Council for Germany, October 12, 1946, under reference here, dealing with arrest and punishment of war criminals, Nazis, and militarists and the internment, control and surveillance of potentially dangerous Germans, see Ruhm von Oppen, *Documents on Germany*, pp. 168-179.

¹⁷ For the text of the first portion of Foreign Minister Bidault's statement on German democratization, see *Déclarations de Bidault*, pp. 7-8. According to the United States Delegation's Record of this meeting of the Council, Bidault's observations on the American draft resolution were as follows:

"(1) The French Delegation agreed in principle to uniform practices in the four zones;

"(2) The French Government does not object to German legislation being substituted for directives of the Allied Control Council on the understanding that these would be issued only by the local Laender in each province;

"(3) There must be unity of legislation and jurisprudence. The method outlined in the United States draft provided that the Allied Control Council give instructions directly to the German authorities. This was a new proposal compared to the existing situation and was not desirable in the view of the French Government. The directives of the Allied Control Council should pass through the intermediary of the Military Commander of each zone. Therefore, the draft should be modified to reach [read] as follows:

"The Council of Foreign Ministers instructs the Allied Control Council to direct the appropriate German authorities through the intermediary of the Allied Commander in each zone to enact a uniform German law based on Control Council Directive no. 38 to assure equal and just treatment of all persons in accordance with the degree of their responsibility, said German legislation to be effective unless disapproved by the Allied Control Council."

M. Bidault said that this would be in conformity with the formula of Directive 38 itself." (CFM Files: Lot M-88: Box 60: USDel (47) (M) 4th Meeting)

¹⁸ For the text of Molotov's lengthy statement on German disarmament and denazification, circulated to the Council as document CFM (47) (M) 9, March 13, 1947, see Molotov, *Problems of Foreign Policy*, pp. 348-358.

mendation directing ACC to take immediate and accelerated measures for denazification. He then went on to state that political zonal disunity seriously jeopardized the end results desired and after attacking both British and US electoral procedures, stated that Soviet belief that in order to obtain a democratic unified Germany the CFM must: (1) give German Democratic parties and Free Trade Unions the right to organize and operate on an all-Germany basis and not to be limited by zones; (2) establish uniform principle of democratic elections with proportional representation; (3) approve ACC recommendation that land reforms be carried out by end of 1947.

Bevin then followed his usual line of counter attack against the Soviet accusations. He cited chapter and verse against the Soviets in as much detail as Molotov had attacked the British and US operations. He expressed a dim view of public press and radio accusations by any government against the other and recommended that when one govt believes irregularities exist, it should inform the other through normal procedures. He then went on record, and asked Council agreement to, his gratification at progress of ACC on denazification.

On democratization, Bevin caustically referred to other elections since the war and stated his opinion that the "list" system was a great contribution to the rise of Hitler. He said we must join to avoid the rise of militant minorities into totalitarian regime which will threaten the security of all of us.

The exchange between Molotov and Bevin, again, as yesterday, was well interspersed with propaganda for home consumption.

I closed the meeting with the statement that I would circulate well before hand, tomorrow, my views on democratization, liquidation of war potential plants, and a statement on our prisoner of war holdings, rather than engage in lengthy procedure of presentation orally with necessity of translating first into Russian and then into French.

Sent Dept as 799, repeated Berlin as 95.

[MARSHALL]

740.00119 Council/3-1447 : Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

TOP SECRET

Moscow, March 14, 1947—9 p.m.

URGENT

819. Delsec 1301. For the President and Acheson from Marshall. Fifth CFM, Molotov in chair, 14 March.

My initial attempt to expedite action of CFM by presenting my views in writing prior to the meeting and thus avoid tiresome reading and two time-consuming translations resulted in a confused discussion among the other three delegates. I therefore read my statement and

included two others I had circulated and had no intention of reading.¹⁹ The waste of time was so evident that I have hopes of later on getting some time-saving procedure approved.

On democratization, I briefly stated our definition of basic human rights, and pointed out that the present allied control of Germany gave all four of us a unique opportunity to demonstrate our sincerity in the democratic goals proclaimed in the Atlantic Charter and United Nations charter. I pointed out that there has been no uniform zonal preparation of Germans for political reconstruction, and specifically in the following five respects, there has been no uniformly effective guarantee in all parts of Germany of (1) civil rights, (2) rights of political parties, (3) rights of free trade unions, (4) freedom of press and radio and (5) freedom of movement for persons and goods. I concluded with statement that these principles are fundamental and that we must all take active part in establishment of these essentials to restore German economic and political life on the foundation they provide.

I then rebutted the accusations levelled yesterday by Molotov against our denazification procedures and our alleged failure to destroy war potential plants in the US Zone.

Bidault likewise rebutted Molotov's similar allegations and reaffirmed his belief that democratization was a slow positive process flowing naturally from the negative process of denazification and that we must proceed slowly before turning Germany over to self-government. He stated the fundamental importance of democratic electoral procedures and land reforms.²⁰

Molotov, in commenting on our democratization paper, stated Soviets were not concerned with generalities of democracy, but only those facts which bore on allied responsibilities in Germany. He said Soviet understanding of freedom of press and radio did not include right to propagandize for restoration of a Hitlerite regime. He picked out freedom of trade unions, and Bidault's mention of land reforms, as items requiring immediate decision by CFM.²¹

Bevin said his government would never again be maneuvered into the position it was in after Potsdam, and accordingly he would make

¹⁹ The statement read by the Secretary of State, which dealt with German democratization, was circulated to the Council as document CFM(47)(M) 13, March 14, 1947; for the text of the statement, see *Germany 1947-1949*, pp. 154-155 or Department of State *Bulletin*, March 23, 1947, pp. 524-525. The statements circulated to the Council by the Secretary at this time were CFM(47)(M) 11, March 14, 1947, regarding the total number of ex-members of the German Armed Forces in U.S. Custody, and CFM(47)(M) 12, March 14, 1947, on the liquidation of war plants in the U.S. zone of occupation in Germany; for the texts of these statements, see Department of State *Bulletin*, March 23, 1947, pp. 523-524.

²⁰ For the text of Bidault's statement, see *Déclarations de Bidault*, pp. 8-9.

²¹ For the text of Molotov's statement, see Molotov, *Speeches and Statements at Moscow*, pp. 17-19.

no decisions on any items until we had decided the future status of Germany from political and economic viewpoints.

Bevin then asked the CFM's to present factual data on reparations removed from Germany. Molotov said he would present his views on this later when reparations were discussed. Bevin retorted that he assumed the data would be made available then. Molotov declined to comment.

[MARSHALL]

740.00119 Council/3-1547 : Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

TOP SECRET

Moscow, March 15, 1947—midnight.

URGENT

833. Delsec 1307. For the President and Acheson from Marshall. Sixth CFM of 15th March, Marshall presiding.

The German Deputies reported their agreement to establishment of an advisory and information committee but split evenly and violently on inclusion of Albania as member.²² The Soviets and French supporting, the British and US denying Albanian membership. The Soviet Deputy attempted to refer dispute to CFM for immediate decision but after lengthy discussion of procedure, the CFM directed the Deputies to proceed with their work and complete report on procedure for drafting German treaty by Thursday.²³

Bidault opened discussion on displaced persons expressing concern over high population density of Germany and natural adventurous

²² The Deputies for Germany had continued at Moscow the meetings which they had begun in London in January. At their 32nd Meeting, March 12, the Deputies had resumed their consideration of the question of the procedure for the preparation of a German Peace Treaty. At their 34th and 35th Meetings, March 14 and 15, the Deputies for Germany had discussed the French proposal for the establishment of a Committee of Consultation and Information, which had been set forth in document CFM(D) (47) (G) 68, February 21, 1947, p. 32. In accordance with a proposal by the Soviet Delegation, the Deputies had agreed to set up not a Committee of Consultation and Information but a Consultation and Information Meeting and agreement was also reached also with respect to some aspects of the procedure to be followed in such a "Meeting". No agreement could be reached, however, with respect to the inclusion of Albania in such a "Meeting".

²³ British Foreign Secretary Bevin was particularly opposed to having the dispute referred to the Council for immediate decision. Bevin's position was summarized in the following excerpt from the United States Delegation Record of this Council meeting:

"Mr. Bevin said that there was one point about this matter that disturbed him. If at a meeting of the Deputies agreement could not be reached, and if one of the Deputies said that no further business could be done unless he could get his way before the Ministers, this would seem to be a very improper way to proceed. It had been the practice in the past to put disagreements in brackets and submit them to the Ministers." (CFM Files: Lot M-88: Box 60: USDel (47) (M) 6th Meeting)

desire of Germans to spread to adjacent less populous countries. This, he said, combined with numerous Germans still to find their way back to Germany, will result in density ratio three times that of France. To safeguard security of Europe and provide for political and economic stability of Germany, Bidault stated following must be done: (1) no further transfers of German population above those already agreed; (2) if agreeable to all states concerned, discontinuance of transfers agreed at Potsdam; (3) allow no permanent settlement of displaced persons in Germany, and speed up their repatriation or resettlement to areas outside Germany; (4) organization of German emigration and France was prepared to overcome her repugnance and accept Germans.²⁵

Bevin acknowledged receipt of reports from other delegates of prisoners of war held outside Germany, but deplored lack of indication of "rate of return" to Germany. As regards Allied DPs, he stressed agreed policy of no forced repatriation but use of encouragement to return to homes. He stated that these people cannot be supported in idleness by British and must be resettled, some in Germany, as quickly as possible.

Bevin said their own governments, for reasons unknown to him, are unwilling to admit DPs of former enemy countries. It is difficult, he continued, for me to understand why 110,000 Poles in the British zone, in spite of all legitimate pressure, refuse to return to Poland and assist in rehabilitation of their country. The financial burden on our country's tax-payers, Bevin said, is becoming unbearable. As for Germans, the British zone is becoming daily more crowded with them, mostly from east of the Oder-Neisse. The time has come, Bevin said, to reconsider the entire population problem of Germany, in the light of existing agreements and burdens borne to date. In the meantime, the British zone can accept no more Germans from outside areas, except under previously agreed commitments. Bevin then proposed a special German committee, operating under ACC, to prepare quotas for equitable redistribution of Germans within the four zones, treating Germany as a whole for this purpose.

Vyshinsky, presenting Soviet view at Molotov's request, expressed concern over Soviet and other Allied citizens in western zones who, through Fascist pressure and propaganda, were constrained from returning to their native lands.²⁶ Following this line, he attacked procedures in western zone, and recommended that a four-power commission be established to investigate conditions in DP's camps in the western zone.

²⁵ For the text of Bidault's statement summarized here, see *Déclarations de Bidault*, pp. 11-13; for a variant text, see *Documents on International Affairs 1947-1948*, pp. 422-424.

²⁶ Vyshinsky's statement was circulated to the Council as document CFM(47)(M) 17, March 15, not printed.

I said the problem of displaced persons had been fully debated in the UN Assembly, that our attitude was well known and had not changed and that to deal with the question in the CFM might complicate efforts of the International Refugee Organization, which had been created with our full support to solve this problem.²⁷

The Council then turned to the problem of the territorial reorganization of Germany. Vyshinsky accused the commanders of the western zones of attempting unilaterally to federalize Germany by altering boundaries for provinces and states in their zones.²⁸ I pointed out that Potsdam calls for the de-centralization of Germany and that the state boundaries we have fixed are only provisional. I suggested that further discussion of this question be included in our discussion of the provisional government for Germany.²⁹

The Council adjourned after deciding to meet again Monday to discuss the questions of economic principles and reparations.

[MARSHALL]

740.00119 Council/3-1747 : Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

TOP SECRET

Moscow, March 17, 1947—11 p. m.

URGENT

856. Delsec 1308. For the President and Acheson from Marshall. Seventh CFM 17 March, Bidault presiding.

Bevin conceded by reaffirming British position that economic unity of Germany is essential. He proposed revision of level of industry plan and stated that while it is essential to remove Germany's potential for war, it is also essential to maintain her potential for peace. He stated flatly that no additional financial burden to the UK was acceptable, and agreed that economic unity must be associated with our intentions on political unity. On reparations, Bevin said that any plan depends on large measure on cooperation from the German people, but we cannot expect this without a clear, reasonable, firm and unified plan of the controlling powers. His proposals to obtain this were submitted for later consideration.³⁰

²⁷ For the text of the Secretary's statement on displaced persons, circulated to the Council as document CFM (47) (M) 19, March 15, 1947, see Department of State *Bulletin*, March 23, 1947, p. 526.

²⁸ Vyshinsky's statement on the territorial reorganization of Germany was circulated to the Council as document CFM (47) (M) 18, March 15, not printed.

²⁹ The Secretary of State's statement on territorial reorganization was circulated to the Council as document CFM (47) (M) 20, March 15; for the text of the statement, see *Germany 1947-1949*, pp. 152-153 or Department of State *Bulletin*, March 23, 1947, pp. 525-526.

³⁰ For the text of Foreign Secretary Bevin's statement, which was circulated to the Council as document CFM (47) (M) 24, March 17, see *Documents on International Affairs 1947-1948*, pp. 424-427.

Molotov objected to economic unity of the Anglo-American zones as being contrary to previous agreements and adding nothing but chaos to the problem. He pointed up the opportunity for British and American industrialists to penetrate the area and establish economic empires.

Molotov continued his usual line of attack on the three western occupying powers in the field of reparations, concurrently lauding Soviet activities in this regard. He opened all stops and pressed all pedals in describing the damage done to the Soviet Union by Germany during the war, giving all his figures in dollars. He held steadfast to the Crimea protocol and further confused the issue by urging coordinated allied action to rehabilitate German peace-time economy to provide much-needed goods for war-torn nations. He deplored what he called the "cock-sureness" of monopolistic industrialists in the British-American zones, and their attempts to revive cartels, trusts and other forms of capitalistic monopoly. He then tabled his measures for the economic unity of Germany for later discussion.³¹

I then stated that I did not agree with the basis or logic of much that Molotov had said, but that charges and countercharges get us nowhere except to develop greater differences. "They do not solve our problems," I said, "they only complicate them." I indicated complete understanding on the part of the American people of the losses suffered during the war by the Soviet Union and our other allies and stated that in all of our discussions we will have these facts clearly in mind.

I stressed that the key to the solution of Germany's economic problem is economic unity and that is vital to the success of the occupation and the future peace of the world. I considered the program under six headings, all designed to promote a stable economy within Germany and a system of export and import to establish a balance of trade, including withdrawal of reparations. I said "We cannot accept a unified Germany under a procedure which in effect would mean that the American people would pay reparations to an ally". I defended the Anglo-American zonal merger and again invited France and Soviets to participate on the same basis. I then tabled a proposed directive for the Allied Control Authority to treat Germany as a single economic unit.³²

³¹ For the text of the statement and proposals by Foreign Minister Molotov, circulated to the Council as document CFM (47) (M) 23, March 17, see *Documents on International Affairs 1947-1948*, pp. 427-439 or Molotov, *Problems of Foreign Policy*, pp. 359-378.

³² For the text of the Secretary of State's statement on the treatment of Germany as an economic unit, which was circulated to the Council as document CFM (47) (M) 26, March 17, see *Germany 1947-1949*, pp. 441-444 or Department of State *Bulletin*, March 30, 1947, pp. 564-567. For the text of the proposed directive to the Allied Control Authority, circulated to the Council as document CFM (47) (M) 27, March 17, see *Germany 1947-1949*, pp. 444-445 or Department of State *Bulletin*, March 27, 1947, pp. 567-569.

I continued by relating unified economy, revised levels of industry, and reparations as inseparable for the accomplishment of our end and desires.³³

The remarks this afternoon were all read from previously prepared statements. Reading last and struggling through two laborious translations, I held the meeting till even Molotov was restless. I then took occasion to apologize for my time consuming procedure and referred to the failure of the Council to accept my previous recommendation that the meeting be limited to discussion and that prepared papers be distributed beforehand but not read and translated at the table. While I perhaps revived interest in this method of procedure, no decision was made.

Compare with Report in '45
[MARSHALL]

CFM Files : Lot M-88 : Box 60 : USDel Minutes

*United States Delegation Minutes, Council of Foreign Ministers,
Eighth Meeting, Moscow, Aviation Industry House, March 18,
1947, 4 p.m.*

SECRET

USDel (47) (M) 8th Meeting

PRESENT

U.K.

Mr. Bevin (Chairman)
Sir William Strang
General Robertson
Sir Maurice Peterson
Mr. Hall-Patch

FRANCE

M. Bidault
M. Couve de Murville
General Catroux
M. Alphand
M. St. Hardouin

U.S.A.

Secretary Marshall
Mr. Dulles
Mr. Cohen
Lt. General Clay
Mr. Smith
Mr. Bohlen

U.S.S.R.

M. Molotov
M. Vyshinski
M. Gousev
M. Smirnov
Marshal Sokolovsky

³³ For the text of the Secretary of State's statement on reparations, circulated to the Council as document CFM (47) (M) 28, March 17, see *Germany 1947-1949*, pp. 411-412 or Department of State *Bulletin*, March 30, 1947, pp. 563-564.

STATEMENT OF THE FRENCH DELEGATION ON ECONOMIC PRINCIPLES
AND REPARATIONS

M. BIDAULT presented the views of the French Delegation on the questions of economic principles and reparations. His statement is being issued as document CFM (47) (M) 29.³⁴

HEARING OF REPRESENTATIVE OF THE INTER-ALLIED
REPARATIONS AGENCY

M. MOLOTOV inquired whether there were any remarks with regard to hearing a representative of the Inter-Allied Reparations Agency. He proposed that the Council hear a representative of the Agency.

M. BIDAULT reiterated the desire of the French Government that a representative of the Inter-Allied Reparations Agency be heard by the Council.

SECRETARY MARSHALL stated that he disliked very much to oppose the hearing by the Council of a representative of the Inter-Allied Reparations Agency. He deplored spending a considerable amount of time hearing such representative on a question with regard to which the Ministers are all in agreement. We are all in agreement, he said, that deliveries of capital equipment should be resumed and carried out quickly. We are not in agreement, however, as to the detailed way in which such deliveries should be carried out. He did not see how executive officers of the Inter-Allied Reparations Agency could help the Ministers solve this problem. He was concerned about the time that might be spent in such a hearing and also concerned about establishing a precedent.

SECRETARY MARSHALL suggested that, if these executives be heard, their report at the Council table be limited and that they go into such detail as desirable before the Deputies. He concluded by remarking that he was more interested in having representatives of the eighteen countries themselves discuss the matter before the Deputies later with respect to the German peace treaty.

MR. BEVIN stated that he was concerned about Executive officers of the Council being heard by the Council. He agreed that they might be heard by the Deputies and suggested that they be heard first by the Deputies. If we do not do that, he said we will get in trouble with the eighteen countries, for we will be putting an executive agency ahead of the government, by hearing the agency before establishing means for the governments themselves to be heard. He strongly advised that the representative of the Inter-Allied Reparations Agency be heard

³⁴The text of Foreign Minister Bidault's statement is printed in *Déclarations de Bidault*, pp. 14-20. For a summary of the statement, see telegram 864, Delsec 1313, March 18, from Moscow, *infra*.

by the Deputies. He concluded by remarking that the problem was really one for the Western Powers, since the IARA countries have to receive reparations from the western zones of Germany.

M. Molotov stated that the question of reparations is an unusual one insofar as it concerns many countries. This is the second communication that the Council has received from the Inter-Allied Reparations Agency.³⁵ The first was received in New York³⁶ and the second by the Deputies in London. It would not be right to refuse to hear proposals in which so many governments are interested.

With respect to Mr. Bevin's point that it was a question concerning the western zones alone, he remarked that consideration[s?] of the eastern zones are being discussed here and accordingly there was no reason why questions of the western zone should not also be discussed. He declared that he was ready to accept Secretary Marshall's suggestion that there be a short hearing by the Ministers and thereafter a more extensive discussion before the Deputies.

MR. BEVIN suggested the reverse procedure, stating that the IARA representatives should first present their views before the Deputies and if the Deputies report to the Ministers that they have something to say that the Ministers do not know, then the Ministers can hear them.

M. Molotov stated that the Soviet Government does not conceal the fact that it wants reparations from Germany, nor does it conceal the amount which it wants. From many utterances of representatives of the western powers, one might think that the western powers do not want reparations. However, it must be remembered that Great Britain and the United States have already received considerable reparations from Germany. They have received all the gold found in the western zones, German external assets except for those in eastern Europe, the German commercial fleet, and German patents and inventions. Press reports say that these reparations amount to more than ten billion dollars. Great Britain, the United States and France are at present receiving reparations from current production, e.g., coal and lumber from southern Germany.

MR. BEVIN stated his agreement with Secretary Marshall that constant recrimination does no good. He had read in the Russian press such statements as M. Molotov had just made. They were not true; in fact they were quite amusing. With respect to German patents, he said all these have been published in a book; they are open and available

³⁵ *Post*, p. 391.

³⁶ The earlier communication to the Council of Foreign Ministers from the Inter-Allied Reparations Agency, dated December 13, 1946, circulated to the Council as document CFM (46) (NY) 78, December 14, 1946, is printed in *Foreign Relations*, 1946, vol. II, pp. 1562-1563.

to the world, including the Soviet Union. Mr. Bevin suggested again that the IARA representatives be heard by the Deputies first, stating that other countries which requested to come here have not been invited and that it would personally put him in a difficult position if this procedure were not adhered to. Moreover, he expressed his hope that before the Council concludes its meeting an agreement might be reached with respect to participation of the belligerent allies in the examination of the German problem.

MR. BEVIN also referred to the fact that he had on a previous day offered to put on the table just what the United Kingdom had obtained from Germany by way of reparations. He had prepared figures on this matter and hoped that the other Ministers will likewise submit figures on this matter.

M. MOLOTOV noted that of all the Ministers, only Mr. Bevin objected to the hearing of a representative of the Inter-Allied Reparations Agency.

As to Secretary Marshall's remark yesterday regarding the futility of charges and counter-charges he declared that one purpose of the meeting of the Ministers is to provide an opportunity for them to state their comments with respect to agreements which had not been fulfilled. He noted that Secretary Marshall's very statement had contained a recrimination against the Soviet Union, and he thought that one had to be more logical and should apply one's own principles to one's self.

He repeated that the Soviet Delegation is concerned that agreements be fulfilled and must make comments where this is not the case. Mr. Bevin is not right, he said, in suggesting that the data on the reparations from the western zones comes from the Soviet press. The Soviet press gets news from the international press.

With respect to the value of German patents, M. Molotov referred to a statement of Mr. J. C. Green, Executive Secretary of the Bureau of Publications of the United States Department of Commerce, in which Mr. Green had commented on the immense value to the United States of these patents.

With respect to Mr. Bevin's suggestion concerning data on reparations, M. Molotov declared that the Soviet Delegation has never refused to submit data on reparations and will do so if the other Powers likewise submit detailed data on reparations which they have received.

SECRETARY MARSHALL declared that in view of M. Molotov's remarks, he felt obliged to make the following re-statement of the United States position:

The United States has not accepted ownership of captured German gold and is holding it for disposition by the Inter-Allied Agency.

The Hungarian gold has already been returned. We have used United States scientists to obtain information on German science, including patents, all of which information is being published in pamphlets and made available to the rest of the world. As a matter of fact, Amtorg, the Soviet Purchasing Agency in the United States, has been so far the biggest single purchaser of these pamphlets. The pamphlets cost a nominal fee to cover printing and administrative expenses. No ten billion dollars in reparations is involved. With respect to M. Molotov's citation of a statement of Mr. J. C. Green, Secretary Marshall said that he had been handed the following letter dated February 18, 1947, sent to an official of the State Department by Mr. Green: ³⁷

"I wonder if it might not be appropriate for General Marshall (during his trip to Moscow) to make inquiry concerning Russian acquisitions of technology from their zone of occupation. I have been repeatedly informed that the Russians did not take any technology out of their zone, but have seen no authoritative statement. If they, as I suspect, have taken scientific and technical information from their zone of occupation, we would appreciate access to it on similar terms to which they are acquiring the mass of material released by this office.

"I hope that General Marshall or someone on his advisory staff will have an opportunity to look into this matter when in Moscow."

The United States, Secretary Marshall continued, has not taken over any money received for exports from its occupation zone of Germany. These proceeds have all been plowed back into the German economy in order to make it self-supporting. At the same time the United States has contributed large sums of money from appropriated funds to provide relief to the Germans.

Returning to the subject of hearing a [an] IARA representative, Secretary Marshall declared that if executive officers of the Inter-Allied Reparations Agency are to be heard, he agreed with Mr. Bevin that his original proposal should be re-ordered so that they should first appear before the Deputies and thereafter perhaps make a limited appearance before the Ministers. He suggested that the Deputies report on this Thursday and that they tell the Ministers whether the representatives of the Inter-Allied Reparations Agency can tell the Council more than the representatives of the countries have already done. Further action can be decided upon then, he concluded.

M. BIDAULT stated that Secretary Marshall's proposal was acceptable to the French Delegation. The French Delegation regarded as important that the representatives of the Inter-Allied Reparations:

³⁷ The circumstances attending the reading of the letter that follows are described in Lucius D. Clay, *Decision in Germany* (Garden City, New York, Doubleday & Company, Inc., 1950), p. 151.

Agency be heard, but it did not consider the order of such hearing important.³⁸

M. BIDAULT then stated that France has never received any reparations from current production, that all products received from Germany have been paid for, that in particular coal has been paid in dollars at market prices. M. Bidault proposed that further discussion of the question of hearing representatives of the Inter-Allied Reparations Agency be adjourned.

It was agreed to adjourn further discussion on this question.

STATEMENT OF THE UNITED STATES DELEGATION REGARDING THE RELATION OF THE POTSDAM AGREEMENT ON REPARATIONS TO YALTA PROTOCOL

[Here follows the text of the statement by the Secretary of State printed in *Germany 1947-1949*, pages 371-372 and in Department of State *Bulletin*, March 30, 1947, page 564.]

The meeting was adjourned at 7:05 p.m.

740.00119 Council/3-1847 : Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

TOP SECRET
URGENT

Moscow, March 18, 1947—10 p. m.

864. Delsec 1313. For the President and Acheson from Marshall. Eighth CFM, 18 March, Bevin presiding.

Bidault opened by stating that security was the first consideration of France in any discussion of Germany's economic unity. Secondly, he said, France wanted adequate reparations and a balance of German payments sufficient so that occupation costs would not have to be paid by the occupying powers. He felt that these requirements could be met and still provide a decent standard [of] living to Germany.

Bidault proposed the creation of an international agency to control the use of all German coal and opposed raising the previously agreed level of the German steel industry. He referred to the creation of a special regime for the Ruhr and reaffirmed the French position that German economic unity is acceptable only if the Saar is integrated at once into the economic and monetary system of France. He said France

³⁸ According to the Agreed Record of Decisions of this Council meeting, not printed, the Council agreed that the Deputies for Germany should be instructed to hear representatives of the I.A.R.A. and report whether the Agency should furnish more information than the countries who were members of the Agency had already submitted to the Deputies. The Council could then decide what further course to follow. (CFM Files: Lot M-88: Box 60) For the Deputies Report to the Council on the hearings given to the representatives of the I.A.R.A., see document CFM (47) (M) 98, April 3, 1947, p. 434.

could not approve the creation of central German administrative agencies until the German frontiers were fixed. He suggested that the Deputies be asked to define "economic unity" in order that the Council could decide what agencies were necessary to effect unity.

On the subject of reparations, Bidault asked that removals be resumed and speeded up. He accepted in principle and suggested that close study be given to taking reparations from current production. He saw a danger for the future in the desire of the US, UK and USSR to raise the German level of industry and said that France could not accept an increase in the agreed level without the assurance that French views on the future of Germany would be adopted.

He repeated French acceptance of the draft US demilitarization treaty for Germany, but said that later he would propose additional clauses dealing with economic disarmament and sanctions. He tabled a detailed proposal on reparations.

There followed a rather heated exchange on reparations between Bevin and Molotov which led up to Bevin's stating that the UK would list reparations it has received from Germany and hoped that the other powers would do likewise.

In answer to Molotov's charges, I stated that we had taken no reparations from Germany and had in fact spent US funds in our zone; further, that we had made freely available to all the German patents obtained by US. In answer to Molotov's interpretation yesterday of the Crimea decision, I reaffirmed our position that the agreements at Potsdam superseded the preliminary agreement on the subject reached at Yalta.

Considerable discussion failed to result in a decision on whether the Council is to hear representative of the Inter-Allied Reparations Agency and further discussion was deferred until tomorrow.

[MARSHALL]

740.00119 Council/3-1947: Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

TOP SECRET
URGENT

Moscow, March 19, 1947—11 p.m.

892. Delsec 1318. For the President and Acheson from Marshall. Ninth CFM, 19 March, Molotov presiding.

Bevin opened on economic unity and reparations, agreeing for the need of central administrative agencies, revision of level of industry plan and a sound financial plan. He supported over-all consideration of the problem as against Molotov's piecemeal handling and reiterated

British stand that German payments for imports must have equal priority with reparations, not out of sympathy for Germany, but in order to reduce the cost of occupation to Allies. He supported the Potsdam Agreement provided it was implemented as an entity. On the Ruhr, he opposed any quadri-partite control as a separate problem, but agreed that when four-power control of all Germany was settled, the Ruhr would naturally be included. He felt that steel production of 11 million tons per year should be left to Germany to establish an adequate level of industry. He refused to consider annulment of bi-zonal merger as demanded by Molotov, until complete economic unity was obtained. He stated categorically that a reparations plan is inseparable from a level-of-industry plan, and that in arriving at economic unity, we must have agreement to complete freedom of movement, sharing of indigenous resources, sharing of expenses both past and present, and an equitable export-import plan. Bevin called impractical and unworkable Bidault's demand for a definite proportion of Germany's coal production, and asked for a spirit of compromise around the CFM table. He concluded by asserting his complete objectivity in approaching the whole problem of economic unity and stated that the solution of this problem was really the key to what we all allegedly wanted in Germany.

Molotov then stated that the Soviets took the Potsdam decision as the basis for their consideration of the problem. He pointed out that there seemed already to be general agreement on most of the points discussed and saw no reason why a compromise solution could not be reached. He linked economic unity and reparations as inseparable at Potsdam and inseparable now.

On reparations, Molotov blamed the failure of western zones to pay reparations rapidly as reason for unilateral action taken by eastern zone military authorities. But stated that he was ready to account for every kopek. He maintained that Potsdam did not prohibit payment of reparations from current production and insisted that German industry must be set at a level to insure her internal needs, payment of imports, and reparations. He accepted in principle Bidault's contention that a definite coal allocation be guaranteed France, and compared, favorably to the Soviets, the current coal production in western and eastern zones. As to the Ruhr, he said no single nation should attempt to control this area since it is the heart of German military potential, but hoped that quadri-partite control would occur through a plan for economic unity.³⁹

I concurred in Molotov's exposition of the possibility of general agreement on these matters, however grave the present differences ap-

³⁹ For the text of the statement made by Molotov at this time, see Molotov, *Problems of Foreign Policy*, pp. 379-390.

peared. I pointed out that the rapidly changing Soviet viewpoint on increasing German steel production highlighted clearly the danger of a program for paying reparations from current production. "We must avoid at all costs," I stressed, "establishing conditions in Germany similar to those after the first World War, when in an incredibly short period of time, Germany, through increased production for reparations and foreign loans, was able to build up her internal economy geared for war." "At same time", I said, "under no conditions should we set her economy so low that a democratic way of life could not hope to survive in Germany."

The Ministers adjourned with the promise to hear Bidault on this subject tomorrow.

[MARSHALL]

740.00119 Council/3-2047: Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

SECRET

Moscow, March 20, 1947—11 p.m.

URGENT

914. Delsec 1323. For the President and Acheson from Marshall. Tenth CFM 20 March, Marshall presiding. Bidault opened by stating that he had nothing to add to the previously expressed French view on the Saar, and that as regards the Ruhr, France had held since the end of 1945 that it should come under a special regime, involving international control. He felt that this matter should be started at once and not await a complete economic unity for Germany. He took exception to Bevin's prior views on coal, pointing out that it was the basis of French economy and yet the per capita consumption in Germany was presently greater than that in France. He stated categorically that he could not agree on the problems of economic unity, level of industry and reparations, without a previous settlement that France's coal requirements would be met. He then proposed that Germany's steel production be limited to 7½ million tons per year. Bidault suggested that the Deputies be directed to define economic unity and to make a plan for the central agencies that would apply such unity. After discussing reparations, he proposed further study on the matter.⁴⁰

Bevin discarded, with considerable emphasis, Bidault's condition that France must get the coal she needs before they discuss economic unity and related matters. He deplored such a method of opposition in the settlement of a treaty which affects all the world. He stood fast

⁴⁰ For the text of Foreign Minister Bidault's statement on the economic principles of a German settlement, which was circulated to the Council as document OFM (47) (M) 35, March 20, see *Déclarations de Bidault*, pp. 20-25.

on Britain's view on the Ruhr and suggested that we hear all ACC matters before directing the Deputies to report.

Vyshinsky, as Chairman of the German Deputies, then made a preliminary report which indicated general agreement to the formation of 4 committees to lay the framework for the German peace treaty. He continued by pointing out the present status of disagreements within the Deputies and asked for 3 additional days in order that the Deputies might agree on a formal report indicating their disagreement.

The CFM authorized the Deputies 3 additional days, called for the Austrian Deputies to make a progress report tomorrow, and agreed to discuss the Provisional Government of Germany tomorrow if time were available.

Repeated London 90, Paris 70, Vienna 7, Berlin 126.

[MARSHALL]

CFM Files : Lot M-88 : Box 60 : USDel Minutes

United States Delegation Minutes, Council of Foreign Ministers, Eleventh Meeting, Moscow, Aviation Industry House, March 21, 1947, 4 p.m.

SECRET

USDel (47) (M) 11th Meeting

PRESENT

FRANCE

M. Bidault (Chairman)
M. Couve de Murville
General Catroux
M. Alphan
M. Paris

U.S.

Secretary Marshall
Ambassador Smith
Mr. Cohen
Mr. Dulles
General Clark
Mr. Bohlen

U.K

Mr. Bevin
Sir William Strang
Lord Hood
Sir Maurice Peterson
Mr. Hall-Patch

U.S.S.R.

M. Molotov
M. Vyshinski
M. Gousev
M. Smirnov
Marshal Sokolovsky

REPORT OF THE DEPUTIES FOR AUSTRIA

GENERAL CLARK (The text of General Clark's oral report follows:)

At the meeting of the Austrian Deputies this morning, we discussed the form in which the Progress Report which the Ministers called for

yesterday should be presented this afternoon. It was unanimously agreed that it would be done by a brief written report ⁴¹ followed by a verbal presentation of important points of issue.

There has been circulated a statistical report of the progress accomplished to date on the various Articles of the Austrian treaty, broken down under appropriate headings such as Political, Military, Economic, and Final Clauses. This report shows the number of Articles under each category which have been agreed to, those which have been discussed and not agreed to, and those which have not been discussed. In connection with the undiscussed Articles, although they have not been discussed by the Deputies, practically all have been under consideration of subordinate committees and many are now ready for detailed study by us.

The Deputies decided this morning that in the verbal report this afternoon I should give a brief discussion of the various Articles which have not been agreed to which contain issues sufficiently important to be brought to your attention. There are 17 of these. In that discussion I will present the major points of difference involved under each Article, without attempting to give the positions of the various Delegations.

If it is the desire of the Council of Foreign Ministers to receive a written report of this verbal presentation this afternoon, it can be available sometime tomorrow.

I will now proceed to the discussion of these disagreed Articles, commencing first with the Preamble, followed by Political, Military, Economic, and Final Clauses.

Preamble. The Preamble is almost entirely agreed to with the exception of two points, which I will now discuss.

The *Political Clauses* have been gone over thoroughly both in London and in Moscow. There are 16 Articles involved, of which 8 are agreed, 7 disagreed. Six we consider major disagreements which I will now present to you, and one on Displaced Persons which, although it has not been discussed by us, is mentioned briefly.

The *Military Articles* have been thoroughly examined, both in London and in Moscow. There are 19 Articles involved, of which 7 are completely agreed, 11 disagreed. Five contain important disagreements and will now be discussed. One Article, on Commission of Military

⁴¹ The Report of the Deputies for Austria, circulated to the Council as document CFM (47) (M) 42, March 21, 1947, is not printed. The Report merely indicated which articles of the draft Austrian treaty had been agreed upon by the Deputies, which articles had been discussed but not fully agreed, and which articles had not yet been discussed. For the text of the draft Austrian treaty subsequently referred to the Council by the Deputies for Austria, see document CFM (47) (M) 82, March 29, 1947, p. 516.

Experts, has not been discussed by the Deputies, but will be touched upon briefly.

Progress on the *Economic Clauses* has not advanced nearly as far as the Political and Military and Final Clauses. The reason for this is due to the fact that little progress was made on these subjects at London. Several Delegations had not tabled their various viewpoints in writing, hence serious discussion really commenced in Moscow. There are 25 Articles involved, of which 1 is agreed, 9 disagreed, and 15 undiscussed by the Deputies. The Deputies this morning felt that there were only 3 major points of issue which should be brought to the attention of the Ministers at this time. They are as follows.

Final Clauses. There are only 4 involved in this category, of which 2 are agreed, 2 contain minor disagreement of insufficient importance to be brought to your attention at this time.

PREAMBLE

There are two issues:

(a) Whether the Four Powers and Austria are to be the only states designated as signatories or whether the invited states are to be named along with the Four Powers and Austria in the Preamble or elsewhere in the treaty as states entitled to sign;

(b) Whether Austria is to be charged with the responsibility for participation in the war or whether the consequences of such participation are to be noted.

POLITICAL CLAUSES

Article 2—Preservation of Austria's Independence

Issue: Whether it is necessary to include clauses in the treaty providing for obligations on the part of the Allied and Associated Powers and on the part of Austria to preserve Austria's independence and territorial integrity.

Article 4—Prohibition of Anschluss

There are two issues:

(a) The inclusion of a requirement that Austria shall not impair her territorial integrity;

(b) The prohibition of Pan-German propaganda in any form whatsoever.

Article 5—Frontiers of Austria

Issue: Whether the frontiers of Austria shall be those of January 1, 1938, or whether the Yugoslav claims to territory in Southern Carinthia and Styria should be recognized.

Article 6—Naturalization and Residence of Germans in Austria

Issue: Whether to include a clause disqualifying all Germans or certain categories of politically undesirable from naturalization by Austria and residence in Austria.

Article 11—War Criminals

Issue: Whether Austria shall be obliged for an indefinite period to surrender to United Nations Governments upon their request without presentation of satisfactory evidence, persons designated as war criminals and collaborators by United Nations Governments.

Article 16—Displaced Persons

Issue: The issue to date is to obtain a basis for discussion of this subject which has so far been deferred pending the submission of a paper promised by the Soviet Delegation.

MILITARY CLAUSES

Article 17—Limitation of Austrian Armed Forces

Issue: Whether Austria shall be prohibited from arming her authorized military and air forces with weapons and equipment of other than Austrian manufacture. This issue is raised in both paragraph 3 of this article and paragraph 4 of Article 26.

Articles 22, 23 and 29—Prohibitions on Certain Research, Experimentation and Manufacture and on the Possession and Stock-piling of Certain Materials and Equipment.

Issue: Whether, in an effort to prevent the rearmament of Germany on Austrian territory, Austria shall have imposed upon her a much greater number of prohibitions and limitations than were imposed upon the satellite states. These prohibitions and limitations would be in the fields of research, experimentation, production, possession and stock-piling in relation to certain products equipment and raw materials which might be used in the manufacture of war materials in excess of Austria's authorized requirements.

Article 24—Reduction of Military Potential of Austria

Issue: Whether Austria will be able to meet the requirements for the local defense of her frontiers, a military task which is authorized under Article 17, if she is prohibited from building any new permanent fortifications and other military installations along her frontier and is, at the same time, prohibited from re-establishing fortifications and military installations destroyed in accordance with instructions from the Allied Commission for Austria.

Article 32—Commission of Military Experts

Issue: Whether the competency of the Heads of Mission shall be extended to provide for a long-term control, by a Commission of Military Experts acting under the Heads of Mission, of the execution of the military clauses of the Treaty.

Article 33—Withdrawal of Armed Forces

Issue: Whether the Allied Commission for Austria should terminate on the entry of the treaty into force or at such time thereafter as the Allied Forces are withdrawn.

ECONOMIC CLAUSES

Article 35—German Assets in Austria

The main issues are: The determination of what assets are to be transferred as reparations and of what procedure is to be followed in making the transfers. The difficulty at present confronting the Deputies arises over the question of whether or not *legal title* to the assets has already been transferred.

Article 36—Restitution by Austria

Issue: Whether Austria shall be required to restore "in good order" United Nations property which was looted by the Axis Powers and which is found in Austria. This question involves considerations similar to those which arise in connection with the article I discuss next on United Nations property in Austria.

Article 42—United Nations Property in Austria

Issue: Whether Austria shall be required to pay compensation, and if so, how much, for United Nations property in Austria which was damaged, dissipated or destroyed as a result of the war. (See CFM (47) (M) 42) (End of General Clark's report.)

[For the summary of the remainder of this meeting of the Council of Foreign Ministers, see *infra*.]

740.00119 Council/3-2147: Telegram

*The Secretary of State to the President and the
Acting Secretary of State*

URGENT

Moscow, March 21, 1947—11 p.m.

CONFIDENTIAL

927. Delsec 1330. For the President and Acheson personal from Marshall. Eleventh CFM, 21 March, Bidault presiding, received writ-

ten progress report from deputies for Austria.⁴² Clark supplemented report on behalf of deputies with a statement covering seventeen important points of issue upon which the deputies have been unable to reach agreement including:⁴³

(A) Whether the Four Powers and Austria are to be the only states designated as signatories or whether the invited states are to be named along with the Four Powers and Austria in the preamble or elsewhere in the treaty as states entitled to sign; and

(B) Whether Austria is to be charged with the responsibility for participation in the war or whether the consequences of such participation are to be noted.

There are six major disagreements on the political clauses of the treaty and five on the military articles. Progress on the economic clauses has not advanced nearly so far as on the other clauses and disagreement exists on the questions of United Nations property in Austria, restitution by Austria, and most important, German assets in Austria.

Marshall pointed out that failure of the deputies to agree on the German assets question is one of the principal obstacles in the way of further progress on the Austrian treaty and he proposed a method to speed up consideration of the question by the deputies.^{43a} The Council agreed to discuss the United States proposal on Tuesday and instruct the deputies for Austria to present their full report on the draft treaty on Saturday the 29th. Marshall proposed and other members agreed to invite representatives of the Austrian Government to come to Moscow to present their views to the Council and the deputies for Austria.⁴⁴

The Council then turned to consideration of the provisional German Government, the next item on its agenda. Bevin tabled an outline of United Kingdom views on the future German government and said he wanted the Council to agree on a practical scheme for the future German government rather than on a generalized statement of

⁴² See footnote 41, p. 267.

⁴³ For the text of Gen. Clark's oral report, see the United States Delegation Minutes, *supra*.

^{43a} For the text of the Secretary of State's statement on German assets in Austria, see Department of State *Bulletin*, March 30, 1947, p. 571. The American proposals to speed up consideration of the Austrian treaty, which were in the form of an informal memorandum by the United States Delegation, were circulated to the Council as document CFM (47) (M) 76, March 20, not printed.

⁴⁴ According to the United States Delegation Minutes of this Council meeting, Molotov associated himself with Marshall's proposal and pointed out that the Soviet Government had already agreed to a request from Austrian Foreign Minister Gruber for visas for an Austrian Delegation to come to Moscow. Regarding the Austrian request to be invited to Moscow, see also telegram P-6905, March 17, from Vienna, p. 504.

the problem. He stated that he opposed a highly centralized government and did not want to see one party or one authority be given a chance to gain complete control of Germany as did Hitler. He said a solution of the basic German problems plus favorable consideration of the draft Four-Power demilitarization treaty proposed by the United States will allow the Allies to hold Germany until it is a democratic and peaceful state. He said the first stage must be a provisional government under Allied control but that the aim must be a government accepted by the Four Powers, the world and the German people. He said the Potsdam arrangement for central German agencies responsible only to ACC must be considered as temporary and that in the future government, bureaucracy must be responsible to the German people through their elected representatives. He favored placing power in the German people, then in the *Laender*, and finally, to a limited extent, in a central German government.

Marshall stated that the victorious Allies had been forced to take over the responsibilities of the German state temporarily but that the time has now come to authorize the Germans to establish a provisional government to deal with matters of nationwide concern which the states cannot adequately handle. He said he would submit later detailed proposal for building a German government in three stages:

(1) Establishment of a provisional German government composed of heads of governments of the now existing states and *Laender* and clothed with necessary powers to create and operate central administrative agencies;

(2) Drafting and acceptance of a constitution consistent with democratic principles and the decentralization of governmental authority, with residual powers retained by the *Laender*;

(3) Assumption of governmental authority by a central government created by the constitution and by the *Laender* authorities recognized by the constitution. He concluded by stating that the above process should be gotten under way at once so there will be properly constituted German authorities to carry out the terms of the peace settlement.⁴⁵

Repeated to London as 92, Berlin as 136.

Department please pass to Paris as Moscow's 75 and Rome as Moscow's 8 and Vienna as Moscow's 10.

[MARSHALL]

⁴⁵ For the text of the Secretary of State's statement summarized here, which was circulated to the Council as document CFM(47)(M) 44, March 21, 1947, see *Germany 1947-1949*, pp. 188-189 or Department of State *Bulletin*, March 30, 1947, p. 569. For the text of the detailed proposal referred to here by the Secretary and subsequently circulated to the Council as document CFM(47)(M) 49, March 22, 1947, see *Germany 1947-1949*, pp. 189-190, or Department of State *Bulletin*, March 30, 1947, pp. 569-570.

740.00119 EW/3-2347

Memorandum of Conversation, by the Secretary of State

TOP SECRET

[Moscow,] March 22, 1947.

Mr. Bevin called on me at 12:45 and left at 2:30. We had lunch together.

GREECE

[The portion of this memorandum dealing with Greece is included in the documentation on U.S. Economic and Military Aid to Greece and Turkey, in volume V.]

REPARATIONS

Mr. Bevin stated that he had only attended the Potsdam Conference during its last four days, arriving Saturday and the Conference completing work the following Wednesday, and had a very brief time to gain impressions. He himself was not clear on the over-riding completeness of the Potsdam Agreement on reparations in relation to the previous tentative agreement at Yalta. In other words, he did not feel that reparations from current production were by the Potsdam Agreement completely barred. Mr. Bevin reiterated his statements that the British Government would not commit itself to any reparations out of current production until Germany had been made self-sustaining.

Mr. Bevin then inquired how fixed our stand was regarding reparations from current production—to what extent were we determined to stand on our statement that there should be no retreat from Potsdam to Yalta.

I told Mr. Bevin that we were clear in our minds, particularly those gentlemen who had been present at both Yalta and Potsdam, that the Potsdam Agreement completely superseded the Yalta expressions regarding reparations. I summarized our view of the existing situation, that is (a) the fact that the transfer of plants and machinery generally had not been a profitable procedure (b) that the Soviets by their policy of a five-year plan for the building up of the military potential of their government now found themselves in a difficult, if not desperate, economic plight in some sections of the country and therefore would be the more determined in their negotiations to obtain reparations from current production, particularly during the next two years (c) that we had been examining the situation to see if there might not be some procedure such as the operation in Germany of reparation plants for the benefit of the Soviets, they providing the raw materials, etc., which would permit a form of reparations from current production without delaying the creation of a self-supporting German economy.

I indicated the political impossibility of securing agreement by an American Congress to a course of action which involved the indirect payment of reparations and I opposed this with the view that the Soviet demand for some form of reparations out of current production during the next two years would be implacable.

Mr. Bevin said that he felt that it would require very expert investigation to determine whether or not such a course of operating reparations plants in our zones for the benefit of the Russians, they furnishing the raw material, was practical.⁴⁶

He then turned to his relations with the French and explained that he had agreed prior to coming to Moscow on at least two occasions to delay any cut in the export of coal deliveries because of critical French election situations, but finally had been forced to advise Mr. Blum that he could go along no longer on that basis, that critical repairs would have to be made in order to really get ahead on the matter of production and had counseled a frank statement to this effect by Mr. Blum to the French people. Then Bidault had approached him for another delay and later had stated that unless a suitable adjustment in coal was made for France, the French could not go through with this conference regarding other matters. He had told Bidault that that was not acceptable procedure and advised him not to bring it up in the Conference. However, it had been brought up and I had heard his remarks on the subject. He added that they were made as much for Molotov's benefit as for Bidault's—that he was opposing this business of stating that unless there was an agreement on one point, they would not go ahead on others, and that it would be his course throughout the Conference. He would not submit to such procedure. He stated, incidentally, that Mr. Molotov had been trying to draw him on the reason for the slow development of the capacity of the Ruhr mines, which in Mr. Bevin's opinion was caused by his concession to the French to meet their political crisis which had thus delayed the genuine reconditioning of the mines.

There followed a discussion on the Polish boundaries, density of population, and related matters, during which Mr. Bevin gave ex-

⁴⁶ On March 23, Foreign Secretary Bevin wrote the following letter to the Secretary of State:

"I have been thinking over our private talk of yesterday, and I feel that you should know that His Majesty's Government would not find it possible to agree to any settlement of the German problem involving reparation from current production which would entail further expenditure by His Majesty's Government. The terms of the Loan and Fusion Agreement with the United States, and our heavy and widespread liabilities contracted as a result of two wars, render it impossible for us to assume further financial burdens. His Majesty's Government cannot contemplate imposing more sacrifices on the British people, who, as I feel sure you will recognize, are already undergoing sacrifices at least as acute as those of many other nations whose difficulties, being more obvious, excite the sympathy of the world." (740.00119 EW/3-2347)

pression to no definite and important points of view. He did not state what the stand of the British Government would be on the subject.

I failed to mention in the first place that I told Mr. Bevin that the American Delegation felt that it was very important to make no concessions, especially at this time, if ever, on the Potsdam Agreements, particularly as related to reparations.

G. C. MARSHALL

740.00119 Council/3-2247 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET

Moscow, March 22, 1947—7 p.m.

957. Delsec 1334. Personal for Acheson. We may be able to complete a draft of the treaty with Austria at Moscow. Discussion of the preamble will raise the question of who are to be parties to the treaty as all active belligerents were invited to present their views to the deputies at London and the following expressed written or oral views on the Austrian treaty: Australia, Austria, Belgium, Canada, Czechoslovakia, Denmark, Greece, Italy, Netherlands, New Zealand, Poland, South Africa, Ukraine SSR and Yugoslavia. There has been no insistent demand for a special conference on the Austrian treaty except from Australia. I know the importance which Senator Vandenberg attaches to consultation on as broad a base as possible with our allies in any discussions of a German settlement with which I am in full accord. In view of his responsibilities in connection with the ratification of any Austrian treaty will you discuss the matter with him and ascertain whether it would be agreeable to him for us to proceed on the assumption that the Austrian treaty may be completed and signed by the four states here and then circulated for signature or adherence by other countries thereafter. The treaty would contain provision as in the satellite treaties that it would come into force upon ratification by the four.

This procedure would have the great advantage of expediting the termination of the occupation of Austria and likewise terminating the presence of troops in Rumania and Hungary to protect Soviet lines of communication. Because of the fact that the treaty with Austria is not a "peace treaty", because of the fact that many of the proposals involved were thoroughly considered at the Paris Conference in the settlement of the satellite treaties and because of the fact that the states most immediately concerned have had a chance to present their views at London, we hope that the conditions necessary for the withdrawal of troops from Austria, Rumania and Hungary will not be added to by any extensive further conference. We know furthermore that the

Austrian Government, which is one of the few governments in that area of Europe truly representative of the people of the country, attaches great importance to the early final conclusion of the treaty.

We would, of course, make clear that Austrian treaty procedure establishes no precedent for Germany and that we plan to insist on a peace conference for the German settlement.

Mr. Dulles concurs.

[MARSHALL]

740.00119 Council/3-2247 : Telegram

*The Secretary of State to the Acting Secretary of State*⁴⁷

URGENT

Moscow, March 22, 1947—10 p.m.

CONFIDENTIAL

963. Delsec 1336. The 12th CFM meeting, March 22, Bevin presiding, taken up by further discussion of the provisional political organization of Germany. At the conclusion of the meeting the Council accepted Marshall's suggestion and appointed a special committee⁴⁸ to coordinate and compare proposals made by the various ministers on points discussed by the Council during its consideration of the Allied Control Council's report. To allow each delegation time not only to prepare any additional proposals or modify its proposals but also to study those of other delegations, the Council will not meet Sunday or Monday. Tuesday⁴⁹ it will hear the Committee's report which will list points of agreement and disagreement. CFM will then be able to discuss the issues and decide on the procedure to be followed in referring these matters back to the special committee.

⁴⁷ In telegram 922, Delsec 1326, March 21, from Moscow, not printed, Secretary Marshall directed Acting Secretary Acheson as follows:

"In order to keep our major Embassies informed of CFM proceedings, I am now having my daily reports written in third person and transmitted to the Department for the President and you, Vandenberg and Connally, and our Ambassadors at London, Paris, Berlin and Vienna. These will continue to be completely factual without opinion or prognostication and most of information will, of course, subsequently appear in press under present full coverage procedures. Classification probably no higher than confidential. When I am ready to express opinions, look into the future, or request guidance, my messages will clearly indicate to whom and with what distribution they are addressed." (740.00119 Council/3-2147)

⁴⁸ The Coordinating Committee, as it was formally designated, was constituted as follows: United States—Gen. Clay, United Kingdom—Gen. Robertson, France—Alphand, and the Soviet Union—Vyshinsky. At the end of March, Gen. Clay left the conference and returned to Berlin. His place on the Coordinating Committee was taken by Robert Murphy and James Riddleberger. Between March 24 and April 11, the Committee held fourteen meetings and submitted to the Council of Foreign Ministers the following reports: CFM (47) (M) 64, March 26, p. 401, CFM (47) (M) 74, March 28, p. 409, CFM (47) (M) 101, April 4, not printed, CFM (47) (M) 105 rev., April 8, not printed, and CFM (47) (M) 121, April 11, p. 436.

⁴⁹ March 25.

Molotov began his discussion of the provisional political organization of Germany by stating that the USSR is not guided by a spirit of revenge but that its aim is the establishment of a democratic and peaceful Germany. He opposed "federalizing" Germany, which he said would result in a situation in which German militarists could assume the leadership of a popular movement to recreate a unified Germany, thus defeating the Allies policy in Germany. He foresaw other serious dangers in "federalization" but stated that if the German people voted in a free election for such a policy, the Allies should not oppose this decision. He urged the immediate necessity of creating central administrative agencies as well as a provisional German government in order that appropriate German organizations could be held responsible for carrying out Germany's obligations to the Allies and in order to avoid further delay in achieving German economic unity.

Molotov proposed that ACC be instructed to draft a provisional German constitution after hearing the views of representative Germans. He suggested that ultimately the new German state be a republic with a two-chamber legislature which would draft a permanent constitution to be approved by the German people. The permanent constitution would contain civil and religious guarantees and provide for the popular election by proportional representation of an all-German Parliament. *Laender* constitutions would be similar to the all-German constitution. He urged the revival of the pre-Hitler form of Germany's government and noted that there were many ideas in the Weimar constitution which might be useful in the new constitution.⁵⁰

Bidault said that in order to avoid the recreation of a centralized and militaristic Germany, France desired to apply as much as possible the principles of political decentralization and the development of local governments. All governmental powers, he added, should be in the states which are members of the German federation. The central government would possess only those delegated powers which would be necessary to provide services for Germany as a whole. He said Germany must again serve an apprenticeship in democracy and its methods which could only be done at a local level. Stating that the new government of Germany must be developed by states, he said he favored organizing German states which would however, be given the largest

⁵⁰ For the text of Foreign Minister Molotov's principal statement at this meeting, which was circulated to the Council as document CFM(47)(M)46, March 22, 1947, see Molotov, *Problems of Foreign Policy*, pp. 391-399. The major portion of Molotov's statement is also printed in *Documents on International Affairs 1947-1948*, pp. 449-453. For the text of some additional remarks made by Molotov at this Council meeting, see Molotov, *Speeches and Statements at Moscow*, pp. 45-46.

possible number of political and economic powers. He said that if the Council reached agreement on the economic unity of Germany, France would agree to the creation for all Germany, except the Saar, of provisional central economic organizations necessary to provide service for all of Germany. He opposed the creation of a provisional government for Germany as being premature, but agreed to study proposals for both a provisional and a permanent government for Germany.⁵¹

Marshall said his impression was that there is much in common in the four proposals for the future political structure of Germany. He urged the Council to concentrate on the substance of the proposals and avoid disagreement over words. He said the differences were more than a question of degree than fundamental. Bevin said he agreed and hoped the Council would approach the problem practically and not get tied up with words. Molotov added that he also believed the various proposals contained much in common and agreed that German political development should be by stages.

The Council adjourned after adopting the Marshall proposal on procedure.

Moscow passes to London, Department and Berlin. Department please pass to Paris as Moscow's 79, to Rome as Moscow's 10 and Vienna as Moscow's 11.

[MARSHALL]

740.00119 Council/4-247

*British Record of a Conversation at the Kremlin, March 24, 1947,
10:00 p.m.-11:15 p.m.*⁵²

TOP SECRET

PRESENT:

Generalissimo Stalin	Mr. Bevin
Mr. Molotov	Sir Maurice Peterson
Mr. Zarubin	Mr. Dixon
Mr. Troyanovsky (Interpreter)	Mr. Paton Smith (Interpreter)

Introductory

MR. BEVIN, after enquiring after the Generalissimo's health, said that he was sorry not to be at home to welcome the Soviet Parliamentary Delegation.

⁵¹ For the text of Foreign Minister Bidault's statement summarized here, and circulated to the Council as CFM(47)(M)48, March 22, 1947, see *Déclarations de Bidault*, pp. 29-31.

⁵² At their meeting on March 26, Foreign Secretary Bevin went over this record in detail with Secretary of State Marshall; see the memorandum of that conversation, p. 289. Secretary Marshall sent copies of this record to President Truman and Acting Secretary Acheson.

GENERALISSIMO STALIN said that the Secretary of State could still be home in time to see them.

MR. MOLOTOV agreed. He hoped we should finish our work here by the end of March.

Germany: Reparations from current production

MR. BEVIN pointed out that there were several difficult questions still to be settled, for example the question of reparations from current production.

GENERALISSIMO STALIN said that Russia was not asking for a great deal.

MR. BEVIN said that we could only agree that reparations should be paid at Germany's expense and not at ours. We must get a balanced economy in Germany.

GENERALISSIMO STALIN said that we must not allow Germany to build up a new war potential.

MR. BEVIN thought it was the Allies themselves who had allowed Germany to build up a war potential after the 1914-18 war by fixing reparations which caused developments beyond peace-time requirements.

GENERALISSIMO STALIN pointed out that after the first world war, the Allies had not occupied Germany. In his view the aim should be to develop a peace-loving Germany having a balanced economy, as Mr. Bevin suggested, and a reasonable amount of metal, coal and chemicals for export.

Polish Western Frontier

THE SECRETARY OF STATE asked what the Generalissimo's views were on the problem of the density of the German population and the provisional Polish frontier. He thought we had fixed the provisional frontier between Germany and Poland too far to the west, and this might create an explosive situation in the future.

GENERALISSIMO STALIN observed that a great many Germans had already been killed in the war. In Belgium the density of population was higher than in Germany.

MR. BEVIN thought that an irredentist movement would be fostered if the frontier was fixed so far to the west.

GENERALISSIMO STALIN answered that there were now not many Germans left in the territories which had been taken from Germany. He thought that Germany could be prevented in the future from any attempt to recover territories of which she was deprived.

Economic Unity

MR. BEVIN asked whether the Generalissimo thought that we should be able to agree on a settlement providing for a sound economic unity for Germany.

GENERALISSIMO STALIN said that it would be well to reach agreement on that.

MR. BEVIN thought that agreement was possible if a balanced economy for Germany could be decided on, providing for recovery by us of our expenditure.

GENERALISSIMO STALIN said that that was what he too was striving for.

MR. BEVIN recalled that at Tehran the idea of the Generalissimo and Mr. Roosevelt and Mr. Churchill had been that Germany should be broken up, though the British Cabinet had never formally endorsed the proposal. At Potsdam the Russians had reversed their attitude and had suggested the idea of central administrations. For our part we thought it a mistake to go too far in the direction of centralisation, for reasons of our security.

GENERALISSIMO STALIN said that he thought that the draft proposals for the future of Germany which had been tabled by Mr. Molotov were not in contradiction with Mr. Bevin's ideas. The Russian idea was that there should be centralisation of power and decentralisation of administration in Germany, as before the Hitler regime. Hitler had only been able to seize power after first annulling the Weimar constitution. He thought that the Weimar constitution could be restored in the main, although he was against some of its provisions, for example, the provision regarding the power of the President to suspend the constitution.

(THE SECRETARY OF STATE interposed that he had himself pointed this out at the Council table.)

Continuing, GENERALISSIMO STALIN said that under the Russian proposals, administration would be in the hands of the Landtags, the rights of the *Länder* would be fully protected and the central German authority would not control the military departments. He saw no dangers for security in this. In any case, he agreed that the administration of Germany should be less centralised than that of Italy or Japan.

MR. BEVIN observed that he had tabled proposals on Friday last, while Mr. Molotov had tabled his on Saturday, and that there seemed not to be much difference between the Russian and the British proposals.

GENERALISSIMO STALIN said he thought so too. It would be good to come to an agreement.

The Ruhr

MR. BEVIN said that at earlier conferences the Russians had several times raised the Ruhr. We were strongly in favour of the Ruhr receiving similar treatment to any other part of Germany, but it would be very difficult if the Ruhr was taken away, leaving the British Zone as

a little rump. In our view, all German industry, including industry in the Ruhr, should be under Allied control, and we would submit to the Allied authority there. To make it clearer he would put it this way: if agreement on economic unity was reached and German central administrations were set up, we would allow the production and allocation of all materials in the Ruhr to be dealt with by the German central administrations, under Allied supervision, in the same way as the production and allocation of all other materials throughout Germany as a whole.

GENERALISSIMO STALIN said he would have to think this over. Perhaps Mr. Bevin was right, but he could give no definite opinion as this was a new position to him. At Potsdam the suggestion had been that the Ruhr should be a separate region. At all events he would not wish to do anything in the Ruhr which would do harm to Great Britain. That he could say definitely.

Four Power Treaty

THE SECRETARY OF STATE asked the Generalissimo for his views about the American proposed Four Power Treaty for the disarmament and demilitarization of Germany. We had thought it over and considered that it would be beneficial to have such a treaty in the interests of cooperation between the Powers in the future.

GENERALISSIMO STALIN at first thought the proposal was for a treaty with Germany. When he had been corrected on this point and after consulting Mr. Molotov, the GENERALISSIMO recalled that at Paris the Soviet Delegation had made certain criticisms of the treaty which Mr. Byrnes had apparently said that he would consider. These concerned democratisation, reparations and the duration of the treaty. If these criticisms were taken into account, the Soviet Union would in principle like to have a treaty of that sort. They would probably also have other amendments to propose.

Revision of Anglo-Soviet Treaty

THE SECRETARY OF STATE said that he thought that it would be good, during his present stay in Moscow, if the Treaty could be revised in accordance with his correspondence with the Generalissimo.⁵³

GENERALISSIMO STALIN said: "Very good. We want it also".

THE SECRETARY OF STATE remarked that everybody was very busy with the Conference, but perhaps Mr. Molotov or Mr. Vyshinski could discuss the question with the Ambassador.

MR. MOLOTOV said that Mr. Vyshinski had already told the Ambassador he was ready to open conversations.

SIR MAURICE PETERSON said that Mr. Vyshinski had promised to fix a day for opening discussions soon but had not done so.

⁵³ For additional documentation regarding the proposed revision of the Anglo-Soviet Treaty of May 1942, see volume IV.

GENERALISSIMO STALIN said that the Russians would try to expedite this matter as far as they could.

Egypt

THE SECRETARY OF STATE recalled that the last time he had seen the Generalissimo they had spoken about Egypt.⁵⁴ He now wanted to make it clear that we could not accept the position that a bilateral treaty could be denounced by one of the parties. We held to our Treaty of 1936 with Egypt. We considered that the Middle East, which was an important area for our communications, was one of our spheres of influence, and we thought that we should remain there unless matters were altered by regional arrangements under the United Nations. In two wars we had defended the Allied cause from that area. It was a vulnerable area.

MR. BEVIN explained that we were trying to make a mutual defence arrangement with Egypt. It would be apparent from this arrangement that the area was not being used for offence against any of our Allies. We adhered to that policy.

GENERALISSIMO STALIN said that he understood. He recalled that he had once said that if Great Britain had not been in Egypt, the Egyptian Government might well have turned Nazi.

(MR. BEVIN interposed; "I agree".)

GENERALISSIMO STALIN said that the Soviet Union had no intention of interfering in the carrying out of British policy in Egypt.⁵⁵

Persia

THE SECRETARY OF STATE said that there was no truth in certain Press stories that we were attempting to prevent a Soviet oil concession in Northern Persia. In fact, we would, if occasion arose, advise the Persian Government to live up to their agreement with the Russians.

GENERALISSIMO STALIN said that he was very grateful.

MR. BEVIN continued that we for our part had our interests in Southern Persia and had no intention of interfering with the normal independence of the country.

GENERALISSIMO STALIN said: "We hold the same position".⁵⁶

MR. BEVIN said that he was sorry to take up so much of the Generalissimo's time but he would like to mention another country which they had discussed when they last met.

⁵⁴ The reference here is presumably to the Stalin-Bevin meeting on December 19, 1945, during the Moscow Conference of Foreign Ministers. For the text of a portion of the British record of that meeting, see *Foreign Relations, 1945*, vol. II, p. 688.

⁵⁵ For documentation on the interest of the United States in the negotiations between the United Kingdom and Egypt for a revision of the Anglo-Egyptian Treaty of August 26, 1936, see volume v.

⁵⁶ For documentation on the question of a Soviet oil concession in northern Iran, see volume v.

India

MR. BEVIN said we were trying to settle this difficult problem in the interests of world-peace in such a way as not to prevent India having friendly relations with us and our Allies.

GENERALISSIMO STALIN interrupted the interpreter to say that there were so many subjects for them to discuss because they had not met for so long. India was a very difficult question.

MR. BEVIN said that he foresaw dangers when the Indians obtained their independence unless all acted with great care.

GENERALISSIMO STALIN said that Russia was not interfering "and we wish success to Great Britain in the enterprise she has started in India."⁵⁷

[Here follow exchanges between Stalin and Bevin on the questions of Anglo-Soviet trade, possible reciprocal air service between London and Moscow, proposed cultural exchanges, the status of Soviet wives of British subjects, and a site for a new British Embassy in Moscow.]

Questions by Generalissimo Stalin

MR. BEVIN asked whether there was anything that the Generalissimo would like to ask him.

GENERALISSIMO STALIN asked whether the coal crisis in England was serious or was it merely a noise in the Press.

MR. BEVIN said it was serious, being caused mainly by two reasons. Firstly, during the war we had shipped to some of our Allies much electrical machinery. Owing to the war we had not been able to build new machinery and thus when after the war the consumption went up the capacity was deficient. Secondly, between the wars we had not pursued a policy of encouraging the miners to remain in the pits. When he became Minister of Labour the miners had been 84th on the Wages List. He had remedied that, but after the war we had been left short of labour for the mines. We were now modernizing the pits and improving housing conditions for the miners, but it would take about two years for us to get sufficient production for home and export.

GENERALISSIMO STALIN said that Russia had had the same difficulties. The men did not want to work underground. The Soviet Government similarly had raised miners' wages and they were now more highly paid than qualified metal workers. Was the crisis in England now over? Was it still serious?

THE SECRETARY OF STATE said that, though the situation was still serious and we should have to be careful next winter, we were confident that we could surmount our difficulties.

GENERALISSIMO STALIN suggested that we ought to take coal out of

⁵⁷ For documentation on the interest of the United States in the emergence of the Dominions of India and Pakistan, see volume III.

the Ruhr as reparations from Germany. Why could we not get more Ruhr production?

THE SECRETARY OF STATE said that we felt that Ruhr coal after satisfying German needs should be left for France, who needed it. He explained that the reason for low production was that the overhead machinery had been largely destroyed by Allied bombing.

GENERALISSIMO STALIN observed that the Germans should be forced to repair the machinery and made to mine more coal.

GENERALISSIMO STALIN said that he had no more questions to put. All the questions he had thought of asking had been raised by Mr. Bevin.

MR. BEVIN told the Generalissimo on leaving that we really wanted our relations to be cordial and happy. If the Soviet Government was concerned about our actions, he hoped that they would send for Sir M. Peterson or instruct their Ambassador to enquire of him (Mr. Bevin), who would do the same. We did not want unfriendly feelings on either side. We would do our best to work with the Russians, as he felt sure they would with us.

GENERALISSIMO STALIN said that he was very glad that he and Mr. Bevin thought in the same way. He too wished for the two countries to work together.

CFM Files : Lot M-88 : Box 60 : USDel Minutes

United States Delegation Minutes, Council of Foreign Ministers, Thirteenth Meeting, Moscow, Aviation Industry House, March 25, 1947, 4 p.m.

SECRET

USDel (47) (M) 13th Meeting

PRESENT

U.S.S.R.

M. Molotov (Chairman)
M. Vyshinski
M. Gousev
Marshal Sokolovsky

U.K.

Mr. Bevin
Sir William Strang
Lord Hood
Sir Maurice Peterson
General Robertson

U.S.

Secretary Marshall
Ambassador Smith
Mr. Cohen
Mr. Dulles
Ambassador Murphy
Mr. Bohlen

FRANCE

M. Bidault
M. Couve de Murville
General Catroux
M. Alphan
M. St. Hardouin
M. Paris

REPORT OF THE DEPUTIES ON THE PROCEDURE FOR THE PREPARATION OF
A GERMAN PEACE TREATY

MR. MURPHY began to read the report but Secretary Marshall asked if the reading could be dispensed with. It was agreed that the report need not be read.

M. MOLOTOV suggested taking the first part of the Report on Procedure made by the Deputies (See CFM/47/M/60/Annex)⁵⁸ paragraph by paragraph. He noted that there were no differences in the first two paragraphs and that the first difference occurred in the third paragraph with regard to the participation of Albania in the preparation of the Peace Treaty.

[Here follows a statement by Secretary Marshall on Albania and a statement in reply by Foreign Minister Molotov. For the complete text of Marshall's statement, see *Germany 1947-1949*, page 197, or Department of State *Bulletin*, April 6, 1947, pages 608-609. For the text of Molotov's reply, see Molotov, *Speeches and Statements at Moscow*, pages 46-47.]

MR. BEVIN said that there was one other country which ought to be mentioned when naming those who were to participate and that was Persia.⁵⁹ Mr. Bidault said that the French Delegation did not wish to enter the arena of argument but wished to say that they had accepted Albania's participation because they had noticed that Albania had been given a place on I.A.R.A. and had had a share in the reparations. He had nothing else to add.

SECRETARY MARSHALL noted that M. Molotov had said that Albania was given reparations under the Italian Treaty and the right to share, under the Paris Reparations Agreement, in German reparations but Albania had not been given the right to attend the Paris Peace Conference as a member or to sign the treaty. It did not seem that Albania, not having declared war or been admitted to the United Nations, should be given a part in the German Peace Treaty. The United States Delegation did not see its way clear to Albania's being put in a more favorable class than certain other allies that might be mentioned.

MR. BEVIN had mentioned Persia. Secretary Marshall said that he would like to call attention to the American reservation under paragraph 2 (see page 2, CFM/47/M/60). He said:

[Here follows Secretary Marshall's statement on the question of the association of Allies with the Council of Foreign Ministers; for full text, see *Germany 1947-1949*, page 198, or Department of State *Bulletin*, April 6, 1947, pages 607-608.]

⁵⁸ See footnote 48, p. 397.

⁵⁹ In a note dated March 17, 1947, to the Heads of the Delegations to the Council of Foreign Ministers, circulated to the Council as document CFM(47)(M)25, March 19, not printed, the Iranian Ambassador in the Soviet Union renewed his government's request for participation at the German peace conference.

MR. MOLOTOV said that it was pointed out that Albania had not declared war against Germany and that therefore it could not take part in the Peace Conference. He would like to point out that Denmark was to be allowed to participate although she had not declared war. He asked that a similar exception be made in the case of Albania.

He said that the fact that Albania had taken part in the war on the side of the Allies could not be disputed nor that the Allies had approved the inclusion of Albania in the work of I.A.R.A., which determined the right of the states to reparations from Germany and their share.

It was correct that Albania did not participate in the Paris Peace Conference but then it was decided that Albania had the right to reparations from Italy and after the conclusion of treaty that she could be an Associated Power. These facts recognized the contributions made by Albania.

MR. MOLOTOV noted that Iran had been mentioned. He said that the Soviet Delegation had raised the question at the Deputies and recalled that the Soviet Union as well as Great Britain had undertaken obligations in 1942 promising support to Iran's participation in the peace negotiations in which it was directly interested. The Soviet Delegation now asked that this agreement be supported directly by the Council of Foreign Ministers.

MR. MOLOTOV said that when the subject of the Consultation Conference was raised, in the course of discussion, the Soviet Delegation would express its views.

M. BIDAULT said that the French Delegation remembered that it was the first to raise this question, specifically on the 11th of July, 1946, that all Allied States should be asked at least to give their opinions at the Peace Conference. He said that the French Delegation, with other delegations, had envisaged two systems: the first, to associate more closely those countries who had contributed effectively with their armed forces to the war and who were most interested; the second, for those who simply declared war without effective contribution. The first system consisted of the participation at the Consultation and Information Conference, at the Committees and Sub-Committees of the Council. The second system consisted of the opportunity to express views at the Council or Deputies. It was difficult to make the allocation between the first and second systems. The United Kingdom had proposed that Iran be added under the first category and the United States had proposed that the system of participation in the Consultation and Information Conference apply to all the Allies. He said that the French Delegation was ready to examine both proposals but was not in a position to give an opinion today since the proposals involved

practical consequences and the risk might be run of there being a Conference of 54 and not 24 states, which would be a mistake.

M. BIDAULT proposed referring the question of participation to the Deputies for them to report on this matter, discussion of which had been too long delayed.

MR. BEVIN said that he would like to express the United Kingdom's position with regard to Persia. He said that Persia had done what she had been asked. She had remained on the line of communication and had done what she was asked. He said that she should be joined to the 18 invited states.

MR. MOLOTOV said that M. Bidault had proposed that the question of Iran and the composition of the Consultation and Information Conference be referred to the Deputies.

SECRETARY MARSHALL said that he was in complete agreement with and supported this proposal but wished to add one comment. The United States supported the right of Iran to participate just as it also supported the right of all states at war to participate.⁶⁰

He pointed out that a number of American Republics had abstained from sending troops on the suggestion of the United States that they could contribute more in other ways and so avoid involving the United States in heavy shipping difficulties.

MR. MOLOTOV said that he agreed with Mr. Bidault's proposal that the question of Iran and the composition of the Consultation and Information Conference and with Mr. Marshall's suggestion regarding certain other countries be referred to the Deputies for preliminary examination.⁶¹

[For a summary of the remainder of the discussions at this meeting of the Council, see *infra*.]

740.00119 Council/3-2547: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL
URGENT

Moscow, March 25, 1947—8 p.m.

1013. Delsec 1345. For the President, Vandenberg, Connally and Acheson from Marshall. 13 CFM, 25 March, Molotov presiding,

⁶⁰ Regarding the attitude of the United States Government with respect to participation by Iran in the discussions concerning the German peace settlement, see the note of March 17, 1947, from the Acting Secretary of State to the Iranian Ambassador, p. 491.

⁶¹ In a note of April 6, 1947, to the Council of Foreign Ministers, not printed, the Iranian Ambassador in the Soviet Union expressed appreciation for the Council's consideration of Iran's request to participate in the German peace settlement. The note was circulated to the Council as document CFM (47) (M) 108, April 7, 1947, not printed.

opened with Ambassador Murphy presenting report of deputies on procedure for German peace treaty. They agreed on the title, on preparation of treaty by CFM composed of members of Council signatory to military surrender act in accordance with Potsdam Agreement, on consultation with allied states which participated with armed forces against Germany or are neighbors of Germany, on formation of four permanent committees as follows: (1) political and constitutional structure, (2) territorial adjustments and related problems, (3) economic organization and reparations, and (4) disarmament and demilitarization. The deputies further agreed on establishment of an information and consultation conference of the allied states, and on participation (of other allied belligerent states and ex-enemy states who subsequently participated with armed forces on side of allies) through presentation of their views to deputies or CFM orally or in writing as latter may consider appropriate.⁶²

The first point of disagreement was whether or not Albania should be consulted in preparation of treaty. Marshall and Bevin opposed.⁶³ Molotov and Bidault supported.⁶⁴ After all four had expressed their views, in which question of Iran and the American Republics was introduced, it was agreed that deputies would review the problem and report in light of new factors presented.⁶⁵

As to whether or not peace conference should be held, Marshall proposed that CFM, with China as a member, should invite all states at war with Germany to a peace conference to consider draft of treaty as soon as its preparation is sufficiently advanced.⁶⁶ After the conference, the four members of CFM should draft final text on basis of recommendations supported by $\frac{2}{3}$ vote of conference, and considering the recommendations supported by majority, and then submit final text for signature by all states at war with Germany. Further, Marshall proposed that responsible representatives of Germany be heard at conference, but that in order to avoid signing the treaty by any particular group of Germany, the German constitution should contain a clause clearly providing that all powers thereunder shall be exercised subject to and in accordance with the peace settlement that may be agreed upon by allies.⁶⁷

⁶² For the text of the Report by the Deputies for Germany to the Council, document CFM (47) (M) 60, March 24, see p. 397.

⁶³ For the text of the Secretary of State's statement on Albania, see *Germany 1947-1949*, p. 197, or Department of State *Bulletin*, April 6, 1947, pp. 608-609.

⁶⁴ For the text of Molotov's statement on Albania, see Molotov, *Speeches and Statements at Moscow*, pp. 46-47.

⁶⁵ See the United States Delegation Minutes of this discussion, *supra*.

⁶⁶ Regarding the desire of the Chinese Government to participate in the convocation of a conference to consider the German peace settlement, see the note from the Chinese Ambassador to the Secretary of State, March 24, 1947, p. 495.

⁶⁷ For the text of Secretary Marshall's statement summarized here, see *Germany 1947-1949*, p. 195, or Department of State *Bulletin*, April 6, 1947, p. 607.

Bidault was noncommittal about Marshall's first points, but enthusiastic about incorporating treaty clause in constitution.

Bevin expressed doubt about legality, or efficacy, of latter proposal and asked time to study the matter closely. Bevin visualizes a gradual process of evolving a peace treaty, a provisional government, and then a German Government, for the purpose of developing a German state. He did not see how the four powers could well develop a democratic German Government while all the allied nations were collectively laying down a peace settlement based on protection of their own individual interests. He did not want another Versailles to be repudiated, but rather a working out together of a peace settlement and a German Government, the latter to be signatory to and accept the former for the German people. We must avoid, Bevin continued, any possibility of the one to sabotage the other.

He did not want to hold up peace discussions pending organization of an acceptable German Government, Bevin said, but that if one was in existence when peace treaty was ready, the Germans should have an opportunity to express their views before signing.

Molotov asked for more time to study proposals of Marshall, Bidault and Bevin. He restated Soviet position that peace treaty must be signed by the German Government, and that such government must be given opportunity to express its views at the Peace Conference.

Department pass to Paris as 84, Rome as 11 and Vienna as 13.

Repeated London 105; Berlin 158.

[MARSHALL]

740.00119 Council/3-2647

*Memorandum of Conversation, by the Secretary of State*⁶⁸

SECRET

[Moscow, March 26, 1947.]

Mr. Bevin called at the Embassy to see me today and brought with him a transcript of an interview he had had with Generalissimo Stalin on March 24.⁶⁹ He went over the statements one by one, amplifying them with explanations of detailed remarks he had made which were not recorded complete in the brief summary he had furnished me.

Regarding the Polish Western boundary, he expressed the opinion that the Soviet position would be very firm against any change.

Regarding the Four Power Treaty, he stated that he purposely brought up that issue before mentioning the possible revision of the British-Soviet treaty. He did not comment at any length regarding

⁶⁸ The conversation took place on March 26, 1947, from 12:30 to 1:30 p. m. Secretary Marshall sent copies of this memorandum to President Truman and Acting Secretary Acheson.

⁶⁹ *Ante*, p. 278.

the Four Power Treaty because he felt that that fell more properly to my position, but he wished me to know that he had given it precedence in the discussion in order to avoid any implication that he was attaching more importance to the revision of the British-Soviet treaty.

Regarding the Ruhr, Mr. Bevin commented that Stalin's statements indicated that he had not been following very closely what had occurred in recent months regarding the Ruhr.

Mr. Bevin then turned to an explanation of the British position regarding reparations. He stated that while he himself was not entirely clear as to whether or not some form of reparations from production might not be necessary, he was perfectly clear that the British Government could not admit any procedure which would increase the cost to the British taxpayer. He went into considerable detail in explaining the British situation. He explained the situation regarding the American loan, whereby the increase of prices, particularly as to wheat, had confronted the British Government with a very serious dilemma.⁷⁰ He went further in explaining the situation with regard to rice from Siam, in relation to the Indian situation⁷¹ and other British governmental commitments. He stated that because of the bad weather, the worst in ten years, British exports had fallen 60 million pounds below the estimated totals. He stated that the British Labor Government was determined to stand by its agreements and for that reason was taking very firm position regarding any actions which increased the cost of government.

He thought the dominating issues before the present Conference were those of reparations and political organization.

Regarding the possible inclusion of the French in the British-American zonal unification, he felt that that would be highly desirable, providing it did not increase the cost to the British. In commenting on the possible complications that might result from such a union, in view of the Communist influence in France, he stated that "however much a Frenchman might be a Communist, he would always remain a Frenchman."

Regarding the statement which he and his government had made that the British military mission in Greece would be maintained for the "time being", it was made clear to him that this was an unfortunate statement with regard to political consideration of the United States for the appropriation of the necessary funds for Greece. He explained that this was in answer to a parliamentary question and

⁷⁰ For documentation regarding the concern of the United States over the exchange position of the United Kingdom, see volume III.

⁷¹ For documentation on United States relations with India, see volume III.

he was quite certain that what Mr. Attlee really meant was that the mission was not to be maintained in Greece permanently, but was to be removed when its services were no longer needed—that is, as soon as the Greek Army organization had been developed to the point of managing its own affairs. He agreed to take this up with the Government and see if another statement might not be made explanatory of this view.⁷²

G[EORGE] C. M[ARSHALL]

740.00119 Council/3-2247 : Telegram

The Acting Secretary of State to the Secretary of State at Moscow

SECRET

WASHINGTON, March 26, 1947—8 p.m.

684. Secdel 1380. Personal from Acheson. I have consulted both Senators Vandenberg and Connally (ref Delsec 1334⁷³) and both are in agreement that treaty with Austria should be completed and signed if possible in Moscow. In giving his agreement, Senator Vandenberg however expressed some concern lest US had made commitments to other powers in regard to their participation in the making of such treaty.

In so far as we are concerned the only commitment of record here relates to Mexico which was told that it could participate in the making of the Austrian treaty. We will however deal with this matter in a separate telegram⁷⁴ which we hope can go forward in twenty-four hours.

With regard to the special position of China, the Chinese Govt requested that there should be a conference on peace settlements for Germany and Austria convoked in the name of the full Council of Foreign Ministers. In our reply we stated that the US also favors the inclusion of China as a sponsoring power for the Conference to consider the peace settlements with Germany and Austria.⁷⁵ No further commitment in this respect was given. If it is decided there shall be no conference to consider the Austrian treaty it would seem that no additional measures need be envisaged as far as China is concerned, except to inform China of this decision.

ACHESON

⁷² For additional documentation on the program of American aid to Greece, see volume v.

⁷³ *Ante*, p. 275.

⁷⁴ Telegram 693, Secdel 1386, March 27, to Moscow, p. 496.

⁷⁵ See the note of February 5, 1947, from the Secretary of State to the Chinese Foreign Minister, p. 153.

740.00119 Council/3-2647 : Telegram

*The Secretary of State to the Acting Secretary of State*CONFIDENTIAL
URGENT

Moscow, March 26, 1947—midnight.

1030. Delsec 1353. For the President, Vandenberg, Connally and Acheson from Marshall. Fourteenth CFM meeting, March 26th, Marshall presiding, continued discussion of the procedure for preparing the German treaty. A lengthy exchange of views resulted in little progress and the entire report of the deputies on procedure⁷⁶ was referred back to the deputies with the exception of the question of the composition of the peace conference, which Molotov insisted the Council discuss Friday.⁷⁷

Molotov opposed but the United Kingdom, France and United States favored including China among the powers convening the German peace conference. Later, Bevin and Molotov rejected the United States proposal that a treaty clause be included in the German constitution⁷⁸ and both insisted that a German Government sign the peace treaty, but Bidault continued to support the United States proposal.⁷⁹

Recalling the war effort of the Dominions, Bevin sought to establish firmly their right to be heard on the German peace. Marshall said that Mexico and many Latin-American states had helped in the war and should be represented on the information and consultation conference. He cited the war contribution of Canada and asked the Council to recognize the wartime contribution of our friends and obtain the benefit of their cooperation in the peace.⁸⁰

The Council also:

(1) Agreed to invite representatives of the Yugoslav Government to come to Moscow to be available for consultation on the Austrian treaty.⁸¹

⁷⁶ The Deputies Report, document CFM(47) (M) 60, March 24, 1947, p. 397.

⁷⁷ March 28.

⁷⁸ The United States proposal under reference here is summarized in paragraph 3 of telegram 1013, Delsec 1345, March 25, from Moscow, p. 287.

⁷⁹ Regarding the question of whether the German Peace Treaty should be signed by a German Government, see Bevin's letter of April 11, 1947, to Marshall and Marshall's reply of April 14, pp. 450 and 460.

⁸⁰ For the text of Secretary Marshall's statement summarized here, see *Germany 1947-1949*, p. 196, or Department of State *Bulletin*, April 6, 1947, p. 608. In this connection, see also Bevin's letter of March 27 to Marshall and Marshall's reply of March 30, regarding the procedure for the preparation of a German peace settlement, pp. 407 and 425.

⁸¹ The request of the Yugoslav Government to be given an opportunity to send a Delegation to Moscow to expound its point of view on the question of the Austrian Peace Treaty was contained in a note to the Council of Foreign Ministers dated March 24, 1947, circulated to the Council as document CFM(47) (M) 58, of the same date, not printed.

(2) Deferred until tomorrow a Yugoslav request to be heard on the financial situation of Trieste.⁸²

(3) Agreed to discuss tomorrow the United States proposal⁸³ to speed up consideration of the question of German assets in Austria which is blocking progress by the deputies on the Austrian treaty. Molotov at first opposed this discussion but later agreed after Marshall had stated that he regretted that Molotov had rejected⁸⁴ the United States proposal.

(4) Discussed the delay of the special committee in reporting to CFM on the proposals which grew out of the Council's discussion of the Allied Control Council's report. Bevin said the committee was discussing questions of substance when it was only supposed to compare and coordinate the various proposals submitted here. Marshall said that if this situation existed, he would propose that the committee be given a new directive since he understood the committee was not to attempt to resolve disagreements. Marshall added that the Council was ensnaring itself "in a series of complications which in themselves are not of consequence but which make the prospect of progress on these negotiations unfortunately remote". Molotov agreed that the special committee was not to discuss new problems but said discussions of substance were necessary in order that points of agreement and disagreement could be listed. The special committee's report, if completed, will be discussed tomorrow.

Repeated London 106; Berlin 168.

Department pass to Vienna as 14, Rome as 12 and Paris as 85.

[MARSHALL]

740.00119 Council/3-2747: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, March 27, 1947— 11 p.m.

URGENT

1056. Delsec 1358. For the President, Vandenberg, Connally and Acheson from Marshall. 15th CFM meeting, March 27, Bidault presiding, opened with a discussion of whether the Council should invite representatives of the Yugoslav Government to Moscow to present views on the report of the Quadripartite Commission on the financial situation of the free territory of Trieste.⁸⁵

⁸² The request of the Yugoslav Government under reference here was contained in a note of March 24, 1947, to the Council of Foreign Ministers, circulated to the Council as document CFM(47)(M)59, March 24, not printed.

⁸³ The American proposal referred to here was set forth in document CFM(47)-(M)76, March 20, not printed.

⁸⁴ The "rejection" of the American proposals was contained in the memorandum of the Soviet Delegation circulated to the Council as document CFM(47)(M)78, March 24, 1947, not printed.

⁸⁵ Under reference here is the Report of the Trieste Commission of Inquiry, document CFM(47)(M)2, March 10, 1947, not printed; see footnote 28, p. 163. The Yugoslav Government's request for a Council hearing on the Report was circulated to the Council as document CFM(47)(M)59, March 24, 1947, not printed.

Molotov and Bidault wanted to invite the Yugoslavs, but Bevin saw no reason for the Council to hear the Yugoslavs, since their views had already been heard by the Commission. Marshall agreed and added that his most serious concern is that the Council is making very little progress on questions which are of interest to the entire world. He pointed out that if the Council spends its time on minor problems that are not of first importance, the prospect of progress on the problems which the Council met to discuss would be diminished. He again urged the Council to pass on to the important problems.⁸⁶

The Ministers agreed to invite the Yugoslav and Italian Governments to submit to the Council in writing, any observations they wished to make on the Trieste Commission's report.

The Council then took up the question of German assets in Austria. Marshall stated that US disagreed with the Soviet position that the title to these assets has passed to the Soviets, but that in order to open the way for further discussion by the Deputies for Austria of the entire assets question, he repeated his suggestion that the disagreement over title be by-passed. (1) He asked that agreement be reached on a definition of just what assets in Eastern Austria the Soviet Union thinks it should have title to as a result of the Potsdam decision. He said that none of the Allies intended at Potsdam to transfer title to German assets which were taken from the victims of Nazi aggression and which justice and equity demand be returned to them. (2) He suggested that the Deputies be instructed to provide in the Austrian Treaty for arbitration of disputes over German assets in Austria. (3) He said Austrian law should apply to all properties in Austria which are transferred to the USSR.⁸⁷

Bevin agreed with Marshall's three points, but asked the Council to instruct the Deputies to discuss the German assets question on the basis of a draft UK directive.⁸⁸ He said he had no desire to repudiate the Potsdam Decisions, but did think it necessary to decide what was meant by those decisions. He added that when Stalin said at Potsdam that reparations would not be taken from Austria, he interpreted this as a generous gesture toward a country which had to be reestablished. If the present Soviet position is accepted, he continued, this action would be undone.

⁸⁶ For the text of Secretary Marshall's statement summarized here, see Department of State *Bulletin*, April 6, 1947, p. 609.

⁸⁷ For the text of Secretary Marshall's statement summarized here, see Department of State *Bulletin*, April 13, 1947, pp. 653-654. Secretary Marshall's proposals were previously circulated to the Council in document CFM (47) (M) 76, March 20, 1947, not printed.

⁸⁸ The Draft Instructions to the Deputies for Austria proposed by the United Kingdom Delegation were circulated to the Council as document CFM (47) (M) 79, March 27, 1947, not printed.

Molotov disagreed with all three points. He said no new definition of German assets in Austria is necessary and objected to the establishment of any arbitration machinery. He denied the USSR is claiming extra-territorial rights for properties taken over in Austria.⁸⁹

Bidault agreed with Marshall's points and proposed that the Deputies for Austria be instructed: (1) to prepare a draft article recognizing in the treaty the disposal of German assets in Austria under the conditions provided for by the Potsdam Agreement; (2) to prepare a definition of German assets in Austria, excluding such property as was seized by the Germans by force or duress or was in any way unduly taken either from the United Nations or from the Austrians for political, racial or religious reasons; and (3) to prepare an arbitration clause on the basis of Article 50 of the Austrian Draft Treaty.⁹⁰

Marshall accepted this proposal, Molotov suggested major changes in it, and Bevin asked the Council to adjourn and continue the discussion tomorrow. The Council agreed it will also discuss tomorrow the report of the special committee which is coordinating all proposals submitted during the Council's discussion of the Allied Control Council's report.

Repeated to London 110, Berlin 176.

Dept please pass to Vienna as 17, to Rome as 15, and to Paris as 87.

[MARSHALL]

740.00119 Council/3-2847: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL
URGENT

Moscow, March 28, 1947—11 p. m.

1074. Delsec 1363. For the President, Vandenberg, Connally and Acheson from Marshall. Sixteenth CFM, 28 March, Bevin presiding, resumed discussion of German assets in Austria, with Marshall indicating his points of agreement to Bidault's proposals (see 15th CFM)⁹¹. Marshall agreed with proposal one and two. As regards Bidault's third proposal, Marshall was willing to omit further discussion of this problem by the deputies if CFM would agree that

⁸⁹ Foreign Minister Molotov's statement summarized here is presented in detail in Molotov, *Speeches and Statements at Moscow*, pp. 47-49. The views of the Soviet Delegation on the German assets issue were set forth in document CFM (47) (M) 78, March 24, 1947, not printed.

⁹⁰ The proposals of the French Delegation described here were circulated to the Council as document CFM (47) (M) 75, March 27, 1947, not printed.

⁹¹ For the substance of Bidault's proposals, see telegram 1056, Delsec 1358, March 27, from Moscow, *supra*.

article 57 provided a means of arbitration for settlement of disputes. He then proposed that CFM reach agreement in principle on this subject and direct the deputies to incorporate the various views into suitable proposal.

Molotov rejected Bidault's second proposal because its limited application would deprive Austria of so little in the way of transfers. He also objected to Austria's having a voice in the determination of German assets. He pressed for substitution of a proposal which would define German assets in Austria as excluding those taken by direct, forcible action without compensation.

Bevin stated that he was working on the basis that everyone wanted to be fair and to avoid allied support to the fraudulent methods Hitler employed in acquisition of property in Austria. He, as well as Marshall, rejected Molotov's proposal. There followed considerable discussion as to the next move with Molotov attempting to stop further consideration of the problem until the Austrian treaty was considered as a whole. It was finally agreed that the matter would be referred back to the deputies for their further consideration.

The Coordinating Committee (see fourteenth meeting)⁹² then submitted its report.⁹³ Marshall said there were too many points of disagreement to resolve in the Council and suggested that the Council limit its immediate discussion to the following three items: (A) treatment of Germany as an economic unit; (B) review of levels of industry and resumption of reparations; (C) form and scope of provisional government. The other matters relating to the report would be referred at once to a special committee to make recommendations to the Council for the adoption of such directives as the Committee members, acting under instructions from their respective ministers, can agree upon. After a discussion, in which Bevin and Bidault declined to commit themselves and Molotov suggested adding demilitarization, it was agreed that the Marshall proposal would be considered tomorrow.

Molotov then resumed discussion of participation of allied nations in the preparation German peace treaty and the peace conference. He held out strongly for limiting the participation to the 18 nations already listed plus, of course, Albania.⁹⁴ Marshall rejected this position and reiterated the previous United States position. Molotov went

⁹² For the report on the Council's 14th Meeting, March 26, see telegram 1030, Delsec 1353, March 26, from Moscow, p. 292.

⁹³ The text of the Report of the Coordinating Committee was circulated to the Council in documents CFM (47) (M) 64, March 26, and CFM (47) (M) 74, March 28, pp. 401 and 409.

⁹⁴ For a fuller account of Molotov's statement on the composition of a German peace conference, see Molotov, *Speeches and Statements at Moscow*, pp. 49-50.

to study - report on meeting
 level of industry
 form & scope of prov govt

through the second chorus of his act and it was finally unanimously decided to refer the problem back to the deputies.

Department please pass to Vienna as 18, to Rome as 16, and to Paris as 90.

Repeated London 111, Berlin 183.

[MARSHALL]

740.00119 Council/3-3047: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, March 30, 1947—3 a. m.

URGENT

1093. Delsec 1367. For the President, Vandenberg, Connally and Acheson from Marshall. Seventeenth meeting CFM, March 29, Molotov presiding, discussed Marshall proposal to limit Council discussion of questions which arose during consideration of the ACC report to the CFM (see CFM 16⁹⁵). Molotov desired to include demilitarization as an additional separate subject, but Marshall pointed out that there was no basic disagreement on this question, and it was agreed that industrial demilitarization should be considered as a part of economic unity and level of industry. Molotov reserved the right to bring up later the entire subject of demilitarization. The Council then agreed that on Monday it would discuss, as the first of two major questions, the treatment of Germany as an economic unit, including level of industry, industrial demilitarization and resumption of reparations. The second question will be the form and scope of the provisional govt for Germany. It was agreed that the special committee⁹⁶ would complete its report on the remaining portions of the ACC document by April third. The Council then adjourned.

Department please pass to Vienna as 20, to Rome as 17, and Paris as 93.

Repeated to London 113, Berlin 189.

[MARSHALL]

⁹⁵ Secretary Marshall's proposal under reference here is described in the penultimate paragraph of the report on the 16th Meeting of the Council, telegram 1074, Delsec 1363, March 28, from Moscow, *supra*.

⁹⁶ The Special Committee referred to here was comprised as follows: United States—Riddleberger, United Kingdom—Gen. Robertson, Soviet Union—Marshal Sokolovski, and France—Alphand. According to its original instructions, the Special Committee was to complete by April 2 a study of all questions arising out of the report of the Allied Control Council and not included among the "basic questions" which the Council of Foreign Ministers itself would take up. The Council subsequently assigned additional tasks to the Committee. The Special Committee held nine meetings between March 31 and April 15 and submitted to the Council of Foreign Ministers the following Reports: CFM(47)(M)93, April 2, p. 427, CFM(47)(M)122, April 11, p. 446, and CFM(47)(M)132, April 15, not printed, but see footnote 7, p. 446.

740.00119 Council/3-3147 : Telegram

*The Secretary of State to the Acting Secretary of State*SECRET
URGENT

Moscow, March 31, 1947—10 p.m.

1118. Delsec 1375. To Acheson Personal Eyes Only for the President from Marshall. Please deliver immediately the following to the President:

Dear Mr. President:

We are now locked in the final discussions regarding economic and political unity and regarding political organization of Germany. The vital points are the level of industry, with related demands for reparations from current production (having in mind that to raise the level certain plants now allocated to Russia must be retained in Germany; otherwise no increase in the level of industry is possible); coal for France which also directly affects the problem of raising the level; and the demands for reparation from current production. Later, on the agenda are: the Four-Power Pact; the Ruhr problem; and the location of boundaries which, on the Eastern Front, have an important bearing on the density of population and the supply of food from a rich agricultural district. These matters are related to the problem of unity but cannot yet be discussed in detail.

I will now quote instructions which I am about to give the American Delegation unless I hear from you to the contrary. I have not gone into detail; that must depend on developments and the immediate view of the best tactics to be employed. "The viewpoints expressed below give the United States' position on certain subjects now being considered by the Council of Foreign Ministers. These viewpoints are for your information and guidance in preparing papers or in discussions you may have with members of the other delegations in connection with the problems involved in the current Inter-Allied Administration of Germany.

Over-all considerations: The principal desires of the United States as regards the current Inter-Allied Administration of Germany are to obtain (A) a politically and economically unified Germany under a democratic government with effective safeguards of human rights and fundamental freedoms; (B) a sufficient increase in Germany's level of industry to assist in the economic recovery of Europe; (C) guarantee of security from German aggression by a treaty among the four occupying powers; (D) an adjustment in connection with the provisional eastern boundaries to provide additional food for Germany and to reduce her present population density.

Level of industry and reparations: acceptance of the four-power treaty principle will insure our security to the extent that an increase in the German level of industry for peace-time purposes can be per-

mitted. Such increase would reduce deliveries of capital equipment as reparations but might permit use of current production as reparations as compensation for withdrawal of plants now allocated for reparations, taking into account that Germany should share with the Allies any resultant increase in its standard of living above the European average. The extent to which reparations could be paid for this purpose without increasing the burden on the occupying powers would depend upon Germany's ability to develop an export surplus. In any event such a reparations plan should not become effective until economic unity and political unity are established in fact. Any reduction in cost of supporting German food ration through increased availability of surplus agricultural area under Polish administration would facilitate the development of an export surplus and the payment of the above-mentioned and limited reparations from current production. The United States would not agree here to a definite plan involving reparations from current production but only to studies of the relevant factors."

[MARSHALL]

740.00119 Council/3-3147 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, March 31, 1947—midnight.

URGENT

1122. Delsec 1376. For the President, Vandenberg, Connally and Acheson from Marshall. Eighteenth CFM meeting, March 31, Marshall presiding, initiated the discussion on the treatment of Germany as an economic unit, including the level of industry, industrial demilitarization and resumption of reparations. Marshall stated that US stands for (1) German economic unity, (2) a common plan to balance exports and imports at a livable standard in Germany, (3) an increase in the level of industry plan to bring German productive plant more into line with the requirements of Europe and, with this, (4) the quick completion of reparations. He added that although we are here to resolve and not to accentuate our difference, we should not seek agreement merely for the sake of agreement. He concluded by saying that the US recognizes that its responsibilities in Europe will continue and is more concerned in building solidly than in building fast.⁹⁷

Bidault again insisted that the question of the export of German coal and the problem of the Saar must be solved at the same time as other problems connected with German economic unity. He said the

⁹⁷ For the full text of Secretary Marshall's statement summarized here, which was circulated to the Council as document CFM(47)(M)88, March 31, 1947, see *Germany 1947-1949*, pp. 445-447, or Department of State *Bulletin*, April 13, 1947, pp. 649-650.

question of reparations from current production must be considered from the point of view (1) its effect on German coal available for export, (2) on war potential, and (3) on the German balance of payments. He said there was no insurmountable difficulty in reaching a practical solution of the questions under discussion.⁹⁸

Bevin began his statement by urging the council to look to the future and agree on the allied objectives to be followed in Germany from now on. He warned that any decision taken now by the council must be open to revision in order to take into account any later council decision on German frontiers. He listed the four cardinal requirements to achieve full economic unity as (1) freedom of movement throughout Germany for persons, trade and ideas; (2) proceeds of German exports from current production and stocks must first go to pay the cost of German imports; (3) equitable sharing by the four powers of occupation costs—past, present and future; and, (4) establishment of central German administrations with German executive powers. Replying to Molotov's earlier statement of Soviet demands, Bevin said: (1) Reparations from current production are not possible now or in the near future because Germany can not balance her import-export account and bear this additional burden and because the cost to the UK of occupying its zone would be increased. (2) No special four-power agency for the Ruhr is acceptable as long as the zonal system remains but when Germany is unified economically, the Ruhr would be subject to controls applying equally to all of Germany; (3) the agreement fusing the US and UK zones was the result of failure to implement the Potsdam decision on economic unity and that the agreement provided that when economic unity is achieved, the two zones will merge with the rest of Germany.

Bevin said he supported the French in their claim for the Saar subject to agreement on the area to be included and on a readjustment of reparations as a consequence of the transfer. He said he did not want to see a settlement of the big German problems blocked by the French demand for coal and expressed hope that US and UK plans to help France get more coal would satisfy Bidault and permit him to withdraw his demand.

Bevin stated that the level of German peacetime industry must be raised in order to improve the exceedingly low standard of living in Germany. He also urged the council to set a time limit during which removals for reparations must be completed and suggested a simpler plan for evaluating and allocating plants to be removed. He urged that the questions of reparations and the level of industry be settled here, adding that it was useless to ask the Germans to cooperate in reestab-

⁹⁸ For the text of Foreign Minister Bidault's statement summarized here, see *Déclarations de Bidault*, pp. 25-27.

lishing a democratic state unless they knew how much reparations they are to pay and how and when collected. He concluded by tabling a detailed proposal on future allied policies toward Germany.⁹⁹

Molotov attempted to rebut parts of his three colleagues statements and added little to what he said previously. He did say that on the majority of questions connected with the problem being discussed he thought sufficient agreement could be reached to facilitate the allies task in Germany. He demanded a concrete settlement of reparations and said the USSR wants to increase both German imports and exports. He agreed to help in improving German rations but suggested that the food supply be increased by carrying out land reforms as had been done in the Soviet zone. He insisted that the areas of Germany now administered by Poland can not be included in any discussion of German economic unity. He joined Bevin in asking that quick action be taken to raise the German level of industry but added that the destruction of war potential must be hastened. He denied that the USSR wanted to separate eastern Germany from the rest.¹

Upon adjourning, the Ministers accepted Marshall's suggestion that the council meet in restricted session tomorrow to continue its discussion of economic unity.

London disregard following note:

For Acheson: Make certain that President sees my detailed statement (Delsec 1374, March 31²) made at conference today.

Department please repeat Vienna 21, Rome 18, Paris as 95.

Repeated London 116 and Berlin 196.

[MARSHALL]

740.00119 Council/4-147: Telegram

*President Truman to the Secretary of State at Moscow*³

SECRET

WASHINGTON, April 1, 1947—9 p.m.

URGENT

763. Secdel 1409. For the Secretary from the President (Eyes only).

I have given careful consideration to Delsec 1375,⁴ which I have read

⁹⁹ For the text of the British proposal referred to here, entitled "Supplementary Principles to Govern the Treatment of Germany" and circulated to the Council as document CFM (47) (M) 89, March 31, 1947, see *Documents on International Affairs 1947-1948*, pp. 453-464.

¹ For the text of Foreign Minister Molotov's statement summarized here, which was circulated to the Council as document CFM (47) (M) 90, March 31, 1947, see Molotov, *Problems of Foreign Policy*, pp. 400-409.

² The telegram under reference is not printed.

³ This message was prepared in the Department of State, was signed by the President, and was transmitted to Moscow by the Acting Secretary of State through the Department's telegraphic facilities.

⁴ *Ante*, p. 298.

in the light of the excellent exposition embodied in Delsec 1374.⁵ With respect to your proposed instructions to the US Delegation, I think it may be helpful for me to stress several points which loom up large at this distance and which I am certain you have already considered.

As your draft instructions make clear, you have in contemplation the desirability of a sufficient increase in the level of industry to assist in economic recovery and to provide sufficient exports to bring about a balance of payments. In view of the importance of accomplishing this objective, I assume that it is not the intention of your instructions to indicate that acceptance of the four-power treaty principle is a condition precedent to appropriate upward revision of the level of industry agreement although, of course, the weight to be accorded to the economic disarmament factors in a new level of industry would depend to some extent upon achieving security through the device of four-power treaty.

My primary concern, which I have no doubt you share, relates to the possible consequences of our agreeing to study factors relevant to a plan involving reparations from current production. If, as appears to be the case, your appraisal of the situation has led you to the conclusion that the time has come for us to express our willingness to explore the practical limitations and form of a current production reparations program, I think you will agree that it is of decisive importance that several basic conditions be clearly expressed and understood:

(1) No reparations from current production will be permitted which would diminish the availability of exports, proceeds from which must be utilized in the first instance to pay for essential imports, including the reimbursement of the US and UK for advances already made to Germany.

(2) No reparations from current production will be permitted which will divert coal or raw materials from essential uses in other countries or needed for the basic economy of Germany.

(3) The USSR has already obtained a large amount of reparations from its zone of Germany and a small amount by plant removals from the west. Most other United Nations have obtained relatively little in reparations from Germany. It seems to me that it would be unfair for the USSR to receive reparations out of current production from Germany until other countries have obtained, prior to delivery to the Soviet Union, a quantity of reparations bearing some reasonably proportionate relationship to amounts already received by the USSR. This would not necessarily exclude the possibility that, after a balance of payments was achieved or in sight, consideration might be given to the availability of reparations from current production to the USSR as well as to other claimants on a proportionate basis

⁵ The telegram under reference here, dated March 31, is not printed. It transmitted the text of Secretary Marshall's statement to the Council of Foreign Ministers on March 31 on the need for German economic unity. For the summary of that statement, see telegram 1122, Delsec 1376, March 31, from Moscow, p. 299.

to be determined later. I think that it should be made clear in this connection that we would want to fix a limit as to amount and time in which current production might be available for this purpose.

It seems to me that these conditions are fair and equitable. It may be, however, that in the light of your discussions at Moscow you feel that there are countervailing considerations which we should take into account. In that event, I should welcome your comments.

HARRY TRUMAN

740.00119 Council/4-147 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET

Moscow, April 1, 1947—11 p.m.

US URGENT

1143. Delsec 1379. For the President, Vandenberg, Connally and Acheson from Marshall. First restricted CFM meeting, 1 April.

At the restricted meeting this afternoon, I stated that neither Potsdam nor the subsequently agreed level of industry envisaged reparations from current production and if Mr. Molotov was insisting upon an increase over Potsdam reparations by this means, I could not consider it. However, I continued, any substantial increase in the level of German industry would inevitably reduce the plants available for reparations removals under Potsdam. If all Mr. Molotov had in mind was compensation for such reductions, the US delegation would be willing without commitment to have experts study the matter, but it should be realized that the British delegation had stated it could not consider any reparations from current production at this time and was urging only the implementation of Potsdam.⁹ Molotov, while agreeing that the consideration of level of industry and reparations was basic, would not agree that reparations from current production constituted an alteration of Potsdam, nor did he agree that the necessary increase in level of production would mean a reduction in the number of plants earmarked for reparations removals. He made it plain that in his opinion reparations from current production in no way interfered with the execution of the removal program and in fact were envisaged at Potsdam. The long and fruitless discussion which followed reduced itself primarily to a debate between Bevin and Molotov as to whether or not Potsdam envisaged reparations from current production.

⁹ The proposal which Secretary Marshall presented orally at this meeting was subsequently circulated to the Council as document CFM (47) (M) 97, April 3, 1947, not printed; for the text of the American proposal, see *Germany 1947-1949*, p. 410, or Department of State *Bulletin*, April 13, 1947, pp. 652-653. For Secretary Marshall's explanation to President Truman of the proposal summarized here, see telegram 1167, Delsec 1385, April 2, from Moscow, p. 306.

The meeting led to no conclusion and the issues remain those as set forth in previous meetings. I made it plain that in considering compensation for possible reduction of removable reparations earmarked for allied countries, as a result of any agreed increase in level of production, their value in Germany must be the criterion rather than their value as dismantled reparations.

The basic obstacle confronting us on this question is the Soviet insistence that reparations from current production should be agreed upon, at least in principle, before establishing conditions necessary for obtaining such reparations.

In view of the absence of progress at this closed session, there was no objection to my suggestion that we should tomorrow resume the regular sessions of the council.

[MARSHALL]

740.00119 Council/4-247: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 2, 1947—11 p. m.

US URGENT

→ 1163. Delsec 1382. For the President, Vandenberg, Connally and Acheson from Marshall. Nineteenth regular session CFM, 2 April, Bevin presiding, initially heard Molotov propose agreement in principle that German provisional political organization be established as democratic government on basis of democratic elections. Bevin pointed out that any agreement reached on political unity must presuppose the existence of economic unity. The CFM agreed unanimously, Bidault stated that provisional constitution should be prepared by representatives of the *Laender* State Governments, approved by the Allied Control Council, and then ratified by German people.⁷ Marshall proposed that the ACC be instructed to establish a plan for a provisional German government representative of the *Laender* which would direct and coordinate central departments, initiate framing of the permanent constitution, and recommend pattern of permanent territorial organization. In addition he asked that ACC insure basic human rights and freedoms and guarantee of autonomous power of both state and central governments and finally to define relationships between ACC and provisional government and between zone commanders and provisional government.⁸

⁷ For the text of Foreign Minister Bidault's statement, which was circulated to the Council as document CFM(47)(M)96, April 2, 1947, see *Déclarations de Bidault*, pp. 31-33.

⁸ For the text of Secretary Marshall's statement on the proposed directive to the Allied Control Council for Germany summarized here, see *Germany 1947-1949*, p. 190, or Department of State *Bulletin*, April 13, 1947, p. 651.

Molotov objected to the US plan for what he called a "federalized Germany" and submitted two basic points for consideration as follows: "1. Germany's political structure must have a democratic character and the organs of power must be established on the basis of democratic elections, similar to what was provided for by the Constitution of Weimar, but the rights and duties of the president being limited to those exercised by a constitutional head of state without independent executive authority. 2. As a first step towards forming a provisional German government, central German administrative departments dealing with finance, industry, transport, communications and foreign trade shall be instituted in accordance with the Potsdam decision."

He supported strongly a constitution based on the Weimar plan as already approved by German people, but with presidential powers greatly reduced.⁹

At this point Bevin proposed that the stages of procedure be considered rather than basic principles and suggested the following:

"A. Central administrations shall be established to discharge the immediate tasks most necessary to ensure the economic unity of Germany.

B. A German representative body shall be nominated at an early date to advise the Control Council on the general aspects of the work of the central administrations and on the number and size of the *Laender*, and to work out, within the framework of principles agreed by the Control Council on the basis of paragraphs one and two (not quoted in this message), the details of a provisional constitution.

C. The provisional constitution and any recommendations of this advisory body shall be submitted to the Control Council for its approval and in accordance with the provisional constitution as approved by the Control Council elections shall be held and a provisional government formed to operate the provisional constitution.

D. When due trial has been made of the provisional constitution it will be amended after taking into account the recommendations of the provisional government and ratified by the German people and approved by the Control Council. At this stage a new government will be duly elected."

Marshall accepted British proposal subject to reservation that the US was not yet convinced that a provisional constitution was necessary or desirable. He felt that a charter to the German people should be issued by ACC so that the Germans could devote themselves to the adoption of a permanent constitution and the provisional government could be gotten under way with a minimum of delay.¹⁰

⁹ The statements made by Foreign Minister Molotov at various points of this meeting of the Council are quoted and paraphrased, in the form of a single continuous statement, in Molotov, *Problems of Foreign Policy*, pp. 410-417.

¹⁰ For the text of Secretary Marshall's statements commenting upon the British and Soviet proposals made at this meeting of the Council, see *Germany 1947-1949*, pp. 190-192, or Department of State *Bulletin*, April 13, 1947, pp. 651-652.

Molotov agreed in principle with Bevin's proposal on the four stages, but disagreed with Marshall's proposal that the head of *Laender* States form the provisional government. (At this point a series of explosions were heard and Molotov interrupted the interpreter to explain that his people were probably blowing up the ice in the river. Bevin quickly rejoined with, "I thought it was the Economic Unity Committee upstairs", to which Molotov replied, "They haven't reached that stage yet".)

Molotov held out strongly for inclusion in the German Advisory Council of representatives of democratic parties, trade unions and other anti-Nazi organizations. Both Bevin and Marshall argued against this proposal, but were willing to have the German advisory body consult such organizations. Bidault remained non-committal.

After considerable discussions centering around representation of the democratic parties and trade unions on the German advisory body, it was agreed to refer the four positions to the Coordination Committee in the light of comments made at today's meeting to draft, insofar as possible, an agreed set of plans and procedures for German constitution and organization of the German government.

Repeated to London as 121, Berlin as 206. (Dept please pass to Vienna as 22, to Rome as 19 and to Paris as 98.)

[MARSHALL]

740.00119 Council/4-247 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET

Moscow, April 2, 1947—midnight.

1167. Delsec 1385. To Acheson Personal Eyes Only for the President from Marshall. Your message ¹¹ reached me after I had made proposal informally in an executive meeting of CFM ¹² called at my request and I had agreed, on request, to submit it in writing. I made clear that my proposal for study for limited purpose stated was without commitment.

I am fearful that terms, which you suggest be made clear in advance of study, are somewhat too restrictive and may not afford necessary elbow room for negotiation.

Proposed study is to consider only adequate compensation for withdrawal of plants from capital removals sanctioned by Potsdam. It is not practical for us to agree to necessity for substantially higher level of industry and at the same time to suggest conditions which may

¹¹ *Ante*, p. 301.

¹² For the report on the informal Council meeting under reference, see telegram 1143, Delsec 1379, April 1, from Moscow, p. 303.

make the Allies, who are to be deprived of capital removals contemplated by Potsdam, feel that offer of current production to them is wholly illusory. The Allies who have not yet received capital removals would receive some capital removals before they or the Soviets can receive any current production.

In accordance with my agreement I am submitting the following proposal which is intended to guard the substance of the points you have in mind:

[Here follows the text of Secretary Marshall's proposal regarding the level of German industry and reparations from current production, circulated to the Council of Foreign Ministers as document CFM (47) (M) 97, April 3; for the full text, see *Germany 1947-1949*, page 410, or Department of State *Bulletin*, April 13, 1947, pages 652-653.]

[MARSHALL]

740.00119 Council/4-347: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 3, 1947—Midnight.

US URGENT

1188. Delsec 1390. For the President, Vandenberg, Connally and Acheson from Marshall. Twentieth CFM regular meeting, Molotov presiding, received and discussed the report of the Special Committee appointed to work out agreements on the questions of denazification, democratization, displaced persons and territorial reorganization.²³ The Ministers did not accept Marshall's proposal that the Council confirm the agreements reached by the Committee and refer the disagreements in the report to the Allied Control Council for further study. Several hours of discussion followed during which certain parts of the report were accepted, others were referred back to the Committee, and action on others was suspended until later.

The Council accepted the section of the report on denazification which directs the Control Council for Germany to hasten the process of denazification, to complete the removal of former active Nazis and militarists from public office and from positions of responsibility in important private undertakings, to ensure that judges and public prosecutors are politically acceptable, to hasten the trial of war criminals and to seek uniform treatment in all zones of former Nazis and militarists corresponding to their degree of responsibility.

In the section on democratization, the Council agreed on only one point—that of instructing ACC to ensure the carrying out and com-

²³ For the text of the Report of the Special Committee to the Council of Foreign Ministers, document CFM (47) (M) 93, April 2, 1947, see p. 427.

pletion of land reform throughout Germany in 1947. The section on elections was referred back to the special committee after Molotov insisted that German elections be held under the system of proportional representation and Bidault reaffirmed his opposition to the functioning of political parties and trade unions on an all-German basis.¹⁴ Although the Committee had agreed on establishing freedom for the circulation throughout Germany of information and on the inclusion in the future German constitution of a guarantee of basic human rights, Molotov insisted that these clauses be returned to the Committee for redrafting.

Discussion of the section on population transfers prompted Bevin to urge again the fixing of a date for the return to Germany of prisoners of war. Marshall supported Bevin and urged that the date for return be not far distant. Molotov refused to discuss the question and when pressed by Bevin agreed to state later when he would be ready to speak on this subject. At Marshall's suggestion the clauses on population transfers were set aside for further consideration at a later date.

During the discussion on the election system for Germany Molotov turned to Bevin and said that to refer to Greece as a democratic state when it is a dictatorship, is a difficult position to maintain. Bevin replied that the Greek Parliament was elected under a proportional representation system. Molotov answered that Greece was an example of what could happen when the proportional representation system was manipulated by skillful hands. He said he preferred the operation of the system in France to that in Greece.

The Council also discussed briefly and referred to the Committee for further study two proposals on the demilitarization of Germany referring to plants. During the exchange of views, Marshall and Bevin stated that demilitarization of plants should be completed as soon as possible, but that the fixing of exact dates when this work must be finished should be decided on when the necessary data are available. This discussion did not refer to purely war material making plants.

The Council agreed to meet two hours later than usual tomorrow in the hope that the Coordination Committee's report on plans and procedures for the German constitution and organization of the German Government will be ready for the Ministers to discuss.

Department please pass to Vienna as 23, to Rome as 21, and to Paris as 104.

Repeated London 1261, Berlin 215.

[MARSHALL]

¹⁴ For the text of Bidault's statement on German demilitarization and democratization, see *Déclarations de Bidault*, pp. 9-10.

740.00119 Council/4-747

Memorandum of Conversation, by the Secretary of State

SECRET

[Moscow,] April 5, 1947.

Mr. Bevin called at my quarters shortly before 1:00 o'clock today and left at 2:30, having informal lunch with me. Mr. Cohen was present during most of the conversation.

Mr. Bevin first brought up his concern about the matter of the prompt determination of the level of industry in Germany. He felt that if this issue was referred back to the Allied Control Council by the Council of Foreign Ministers in the present state of misunderstanding, a long period of months would elapse before anything was done, meanwhile the situation in Germany was urgent for correction.

Mr. Bevin felt that the British proposal now would be for the prompt study of the matter by the experts with a directive which named possibly ten million tons of steel per annum as a determining basis on which to correlate all other matters, of course with the stipulation that additional costs for the British taxpayer were not permitted. He recognized that this procedure involved a redetermination of the reparation plant transfers to the Allies to whom they had already been allocated and that some compensation would be necessary. He felt, however, that this could be done without a departure from the Potsdam Agreement, but rather as a practical application of the terms of the agreement to the existing situation.

Mr. Bevin expressed concern over the delays and disagreements which would probably result from an effort to evaluate the plants which remained in Germany and he wondered if we could not reach one grand total as a best way of avoiding such complications. He remarked that the Board of Trade advised him that the difference in value between a plant removed and the plant remaining in place was between 70 and 80 percent, that representing the loss if the plant were transferred. He recognized that the whole matter of plant transferances had proved far less profitable to the Allies, particularly Russia, than had been anticipated at Potsdam; that the Soviets, for example, found themselves involved in the necessity of making large expenditures for plant buildings, sidings, sewage, etc., for which they could not find the money, and that therefore the transfer of the plant machinery merely involved them in the cost of transportation with no probable advantage for a long period to come, during which there would be a continued deterioration of the machinery. (The Embassy reports that the machinery of the transferred plants is now lying out in the open on railroad sidings throughout Russia.)

Mr. Bevin hoped that we—the British and Americans—could get together on the basis of approach to this matter to hasten a general agreement which would permit an immediate study of the question by experts, which in turn would permit an early solution.

I explained to Mr. Bevin the American reluctance to involve themselves in a fixed tonnage of steel as a basis of departure, although they recognized the convenience of this procedure which had been more or less the basis for the initial calculation. I also explained to Mr. Bevin the delicacy of conducting a discussion about reparations in recompense for the non-transference of plants previously allocated and our desire to avoid not only additional expense to the American taxpayer, but also to avoid a basis of payment which would be a continued source of altercation and therefore serious difficulties, particularly between the Soviet Union and Germany. I agreed to his suggestion that the American and British representatives get together to see if they could work out a proposal which Mr. Bevin and I could put forward at the Conference Table.

Mr. Bevin next discussed in general the progress of the conference and his reluctance to enter into discussions which appeared to differ from my point of view, at the conference table. We discussed at length the French position on various matters, particularly that of the level of industry.

Mr. Bevin brought up the problem of the Middle East pipeline and explained the reasoning of the British Government, particularly the British Chiefs of Staff, for a route for the pipeline to the sea at Gaza, which would involve six million pounds more expenditure than the two previous proposals. This additional expenditure was reasonable by keeping out of regions which were very liable to be sources of discord and trouble in the future, to avoid Jaffa, which would also mean too many irons in the same pot, and to reach the sea at a point which would be helpful to the development of the hinterland and also would assure the Arabs an opening to the sea if a partition or canalization should follow in Palestine. I told him I had referred his paper to the Department in Washington for study.¹⁵

Mr. Bevin next brought up the establishment of a High Commissioner, I believe he called it—he gave me no papers—in Singapore, which would be the British point of outlook in the Far East. His government hoped it would be acceptable to us to station a liaison officer there. He stated that no such proposal had been made to the Soviets. He did not ask for an answer at this time.

¹⁵ The paper under reference here is presumably the undated memorandum which Bevin gave Marshall on April 8, 1947, explaining the British position on the various pipeline proposals. The memorandum is included in the documentation on the participation by the United States in the development of the petroleum resources of the Near East presented in *Foreign Relations*, 1947, volume v.

I took up with Mr. Bevin a memorandum just introduced by the British Representative on the Coordinating Committee which cited three questions as being fundamental issues in connection with the political organization of Germany. I explained to him that the American Delegation felt that the answers—from our point of view—hardly required comment, but we thought it inadvisable for the British to put such a proposal forward at this time because of the propaganda material they would give the Soviets for claiming that the British and Americans under cover were seeking for the definite partition of Germany; also, that one paragraph was so worded that it confused the issue, which involved our insistent stand that the election machinery should be controlled in the *Laender* and not in Berlin. He agreed to reconsider.

740.00119 Council/4-547 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL
URGENT

Moscow, April 5, 1947—11 p. m.

1211. Delsec 1394. For the President, Vandenberg, Connally and Acheson from Marshall. Twenty-first CFM meeting, April 5, Marshall presiding, considered the Coordination Committee's recommendations on the creation of central administrative agencies for Germany and the establishment of a German Advisory Council.¹⁶

The Council reached the agreement in principle on the following paragraphs of a French proposal:

"The Control Council is directed to institute in the shortest possible time central German administrative departments dealing with those matters requiring central decision in the fields laid down in the Potsdam Agreement as well as for food and agriculture.

"These departments will be under the supervision [and direction of the appropriate quadripartite bodies] of the Allied Control Authority. When the German Provisional Government has been established new arrangements for control are envisaged."

The third paragraph of the French proposal which reads "Each department will be under the direction of a German executive committee, consisting of representatives of the several *Laender*, with a chairman holding executive authority subject to the decisions of the majority of the committee" was accepted by Marshall but was opposed by Molotov, who said the committee would be too complicated and suggested that the clause be referred to the Allied Control Council for study. Bevin urged the Council to settle the question here rather than

¹⁶ The Coordinating Committee's Report to the Council under reference here, document CFM(47)(M)101, April 4, 1947, is not printed. For the subsequent redraft of that Report, see document CFM(47)(M)121, April 11, 1947, p. 436.

refer it to the ACC which might be unable to agree, thus holding up the creation of central agencies as occurred after Potsdam. It was decided to refer the clause to the CFM Coordination Committee.

The fourth paragraph of the French proposal states: "The above provisions do not apply to the Saar territory and do not prejudice the future regime of the Ruhr and Rhineland." Bidault said that agreement to exclude the Saar was a condition of French acceptance of the creation of central administrative agencies and that the reference to the Ruhr and Rhineland was a French reservation. Marshall opposed the inclusion of this paragraph in the directive on central agencies but saw no objection to the French stating their reservation elsewhere. Molotov reserved his position on the entire clause adding that he was not prepared to speak on this subject. The paragraph was referred back to committee with the understanding that the French would reserve their final decision until they could study the redraft.

The second section of the committee's report was accepted without change. It read "The Allied Control Council will issue directives necessary for the guidance of these departments, including directives specifying the administrative functions to be allocated to the authorities of the *Laender*".

No agreement was reached on the third section which deals with the relationship of the central agencies to the Allied Control Council for Germany and to the Zone Commanders. Marshall stated that he favored the principle of non-intervention by Zone Commanders in the affairs of the central agencies. He added that so long as the military commander has authority to maintain security, his activities at this stage should be restricted rather than increased. This section was referred back to the committee.

The remainder of the meeting was spent discussing the establishment of a German Advisory Council. The US and UK proposals favored establishing the Council simultaneously with the establishment of the German central agencies; the French favored its establishment as soon as the boundaries of Germany have been determined and the Soviets wanted to set it up after the central agencies had completed an indefinite probationary period. It was agreed in principle that the Council would be created three months after the creation of the German central agencies. Bevin added that he wanted to see the provisional government set up at the end of one year.

Molotov's opposition prevented agreement on the composition of the Advisory Council.¹⁷ Marshall and Bevin accepted in principle a

¹⁷ Molotov's statements regarding the composition of a German Advisory Council, made during this meeting of the Council, are quoted at length in Molotov, *Speeches and Statements at Moscow*, pp. 67-69.

French proposal that "The Council shall consist of three representatives from each land appointed either by the government or by the Landtag of the land, and representing democratic public opinion in that land. The Advisory Council may consult the political parties and the trade unions". Molotov insisted that the Advisory Council be composed not only of representatives of the *Laender*, but also of representatives of political parties, trade unions and anti-Nazi organizations. Marshall pointed out that the representatives of the *Laender* would consult with the other groups mentioned by Molotov. He cited the system of committee hearings used by the US Senate and House as a practical means of obtaining the views of non-governmental groups. In view of the divergent views, the question was referred back to the committee.

The Council will continue discussion on Monday of the remainder of the report.

Repeated London 128, Berlin 221.

Department please pass to Vienna as 25, to Rome as 23 and to Paris as 108.

[MARSHALL]

740.00119 Council/4-847: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 8, 1947—1 a.m.

URGENT

1236. Delsec 1398. For the President, Vandenberg, Connally and Acheson, from Marshall: Twenty-second CFM meeting, April 7, Bidault presiding, continued discussion of the functions of the German Advisory Council.¹⁸ The only agreement reached, and that subject to redrafting, was that the Advisory Council should advise the Control Council for Germany on the general aspects of the work of the central administrative agencies. When the discussion turned to other functions of the Advisory Council, Marshall stated that the US delegation agreed to the preparation of a provisional constitution on the understanding that the constitution would be general in nature and would contain no more than the minimum required to operate the provisional government for the short time needed for the preparation of a permanent constitution.

¹⁸ At this meeting the Council continued its consideration, begun at its previous meeting, of the Report of the Coordinating Committee to the Council, document CFM(47)(M)101, April 4, not printed. For the subsequent redraft of the Committee's Report, see document CFM(47)(M)121, April 11, 1947, p. 436.

Molotov proposed that "the rights and powers of both the German provisional government and of the *Laender* governments should be defined in the constitution".¹⁹ Bevin objected on the ground that the powers of the German central government should be clearly limited and that the remainder of the powers should be left to the German states in order to prevent the creation of a centralized government such as existed under Hitler. Marshall stated that the US delegation desired to avoid setting up a central government of a nature that might be converted readily into an autocratic government. He said the central government should be built on the structure of the *Laender* rather than the reverse. (See report on eleventh CFM meeting March 21 ²⁰)

Molotov repeated his view that the Allies should not decide whether Germany should be a federal or a centralized state but that this choice should be made by the German people in a plebiscite. He proposed for the first time that a date for the plebiscite be fixed as soon as possible.

Bevin firmly opposed Molotov's proposal which he said he could not accept. He recalled that the German people had twice in the recent past backed a centralized Germany and that for security reasons he would not agree to permitting the Germans to decide a question which it was the Allies' responsibility to settle. Bidault agreed, adding that the holding of a plebiscite throughout Germany would mean that Germany was unified, not for the voting period but for good. Marshall stated that we cannot assume at the present time or in the immediate future that the German people are prepared to act intelligently on this question. He cited the difficulties involved in drafting a provisional constitution, such as (1) playing politics with the German people as the tool, and (2) permitting the German people to take the lead in organizing a government along a line which we regard as highly dangerous to the peace of the world. He referred to the original US proposal which provided for (1) a German charter to be adopted by the Allied Control Council, (2) the drafting of a permanent constitution by the Advisory Council to be approved by ACC, and (3) a plebiscite on the permanent constitution. He said this plan avoids difficulties already encountered in introducing the proposal to draft a provisional constitution. Molotov said he had no apprehensions about a plebiscite since it dealt with a question involving German internal affairs, adding that it would be wrong for the Allies to impose a system of government on the Germans.

Since no agreement on this section appeared possible, the Council turned to consideration of the establishment of the provisional Ger-

¹⁹ For the Soviet account of this Council meeting, including long quotations from the statements made by Foreign Minister Molotov, see Molotov, *Speeches and Statements at Moscow*, pp. 69-74.

²⁰ For the report under reference, see telegram 927, Delsec 1330, March 21, from Moscow, p. 270.

man government. The question of holding elections after the approval of the provisional constitution by ACC was referred back to the Co-ordination Committee after an exchange of widely different views and after Bevin had suggested that the CFM postpone a decision on this question until its next session rather than hold up the creation of the German Advisory Council because of the disagreement over elections.

A discussion of the functions of the provisional government and the relationship between the provisional government and the Allied Control Council was passed over after a preliminary exchange of views indicated that agreement was not now possible. Bevin opposed sending this subject back to the Co-ordination Committee since he said the views of the Ministers were too far apart to attempt to reconcile them.

In order to give the Co-ordination Committee more time on its report concerning the division of powers between the central German government and the *Laender*, Marshall proposed that the Council go on to the next item on its agenda. Molotov opposed this suggestion. Bevin said he had been in Moscow for four weeks and done nothing so he didn't care what the Council discussed next. He added that there are fourteen items left on the CFM agenda. Bidault, as chairman, ruled that the Council would take up tomorrow the committee report on division of powers.

Repeated London 133, Berlin 277.

Department please pass to Vienna as 27, to Rome as 24, and to Paris as 114.

[MARSHALL]

740.00119 Council/4-847

*Memorandum of Conversation, by the Secretary of State*²¹

SECRET

[Moscow,] April 8, 1947.

I called on Mr. Bevin today at the British Embassy at 12:30 and remained until 2 p.m., lunching with him, just the two of us.

I requested the interview in order to discuss with him the procedure we had best follow from now on in the meetings of the Foreign Ministers. It became apparent to me yesterday, and also to him, I found, that if we continued the present process, our time would run out before we even reached the Austrian treaty. We therefore agreed that so far as was within our control we would follow the policy of shortening discussions, making no comments other than were absolutely necessary, and insisting on passing over the items thus covered and leaving them

²¹ In telegram 1308, Kosmos 30, April 11, from Moscow, not printed, Secretary Marshall asked Acting Secretary Acheson to see that President Truman had an opportunity to read the memoranda of conversations which the Secretary periodically forwarded to Washington, particularly the memorandum printed here.

for future decision, the Conference going on to the next item on the agenda. I stipulated two exceptions to this procedure: one would be the four-power pact on the agenda and the other the Austrian treaty. These we would discuss at length in the hope of reaching an agreement and concluding these matters.

Mr. Bevin stated that he felt that unless we followed some such course as that above indicated, there would be no hope of completing the Austrian treaty, which we both regarded as a very important issue to be completed at this meeting.

Mr. Bevin then, on his own initiative, discussed several issues.

He generalized on what might be the best procedure in the event, as now seemed practically certain, that we had to fall back for the time being on a bi-zonal procedure. He thought we should immediately endeavor to determine a new level of industry and suggested again ten million tons of steel as the basis of departure for the investigation. He thought it very important that the German people should have a clear indication that we were endeavoring to clear up this matter in as short a time as possible. Mr. Bevin also stated that we should determine, following this information of the level of industry, what plants could be dismantled and released for reparations payments. He thought it important that this be done without further delay, both to the West and to the East.

He then turned to the question of prisoners, outlining the importance of having definite data on which to base the development of arrangements for their reception in our zones in Germany. Accepting the necessity for the prompt determination of this data, I questioned Mr. Bevin as to the British attitude regarding the return of prisoners, stating the American position that an early return was earnestly desired by the American people and explaining that we were bringing pressure on the French for the prompt return of those prisoners that we had turned over to them. I explained that I was desirous, in an informal way, of getting the real attitude of the British Government and the British people in this matter and their views of the American position, we not having sustained any family [*sic*] or structural losses during the war.

Mr. Bevin stated the British felt that it was very important to hold these prisoners for several reasons. In the first place, so long as Great Britain maintained over a million men in the service, the shortage of manpower was a serious matter and the German situation was responsible in a large measure for this shortage; therefore, it was only just that these German male prisoners be utilized to meet the dilemma. He stated that they were being treated well, that a normal wage was being paid by the employer to the Government, so that the employer derived

no profit from the employment of prison labor greater than that from the employment of ordinary British labor. He also stated that their figure for the return of 20,000 a month was also, in addition to the foregoing considerations, based on the fact that there were not accommodations for these men in the British zone and the construction of accommodations did not admit of a more rapid return.

Mr. Bevin then turned to the questions of reparations and stated that he would send me a paper on this shortly in relation to that aspect that we had discussed previously in the Conference, based on recompensing the Allies concerned for the loss of such allocated plants as were held in Germany in order to raise the level of industry. He stated that personally he was not bound down to a fixed thing in this matter, that he was becoming of the opinion, particularly through the statements of a Canadian adviser, that reparations out of capital goods or equipment had not proved a profitable procedure, that the expenditures required to transfer the plant equipment and to set it up were prohibitive, that much of the machinery was rapidly deteriorating though the Soviets were trying to grease and box a portion of this, but that altogether the transfer of capital equipment had proved a failure. At the same time he felt that we could not any longer delay the resumption of these transfers, particularly the Western Allies.

We discussed the cost of the military forces which Great Britain and the United States would have to maintain in Germany in the absence of quadripartite agreements, and certainly during the period of bi-zonal procedure, compared with the expenditures in which we might become involved if any procedure on the basis of reparations out of current production were admitted. It seemed to both of us that it was very important to reach some understanding which would permit the prompt reduction of military forces; otherwise, these expenditures would dwarf the obligations for direct appropriations to meet the deficiency in the standard of living of the German people.

Mr. Bevin said he would send me a paper, at my request, regarding the point introduced at our previous meeting²² regarding a British setup at Singapore, for which an American liaison representative was desired.

740.00119 Council/4-847 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL
US URGENT

Moscow, April 8, 1947—Midnight.

1263. Delsec 1405. For the President, Vandenberg, Connally and Acheson, from Marshall: Twenty-third CFM meeting, April 8, Bevin

²² See *ante*, p. 309.

presiding, discussed the division of powers between the proposed German Provisional Government and the State (*Laender*) Government.²³ The US, UK and French delegations agreed that all powers should be vested in the States except such as are expressly delegated to the Central Government. Molotov insisted that the Central Government have authority to assume responsibility for fulfilling Germany's obligations to the Allied states.²⁴ Marshall and Bevin attempted without success to get Molotov to agree that the Allied Control Council for Germany would be responsible for seeing that Germany fulfilled its obligations during the provisional period of the Central German Government.

Marshall stated that the US delegation believes the division of powers should be left to a German constitutional convention, and that the framers of this constitution should be given only the most general instructions. He said the Council should do no more on this subject than agree on the general requirement that such powers as police, internal security, culture, education, and religious affairs should not be delegated to the Central Government. He added that he did not think a detailed enumeration of the powers to be granted to the Central Government merited consideration of the Council. The other Ministers then discussed this subject at some length.

Agreement in principle was reached by Bevin, Bidault and Molotov that the Central Government should be competent to adopt legislative and executive measures in order to ensure the unity necessary in the political, legal, economic and financial fields. During this discussion Molotov met British and French objections to several Soviet proposals by making three concessions. The only important one dealt with the power of the Central Government to establish "security police", which Molotov agreed to delete. A discussion of whether the Central Government is to have an all-German budget resulted in a compromise which will strictly limit the items included. All the clauses were sent back to committee for redrafting and in an attempt to overcome French reservations on parts of several phrases.

Bevin suggested that the Council refrain from discussing the powers to be reserved to the State Governments since the positions of the delegations (see report on 22 CFM meeting²⁵) were so divergent that no agreement could now be reached.

²³ Under consideration by the Council at this point was the Report of the Coordinating Committee, document CFM (47) (M) 105 (Revised), April 8, 1947, not printed. For the subsequent redraft of the Report, see Section E of document CFM (47) (M) 121, April 11, 1947, p. 436.

²⁴ For the texts of the statements made by Foreign Minister Molotov at this and other points of the Council meeting, see Molotov, *Speeches and Statements at Moscow*, pp. 74-77.

²⁵ *Ante*, p. 313.

The Council then considered the report of the deputies on the statement made to them by representatives of the Inter-Allied Reparations Agency.²⁶ The deputies had decided that it was not necessary for the Council to hear additional statements of the agency. Bidault proposed and Molotov agreed:

1. That the Council should decide that the removals of plants from Germany should be resumed immediately, whether or not the level of German industry was raised.

2. That the process of evaluating and allocating removals should be simplified and expedited and an office of reparations created to work under the Allied Control Council, and

3. That the Council should revive the Allied Reparations Commission.²⁷

Marshall stated that the IARA report indicated an early agreement should be reached on the level of industry. He said the US was prepared to expedite reparation deliveries but that practical difficulties stood in the way of the quick resumption of removals. He said he opposed reviving the Reparations Commission, but would study Bidault's proposal. Bevin urged that the Council note the IARA report and deal with it when the Council again discusses the entire problem of reparations, "if it does".

Molotov accused the US and UK of not carrying out the Potsdam decision regarding the Reparations Commission. Bevin replied that Soviet obligations to the Western Powers contained in the Potsdam protocol had not been fulfilled and joined with Marshall in denying that the US and UK were responsible for the failure of the Reparations Commission to do any work.

Discussion of tomorrow's agenda was so confused by Molotov that Bevin asked him if his tactics were an attempt to keep the Council from reaching the end of the agenda agreed on for this session. Marshall stated that it is of first importance to get on with the agenda and to pass over disagreements. He said that if time affords, the Council can return to discuss the disagreements. He urged the Council to exchange general views on all subjects on its agenda which would be valuable for the deputies or for the next Council meeting, adding that to continue discussing disagreements leads the Council nowhere.

Repeated London 140, Berlin 236.

Department please pass to Vienna as 30, Rome as 26 and Paris as 122.

[MARSHALL]

²⁶ For the text of the Report, document CFM (47) (M) 98, April 3, 1947, see p. 434.

²⁷ For the text of Bidault's proposals, see *Déclarations de Bidault*, pp. 27-28.

740.00119 Council/4-947 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 9, 1947—11 p.m.

US URGENT

1274. Delsec 1408. For the President, Vandenberg, Connally and Acheson, from Marshall: Twenty-fourth CFM, 9th April, Molotov presiding, first heard Murphy present report of deputies on views of Allied States, as developed in London, on preparation of a peace treaty with Germany.²⁸ It was agreed that report be noted with understanding that pertinent portions thereof would be considered in subsequent discussions of related agenda items.

Marshall then delivered statement on the Polish-German frontier (full text cabled in clear),²⁹ pointing out importance to peace of dealing with problem in interest of Europe as a whole. He recognized that some long-German territory must be ceded to Poland, and pointed out economic and political factors that must affect final decision. He stated that southern East Prussia and German upper Silesia (including its industrial complex) should become Polish, but with adequate safeguards to assure availability of its coal and other resources to help sustain economy of Europe. The division of remaining territory, he felt, being largely agricultural land, requires consideration of needs of Polish and German peoples and Europe as a whole. Marshall then proposed establishment of special boundary commission to function under direction of deputies, composed of representatives of four Council nations, Poland, and a convenient number from other Allied States to be designated by CFM. The commission, he said, should recommend to CFM:

1. A revision of pre-war Polish-German boundaries which will compensate Poland for cession of territory east of Curzon Line to Soviet Union; and

2. The economic arrangements appropriate to assure that those raw materials and heavy industrial resources vital to European economy shall fairly serve that need, including particularly need of Poland.

Bidault pointed out that if a logical approach to problems of Germany had been pursued by CFM, the Council would have discussed German boundaries before attempting to agree on political or economic considerations affecting territory within such boundaries. He said that provisional agreements at Potsdam, which he was not prepared to interpret, appeared to be already permanently accepted as to boundaries,

²⁸ For the text of the Report of the Deputies, document CFM(D) (47) (G) 70, February 25, 1947, see p. 40.

²⁹ For the text of Secretary Marshall's statement, circulated to the Council as document CFM (47) (M) 110, April 9, 1947, see *Germany 1947-1949*, pp. 146-148, or Department of State *Bulletin*, April 20, 1947, pp. 693-694.

and he would not attempt to thwart those Allies (Poland and Soviet Union) who had suffered so much in the war. We cannot expect, Bidault continued, that any German Government will accept the present *de facto* boundaries willingly without a twinge of revenge or chauvinism; nor can we tolerate in the center of Europe an overpopulated Germany confined in too narrow bounds. From a security viewpoint, Bidault said, the French proposals on Ruhr and Rhineland should be seriously considered. We should therefore proceed to avoid an opportunity for Germans to take advantage of Allied dissension on boundaries. Bidault then proposed that we consider the overall boundary principles at CFM, then arrange for deputies to consider views of all those countries bounding on Germany, and report to CFM at their next session, whenever that may be. Bevin said he had given much thought to problem, and was convinced that all Allied nations were greatly concerned, from a long range world security view, in any final settlement of German frontiers. He pointed out that problem was strategic, racial, and political, and any historian would sympathize with Poland's troubles through the past 150 years. Is it logical, he queried, to reduce Germany's territory to point where she can do nothing but revert to an industrial economy? We must find a way to make available to Germany a greater agricultural potential for preliminary resurgence of her war potential. He suggested, purely for preliminary study, a somewhat confused idea on the area between the western and eastern Niesse, without making clear just what he proposed to do with it. Finally, he could not associate himself with Marshall's proposal because it would solve only one part of the German frontier problem. He then proposed that the deputies be directed to prepare a complete study on the entire German boundary question, with due regard to views of all concerned, and that until a decision was reached, no further population transfers be made.³⁰

Molotov said that at both Crimea and Potsdam we had made obligations and taken decisions on western boundaries of Poland the force of which could not be doubted. Poland readily agreed, he stated, to transfer to Soviets of Eastern portions of Poland because the inhabitants wanted to join their Byelo-Russian and Ukrainian brothers. There was no question at Potsdam of recompense to Poland on her western frontier because of losses on her eastern border. Molotov then quoted figures and made statements which proved irrefutably (to his satisfaction only) that the existing western boundary of Poland was an agreed permanent frontier, and that any change therein would be a failure to respect the obligations made by our heads of government

³⁰ For the text of Foreign Minister Bidault's statement, circulated to the Council as document CFM (47) (M) 112, April 9, 1947, see *Déclarations de Bidault*, pp. 34-36.

at Potsdam. He flatly rejected Marshall's proposal for a commission, and said that Poland would diligently provide proper economic arrangements.³¹

Marshall said Molotov's statement as to finality of Potsdam was in complete disagreement with meaning of English language and statements made by President of United States. Furthermore, he said, on July 21, 1945, according to US minutes, Generalissimo Stalin himself had made a statement to the effect "until the Polish boundaries are finally set".³² He again quoted Stalin to show that the mixed population along German-Polish frontier was a condition of the moment caused by war movements at that time and that it was on this clear understanding, in plain English that President Truman accepted as a fact that Potsdam was not a final settlement of Polish boundary.

Bevin then quoted Stalin on 31 July 1945 as clearly stating that the Polish boundary was not to be considered final, but that this was a matter for the peace settlement.³³ Bevin then said he was not prepared to go back on Potsdam, and associated himself with Marshall's proposal as amended by Bevin, that a study of the frontiers be made.

Molotov then quoted the President's radio address of 9 August 1945,³⁴ to show that there was no doubt that the United States accepted the Polish boundary as permanent.

Marshall pointed out that President was referring to general considerations of Poland's eventual western boundaries, but that actual whereabouts was for peace settlement. He then quoted Bevin, Byrnes and Stalin in conversation of 31 July 1945 to clinch the then agreed understanding.³⁵

Bidault said it was unfortunate a French representative had not been present at Potsdam so that a disinterested, unbiased, and correct interpretation would be available. He then quoted official French statements to prove his understanding that German boundaries are provisional only. He felt boundary problems should not be referred to committee until further discussion on principles had occurred.

³¹ For the details of Foreign Minister Molotov's statement, see Molotov, *Problems of Foreign Policy*, pp. 418-424.

³² At this point in the discussion, Secretary Marshall was quoting from the Department of State Minutes of the Fifth Plenary Meeting of the Berlin Conference, July 21, 1945; see *Foreign Relations, The Conference of Berlin (The Potsdam Conference)*, 1945, vol. II, p. 209.

³³ Regarding the Stalin statement cited by Bevin, see the Cohen Notes of the 11th Plenary Meeting of the Berlin Conference, July 31, 1945, *ibid.*, p. 534.

³⁴ For the text of the President's radio address on the Berlin Conference, see Department of State *Bulletin*, August 12, 1945, p. 208.

³⁵ At this point Secretary Marshall quoted from the Department of State Minutes of the 11th Plenary Meeting of the Berlin Conference, *Foreign Relations, The Conference of Berlin (The Potsdam Conference)*, 1945, vol. II, p. 519. Marshall quoted the first four paragraphs of the page cited.

Molotov said Stalin's quotes actually proved the Soviet position as stated by Molotov.

The meeting then adjourned.

Repeated London as 142, Berlin as 241.

Department please pass to Vienna as 31, Rome as 28 and Paris as 125.

[MARSHALL]

740.00119 Council/4-1047: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 10, 1947—11 p.m.

US URGENT

1297. Delsec 1414. For the President, Vandenberg, Connally and Acheson from Marshall. 25th CFM meeting, April 10, Marshall presiding, continued discussion of the frontiers of Germany, including the future status of the Ruhr, the Rhineland and the Saar.

Bidault restated the French view that a special status for the Rhineland is essential to the security of France and the rest of Europe. In order to avoid mistakes made after the first World War, he insisted that the Rhineland be separated politically and economically from the rest of Germany and that military forces be stationed permanently in German territories on the left bank of the Rhine. He said that although France supported the draft Four Power treaty proposed by the US for the disarmament of Germany, the French plan for the Rhineland was necessary in addition, as a concrete guarantee against future German aggression.

Bidault said France demanded the internationalization of the Ruhr and opposed an increase in the level of Germany's peacetime industry unless this condition is met. He said the international regime proposed for the Ruhr would issue general directives to the German managers of the coal mines and the steel plants. Ownership of the basic Ruhr industries would be transferred to the Allied states. The area would be separated economically and politically from Germany.³⁶

Bevin reaffirmed his position that as long as Germany is not treated as an economic unit during the occupation period he opposes any special regime or arrangement for the Ruhr. He added that when it was decided not to "pastoralize" Germany, he concluded that German

³⁶ For the texts of Foreign Minister Bidault's statements on the Rhineland and the Ruhr, which were circulated to the Council as documents CFM (47) (M) 118 and 119, April 10, 1947, see *Déclarations de Bidault*, pp. 36-40, or *Documents on International Affairs 1947-1948*, pp. 466-470.

industry would contribute to the well-being of all Europe. He said that any dismemberment of Germany, including the creation of a special regime for the Ruhr, would create agitation for a United Germany which the Allies would find difficult to control. He insisted that during the occupation period the Ruhr must be treated the same as all other parts of Germany. He said he believed the proposed Four Power treaty would better protect the security of the Allies when the occupation ends than would the separation of the Ruhr from Germany as the French wished. No statement on the ultimate status of the Ruhr, he added, could be made now but he hoped Ruhr industries could be reoriented in such a way that they would become an asset for all Europe.

With reference to the Rhineland, Bevin opposed separation of this area from Germany adding that a preferable solution was long-term occupation by the Allies. He pointed out that the Saar was a special case, that the British supported French claims to this area. Regarding the territorial claims of other Allied states, Bevin said these merit consideration. He said the British Government, at the time that the Netherlands was flooded, had promised to support certain Dutch territorial claims. He pointed out that it was important in fixing Germany's new frontiers to leave Germany in a position to develop eventually into a balanced democratic state able to make its contribution to the family of nations.

Marshall told the Council (full text cabled Department ³⁷) that the economic resources of the Ruhr raise two problems: (1) how to ensure against the militant use of these resources by a revived Germany; (2) how to assure that these resources will be equitably employed in the interests of European states, including Germany. He agreed with Bevin that during the occupation period no special regime for the Ruhr is necessary. He said that questions about the use of these resources should be settled on a European-wide basis and suggested that they be handled by the Economic Commission for Europe. He asked that agreement be reached to allocate essential commodities from the Ruhr and other areas on basis of two principles: (1) equitable distribution of commodities in short supply; and (2) access to commodities on non-discriminatory basis.

Marshall referred to his great interest in Germany's boundaries which was based on the fact the US had twice been forced to send its military forces across the Atlantic in wars which started in Europe. He said the Council's task was to make a peace settlement which as a whole the people of Europe will want to maintain and not to break.

³⁷ For the text of Secretary Marshall's statement on the Ruhr, circulated to the Council as document CFM(47)(M)115, April 10, 1947, see *Germany 1947-1949*, pp. 329-330, or Department of State *Bulletin*, April 20, 1947, pp. 694-695.

He expressed his hope that the new boundaries claim to permanency will be based on foundations other than force alone. With regard to the territorial claims of other Allied states, Marshall said he did not think these should be discussed by the Council now but that they merited consideration later.³⁸

Marshall supported the claims of France to have the Saar detached politically from Germany and to have it integrated with the French economic and financial system (full text cabled Department). He suggested that the Saar be taken from the jurisdiction of the Allied Control Council immediately and placed under French jurisdiction subject to an adjustment of the French reparations claim.³⁹

Bidault presented a detailed proposal on the regime for the Saar including a customs and monetary union with France, the withdrawal of the area from Germany and from ACC jurisdiction, a Saar constitution providing considerable local autonomy and a French high commissioner with limited powers. France would be responsible for foreign affairs and the defense of the area. Bidault asked immediate agreement on this question, and added that in principle France supported the territorial claims of other Allied states including Luxembourg, Belgium, the Netherlands and Czechoslovakia.⁴⁰

The Council will hear Molotov on these questions tomorrow.

Department please pass to Vienna as 32, Rome as 29, and Paris as 127.

Sent Department 1297; repeated London 145, Berlin 249.

[MARSHALL]

740.00119 Council/4-1147: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 11, 1947—11 p.m.

URGENT

1320. Delsec 1416. For the President, Vandenberg, Connally and Acheson from Marshall. Twenty-sixth CFM Meeting, April 11, Bidault presiding, continued discussion of the future status of the Saar,

³⁸ For the text of Secretary Marshall's statement on the problem of boundaries summarized in this paragraph, see Department of State *Bulletin*, April 20, 1947, p. 696.

³⁹ For the text of Secretary Marshall's statement on the Saar, circulated to the Council as document CFM (47) (M) 116, April 10, 1947, see *Germany 1947-1949*, p. 148, or Department of State *Bulletin*, April 20, 1947, pp. 695-696.

⁴⁰ For the text of Foreign Minister Bidault's statement on the Saar, circulated to the Council as document CFM (47) (M) 120, April 10, 1947, see *Déclarations de Bidault*, pp. 40-42, or *Documents on International Affairs 1947-1948*, pp. 470-471. For the text of the French proposal for a regime for the Saar, circulated to the Council as document CFM (47) (M) 114, April 10, 1947, see *Déclarations de Bidault*, pp. 42-43.

the Ruhr and the Rhineland. Molotov said a decision on the French claim to the Saar must be taken and that Bidault's proposal merited study. He added that the Soviet Union could not approve any action aimed at separating the Ruhr and the Rhineland from Germany because the German people cannot be deprived of their state by dismemberment.

Referring to Marshall's proposal on the resources of the Ruhr, Molotov said the USSR agreed that this question should be approached from the points of view of (1) International security, and (2) The future use of these resources. He disagreed with Marshall's statement that a special quadripartite regime for the Ruhr was not necessary during the occupation period. He recalled that at Potsdam it was agreed that the Council of Foreign Ministers would discuss later, when a representative of France was present, the Soviet proposal to create a special quadripartite regime for the Ruhr. He said this discussion had not yet taken place and asked that the Soviet plan for this area be accepted now. He added that it was wrong for this area to remain under exclusive British control and that the fusion of the US-UK zones had resulted in placing the Ruhr under the control of two powers without the consent of France and the USSR. He accused the US and UK of having separated western Germany from the rest of Germany and of having unilaterally initiated a policy of dismembering Germany. He said this situation was unsatisfactory to the Soviet Union. He alleged that the equitable distribution among all allied states, including Germany, of coal and steel from the Ruhr cannot be insured under the fusion agreement but must be done by the Allied Control Council on which the four occupying powers are represented. He charged that the US and UK are now using the resources of the Ruhr to advance their own interests to the detriment of the other allies.

Concerning Marshall's reference to the future use of the resources of Upper Silesia, Molotov said this subject could not be discussed by the Council because to do so would be to interfere in the internal affairs of Poland. He said he would not comment now on the territorial claims of the other allies but that these claims merited study.⁴¹

Marshall said the US favored quadripartite control for all Germany, including the Ruhr, but opposed a separate regime for the Ruhr. He said the effective block to quadripartite control of all Germany was the failure to achieve economic unity in Germany. He added that he could not accept the logic of Molotov's conclusion regarding the bizonal agreement which was forced on the US and UK by the economic dislocation growing out of the failure to treat Germany as an economic

⁴¹ For the text of Molotov's statement on the Ruhr, the Rhineland, and the Saar, circulated to the Council as document CFM (47) (M) 123, April 11, 1947, see Molotov, *Problems of Foreign Policy*, pp. 425-433.

unit. He said the US desires the early realization of economic unity which would automatically bring about four power control of the Ruhr.

Bevin said the British had tried to carry out Potsdam but that the Control Council for Germany had been prevented from functioning properly, thereby forcing the UK to join with the US in uniting their zones. He said the US and UK did not take the first step in creating this situation and blamed the Soviet Union for causing the breakdown in the quadripartite allocation of German commodities. He said no state could make a monopoly of its zone and then demand specific rights in other zones. He said the British wanted to return to the original aims of the Control Council which would end present Allied difficulties in Germany.

Bidault demanded that a decision on the Saar be taken now and asked the Council to appoint a committee of experts to work out the details of the economic incorporation of the Saar into France. Molotov said he would study Bidault's proposal which appeared justified. Marshall said he agreed insofar as Bidault's plan conformed with the US proposal presented yesterday, and Bevin said British position in general was clear but that the decision on the exact frontier should be referred to the boundary commission to be established.

Bidault stated the French position on the territorial claims of Luxembourg, The Netherlands, Belgium and Czechoslovakia and then discussed the Franco-German boundary. He proposed that all territorial claims be referred to the deputies who would set up special frontier committees. Bevin agreed as long as all frontiers of Germany, east and west, be considered.⁴² Molotov objected to referring the Polish-German frontier to a committee since he said this was settled at Potsdam but agreed that the other territorial claims should be referred for study. Marshall accepted in principle the procedure proposed by Bevin. Bidault said agreement had not been reached on this subject since the the competence of the boundary committees to study the eastern frontier of Germany was in dispute. The Council then discussed the Coordination Committee report on central administrative agencies, the German advisory council and the future provisional German government.⁴³ Disagreement arose over whether the German central agencies should be managed by German state secretaries, as agreed at Potsdam and insisted on by the Soviet Union, or by German executive committees, as suggested by the French as supported by the US and

⁴² For the text of Bidault's statement on frontier rectifications claimed by several Allied countries, circulated to the Council as document CFM (47) (M) 124, April 11, 1947, see *Déclarations de Bidault*, pp. 43-45.

⁴³ For the text of the Coordinating Committee document CFM (47) (M) 121, April 11, 1947, see p. 436.

UK. Molotov refused to accept the change because he claimed it involved a departure from a decision taken at Potsdam. He rejected Bevin's attempt to compromise the difference. Marshall said that in the light of the facts, Molotov's allegation that the US and UK apparently want to walk away from the Potsdam decision hardly seems a serious argument. He rejected Molotov's comparison between the power of the US Secretary and that of the proposed German state secretaries by pointing out that the US was not under an Allied Control Council nor has it ever been considered an enemy of democracy or a menace to civilization. The Council then adjourned.

Department please pass to Vienna as 34, Rome as 30 and Paris as 129.

Repeated London 146, Berlin 252.

[MARSHALL]

740.00119 Council/4-1247

Memorandum of Conversation, by the Secretary of State

SECRET

Moscow, April 12, 1947.

Present: Mr. Kardelj, Vice President of Yugoslavia and Head of Yugoslav Delegation
 Mr. Simich, Yugoslav Foreign Minister
 Yugoslav Interpreter
 Secretary Marshall
 Mr. Matthews

Mr. Kardelj called this noon at his request and said he was pleased to have the chance to meet me and to present the views of his Government. He said he assumed there would be full discussion of Yugoslavia's claims against Austria and he would not therefore go into detail this morning. His country had suffered greatly during the war. His Government felt strongly that they could not permit their fellow countrymen (in Carinthia) to live under Austrian rule. He would not go into past history under which these unfortunate people had been left under Austria. There could not, however, be good relations between Yugoslavia and Austria until this question was settled. His country bore no animosity against Austria and following such a settlement hoped for cordial relations between the two countries. Unfortunately, he was afraid that the "general international situation" would have its effect on Yugoslavia's claims.

He also wished to touch on general relations, both political and economic, between the United States and Yugoslavia.⁴⁴ These had, in the

⁴⁴ For additional documentation on the political and economic relations between the United States and Yugoslavia in 1947, see volume iv.

past, not been of the best and he hoped that they could be improved. They had been affected by the "international situation". Yugoslavia had gone through a very difficult period and had it not been for the aid of UNRRA he did not know how his country would have survived. With the thought of now trying to improve relations his Government had made certain proposals to the State Department about two weeks ago. He hoped they would be given careful study.

I said that I was glad to meet him and to have the opportunity to hear directly from him the views of the Yugoslav Government. As regards Yugoslav claims in connection with the Austrian treaty, I could assure him that my attitude would be impartial. (I repeated the word "impartial" to the interpreter.) I said I agreed that relations between the United States and Yugoslavia in the past have been unfortunate. At times they have been tragic. I was glad to hear that he wished to improve them. I had not yet received the communication to which he referred from Washington but would study it carefully when received.

Mr. Kardelj said that he thought the best place to start in seeking improvement in our relations was with a commercial treaty. There had been some desultory talks on this question last year but they had not been serious and no progress had been made in view of the "international situation". He is particularly anxious, however, to better Yugoslavia's economic relations with the United States and hoped that we could now make progress with a commercial treaty.

I said that there might be some profit in hearing the views of the Yugoslav Government on this question and saw no reason why their presentation at Washington should be delayed. I and my advisers were too absorbed in matters pertaining to the Conference, however, to study them here in Moscow.

Mr. Kardelj asked when I thought the Yugoslav Delegation would be heard in connection with the Austrian treaty.

I said that I could make no prediction as to when we would reach the Austrian treaty on the agenda. We are already two weeks behind schedule according to my estimates. I hoped that we would reach the Austrian treaty on the agenda promptly. In quadripartite discussions, however, it is not enough for one delegate to try to make progress, as long as human speech remains. I had found in my experience here that it is easier to delay than to accelerate.

Before taking his departure and thanking me for receiving him, Mr. Kardelj again asked that sympathetic consideration be given Yugoslavia's claims when the Austrian treaty is reached.

740.00119 Council/4-1247: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 12, 1947—11 p.m.

US URGENT

1333. Delsec 1418. For the President, Vandenberg, Connally and Acheson from Marshall. Twenty-seventh CFM meeting, April 12, Bevin presiding, made very little progress toward resolving differences on the establishment of central German administrative agencies, the German advisory council, and a provisional government for Germany.⁴⁵

Differences of opinion on the future provisional government involve not only the functions of this government, but also its relationship to the Allied Control Council. No agreement was reached on the division of powers between the provisional central government and the state (*Laender*) governments. The Council agreed to refer the entire question of the provisional government of Germany to the deputies for Germany, who will report to the CFM at its next session whenever that may be.

The Council agreed that the destruction of German military material and the demolition of military establishments and installations should be accelerated.⁴⁶ It also agreed that the ACC should (1) draw up by next July a plan for liquidating German plants constructed especially for the production of war materials, and (2) carry out this plan before June, 1948.

Bevin agreed on condition that if the UK, despite its best efforts, could not completely finish liquidation of these plants in its zone by this date, ACC would be informed. No agreement was reached to fix a specific period within which a plan for the liquidation of German war industry potential would be completed. Marshall pointed out and Bevin agreed that no such plan is possible prior to a decision on the level of Germany's peacetime industries. After discussing democratization, the Council agreed to refer to ACC the unagreed questions concerning both demilitarization and democratization.

The Council also heard the German deputies' report on the procedure for the preparation of the German peace treaty⁴⁷ and discussed without reaching agreement the following major differences which the deputies were unable to resolve: (1) degree of Albania's participation; (2) awaiting the formation of a central German government

⁴⁵ The Council was at this point completing its consideration of the Report of the Coordinating Committee, document CFM(47)(M)121, April 11, 1947, p. 436.

⁴⁶ The Council was considering here the Report of the Special Committee, document CFM(47)(M)122, April 11, 1947, p. 446.

⁴⁷ The reference here is to document CFM(47)(M)125, April 12, 1947, p. 452.

before calling the peace conference; (3) including China among the CFM powers convening the peace conference; (4) the composition of the peace conference; (5) whether the German government or representatives of Germany would present their views to the conference; (6) the degree to which the CFM will be bound by the recommendations of the peace conference; (7) whether the treaty will be signed by a German government; (8) whether the treaty will be ratified by Germans; (9) whether a clause will be included in the German constitution concerning treaty obligations. The discussion on procedure is to be continued Monday.

Department please repeat to Vienna as 35, to Rome as 32; and to Paris as 132.

Repeated to London 150, Berlin 256.

[MARSHALL]

740.00119 Council/4-1447: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 14, 1947—midnight.

URGENT

1358. Delsec 1426. For the President, Vandenberg, Connally and Acheson from Marshall. 28th CFM meeting, April 14, Molotov presiding, continued the discussion of procedure for the preparation of the German peace treaty.⁴⁸ Marshall stated that in general our position has been that the peace conference should function along substantially the same lines as the Assembly of the United Nations. He said it does not seem proper to exclude any state at war with Germany from participation in the conference. However, in counting votes, he suggested that no conference recommendation be considered as accepted by either a 2/3 or a majority vote unless concurred in by 2/3 or by a majority of those states present and voting which are neighbors of Germany or which participated with their armed forces in the common struggle against Germany. He agreed that the CFM in drawing up the final text of the German treaty should take into consideration both 2/3 and majority recommendations of the peace conference in the same way as was done with the satellite treaties. He said the US would not object to the treaty being signed and ratified by the German Government if the German constitution (ratified previously) contained a clause directing the German Government to accept and ratify the peace treaty.⁴⁹

⁴⁸ Under discussion at this point was the Report of the Deputies, document CFM (47) (M) 125, April 12, 1947, p. 452.

⁴⁹ For the text of Secretary Marshall's statement summarized here, circulated to the Council as document CFM (47) (M) 126, April 14, 1947, see *Germany 1947-1949*, p. 197, or Department of State *Bulletin*, April 27, 1947, pp. 742-743.

The Council agreed to consider the peace conference's recommendations in the same way as was done for the satellite treaties. Molotov and Bidault agreed to study but indicated opposition to Marshall's proposal to include a treaty clause in the German constitution. No decision was taken on the suggested composition of the peace conference.

The Council agreed on: (1) the right of Allied states to present their views on the German problem, and (2) the creation of four permanent committees to study questions relating to the treaty. Agreement was not reached on the states which would be members of these committees.

The Council approved the establishment of an information and consultation conference of Allied states which will keep these states informed of CFM work on the preparation of the treaty and will organize consultations with representatives of these states. However, disagreement over the membership of this conference was not resolved.⁵⁰

The Council then considered the US draft treaty under which the four principal Allied powers would undertake to work together to keep Germany disarmed for 25 years or more.⁵¹ Marshall said the US believes the time has now come for the three other powers to decide whether or not they want a four-power treaty to keep Germany disarmed. He suggested that if the other three powers want such a treaty in principle, negotiators be named immediately to draft a final text on the basis of the US draft and all other suggestions.⁵²

Bidault said France had already accepted in principle the US proposal for such a treaty, adding that the signing of this treaty would prove that the Allies, despite their differences, are agreed on preventing the rearmament of Germany. He welcomed the US commitment to take an active part in keeping Germany disarmed, but presented numerous considerations. Bevin reaffirmed British acceptance in principle and agreed that negotiators be named. He said that had such a treaty existed after World War I, the recent war might have been prevented.⁵³

⁵⁰ For the text of the Council's decision with respect to CFM(47) (M)125, see footnote 9, p. 452.

⁵¹ For the text of the draft treaty, see document CFM(46) 21, April 30, 1946, *Foreign Relations*, 1946, vol. II, p. 190.

⁵² For the text of Secretary Marshall's statement summarized here, circulated to Council as document CFM(47) (M)127, April 14, 1947, see *Germany 1947-1949*, p. 101, or Department of State *Bulletin*, April 27, 1947, p. 742.

⁵³ Foreign Minister Bidault's statement summarized here, which was circulated to the Council as document CFM(47) (M)128, April 14, 1947, is printed in *Déclarations de Bidault*, pp. 46-49.

Molotov submitted specific amendments to the US draft treaty.⁵⁴ He criticized the preamble of the draft because it does not mention as an objective of the treaty the eradication of German [militarism and ?] Nazism and the creation of a democratic peaceful Germany. He said the draft was based on a different premise than that included in the Crimea and Potsdam Agreements because it provides only for the disarmament and demilitarization of Germany. He asked that clauses be added to the draft providing for: (1) destruction of German industrial potential; (2) quadripartite control of the Ruhr and its resources; (3) abolition of German cartels and monopolies and transference of ownership of these properties to the German state; (4) land reform involving the breaking up of large estates; (5) termination of the occupation of Germany only when the occupying powers agree that the basic objectives of the occupation have been achieved such as (A) completion of demilitarization; (B) creation of a democratic state; and (C) fulfillment of obligations, including reparations, to the Allied states.

Molotov also suggested: (1) that the title of the treaty be changed to "Treaty on Demilitarization of Germany and on the Prevention of German Aggression"; and (2) that its duration be increased from 25 to 40 years. He finally circulated a redraft of the treaty as the Soviets proposed it.⁵⁵ In effect he virtually made it a peace treaty.

The Council adjourned to continue discussion of the treaty proposal tomorrow.

Department please pass to Vienna as 36, to Rome as 33, and to Paris as 135.

Repeated London as 154, Berlin as 265.

[MARSHALL.]

740.00119 Council/4-1447

*Memorandum by Major General William H. Draper to the
Secretary of State*

SECRET

[Moscow,] April 15, 1947.

I have just discussed the various bi-zonal problems with General Robertson. Both he and Mr. Bevin are disturbed over criticism of the efficiency of the bi-zonal agencies, originating both in London and in

⁵⁴ For the text of the Soviet Draft Treaty on the Demilitarization of Germany, circulated to the Council as document CFM(47) (M)129, April 14, 1947, see *Documents on International Affairs 1947-1948*, pp. 445-449, or Molotov, *Problems of Foreign Policy*, pp. 601-608.

⁵⁵ For the text of Molotov's comments on the American draft treaty, see Molotov, *Problems of Foreign Policy*, pp. 434-442.

Berlin. The questions they wish to discuss with you here, and for which they had hoped General Clay would be present, include:

- 1) Concentration of bi-zonal agencies in one city.
- 2) Other means of improving the efficiency of these agencies.
- 3) Creation of a German advisory council.
- 4) A new bi-zonal level of industry.
- 5) List of reparations plants.
- 6) Allocation of these plants east and west.
- 7) Financial reform and printing of new currency.

I pointed out that most of these problems could be discussed and settled in Berlin better than in Moscow. General Robertson feels that certain of them should be decided while you and Mr. Bevin are in contact to avoid long delays while he later got decisions from London.

General Robertson will write a note outlining the points he considers essential for discussion here, discussion of which between you and Mr. Bevin may make unnecessary Mr. Bevin's hope that General Clay come to Moscow.

740.00119 Council/4-1547 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 15, 1947—11 p. m.

URGENT

1388. Delsec 1428. For the President, Vandenberg, Connally and Acheson from Marshall. Twenty-ninth CFM, 15 April, Marshall presiding, resumed discussion of the four power treaty.⁵⁶ Bidault saw no great disagreement in views of four powers on demilitarization and disarmament as expressed yesterday, felt that Molotov's amendments on those items did not involve radical change of substance and suggested a special committee to study these items. On the other Soviet proposals, he stated they covered almost every point on which ministers had already disagreed. He saw no reason for trying to tie Soviet proposals in a four power treaty, and repeated his agreement in principle to United States proposal as made yesterday.⁵⁷

Marshall pointed out (complete text cabled Department⁵⁸) that the extraneous Soviet amendments would totally alter the scope and pur-

⁵⁶ This was a continuation of the discussion begun at the Council's previous meeting; see *ante*, p. 331.

⁵⁷ For the text of Bidault's statement summarized here, see *Déclarations de Bidault*, pp. 49-51.

⁵⁸ For the text of Secretary Marshall's statement, see Department of State *Bulletin*, April 27, 1947, pp. 741-742.

pose of the treaty and had no place in it. He understood French and British had agreed in principle, and asked whether Soviets were willing to refer the matter to plenipotentiaries for negotiation on basis the United States proposed.

Molotov said his amendments were designed purely to lend some measure of implementation procedures to the disarmament problem and to tie in all the related factors. He repeated most of the points he covered yesterday, dragged up both Crimea and Potsdam again, and stood fast on including his so-called amendments. Molotov proposed agreement in principle for some form of four-power treaty, a special committee to consider all drafts and amendments thus far or to be proposed, and a report to next session of CFM, the committee to consider Crimea and Potsdam as obligatory in their consideration of problem.⁵⁹

Bevin defended the American proposal for four-power treaty as the basis of negotiation and launched a general attack, applicable primarily to Soviets, on fact we have been here five weeks and accomplished little, and it is now proposed to refer all our points of disagreement to a special committee to report by next session. Bevin said let's do first things first and get a CFM agreement on this.

Marshall pointed out that Molotov's attempt to introduce all the disagreements of the past five weeks into discussions of the four powers meant in effect no four-power treaty. He said that Molotov's amendment for placing industry and resources under control of German central government would indeed create a nation that would menace the peace of the world. Such considerations, he continued, are for the peace settlement, and have no place in a simple treaty to keep Germany disarmed. If we cannot agree to the basic first step of keeping Germany disarmed and unable to wage war, Marshall said, we have indicated to the world a complete lack of unity of purpose in our approach to the German settlement. Marshall said he did not recognize any accusation against the United States to abrogate any portion of Potsdam. He stated that the failure of other signatories to act in accordance with Potsdam had forced US action to protect its taxpayers against paying reparations out of their own pockets. The Soviets, he pointed out, had clearly departed from Potsdam by their unfounded insistence that economic unity be conditioned by reparations from current produc-

⁵⁹ For the Molotov statement summarized here, see Molotov, *Problems of Foreign Policy*, pp. 443-447.

tion. This, he said was the basis and origin of most of our disagreements at CFM. To accede to Molotov's proposal for a special committee to consider all the proposals he had advanced would leave us in exactly this same position of disagreement at next session of CFM.

Molotov denied that Soviets were demanding reparations from current production as a condition to economic unity. He said we should have a four-power treaty on demilitarization and democratization to insure our security. He said the only purpose in Soviet amendments was to try to meet the allies half way to insure a lasting peace. He then went into a long perversion of our draft treaty which nullified his previous remarks.

Marshall quoted the Coordinating Committee report which said "the acceptance of reparations from current production is an absolute condition of the Soviet delegation's acceptance of the principle of the economic unity of Germany." He stated we happen to have a general agreement on disarmament alone, and considered the insistence upon extraneous and unrelated factors (largely of disagreements) in the four-power treaty a very serious stand for one government to take in the face of the entire world. "Since we have failed to reach agreement on the four-power treaty," Marshall said (as chairman), "I suggest we move to the next item."

The Council then discussed briefly the report of the experts on the production and allocation of German coal.⁶⁰ The discussion will continue tomorrow after which the draft Austrian treaty will be taken up.

Repeated London 158, Berlin 271, Paris 142.

Department please pass to Vienna as 38, Rome as 35.

[MARSHALL]

⁶⁰ The reference here is to the Preliminary Report of the Committee of Coal Experts on the Measures to Increase Coal Production and the Principles of Allocation of German Coal, September 6, 1946. This long report is not printed, but a summary of it is included in telegram 2120, September 10, 1946, from Berlin, *Foreign Relations*, 1946, vol. v, p. 791. The Committee of Coal Experts had been appointed by the Allied Control Council for Germany in August 1946 in pursuance of a decision by the Council of Foreign Ministers at its Paris Session, 42nd Meeting, July 12, 1946; see the United States Delegation Record and the Agreed Record of Decisions of that meeting, *Foreign Relations*, 1946, vol. II, pp. 918, 937. At its New York Session, November-December 1946, the Council of Foreign Ministers agreed to consider the Report of the Coal Experts at its forthcoming Moscow Session; see document CFM (46) (NY) 74, December 12, 1946, *ibid.*, p. 1557.

At this meeting of the Council, Secretary Marshall and Foreign Minister Bidault made statements with respect to the Report of the Committee of Coal Experts. For the text of Marshall's statement, see *Germany 1947-1949*, pp. 447-448, or Department of State *Bulletin*, April 27, 1947, p. 741. For Bidault's statement, see *Déclarations de Bidault*, pp. 52-53.

740.00119 Council/4-1547

*Memorandum of Conversation*⁶¹

TOP SECRET

[Moscow,] April 15, 1947.

Present: Secretary Marshall
Ambassador Smith
Mr. Bohlen
Generalissimo Stalin
Mr. Molotov
Ambassador Novikov
Mr. Pavlov

THE SECRETARY, after greeting Stalin, said that he had been very busy since he had been here, as Mr. Molotov could testify. He said he recalled with great interest their meeting at the Teheran Conference and their discussions concerning amphibious and cross-river operations.⁶²

STALIN interrupted to say, "Yes, the second front."

THE SECRETARY said he had anticipated more rapid progress through the CFM agenda, and that before this they would have reached the Austrian treaty which would have meant that the issues on Germany would have been clarified. He said that this was the reason for his delay in asking to see the Generalissimo, that he had not wanted to talk with him until he had some real subjects to discuss.

THE SECRETARY said he wished to tell Stalin that he was very concerned and somewhat depressed at the extent and depth of misunderstandings and differences which had been revealed at this conference. He said he intended to speak frankly with the Generalissimo, since that was the way he had been trained as a soldier and he was no diplomat. He had been out of the United States for more than a year, in China, but he had kept in touch with American public opinion and since his return in January he had had an opportunity to study the state of mind of the American people. He could say, therefore, that there had been a serious and steady deterioration in public

⁶¹ The conversation took place at the Kremlin, April 15, 1947, 10 p.m. to 11:30 p.m. This memorandum, and an early draft of it, filed separately under 711.61/4-1547, were presumably prepared by Mr. Bohlen. It was transmitted to Acting Secretary of State Acheson in telegram 1405, Kosmos 46, April 16, 1947, from Moscow, with the request that it be delivered to President Truman (711.61/4-1647). Additional details regarding the circumstances of this conversation are provided in the account in Walter Bedell Smith, *My Three Years in Moscow*, pp. 210-212.

⁶² For documentation on the American-British-Soviet Conference at Tehran, November 27-December 2, 1943, see *Foreign Relations, The Conferences at Cairo and Tehran, 1943*, pp. 459 ff.

regard toward the Soviet Union. This deterioration, he felt was one of the reasons of their difficulties and affected everything they did, not only at this conference, but in the future. At the end of the war no country had enjoyed such public esteem and even admiration in the United States, as the Soviet Union, because of what it had done in the war. Criticism could at that time be heard against Great Britain and against France, but that there was nothing but admiration for the Soviet Union. During the war there had been misunderstandings between the United States and the Soviet Union, but he was sure that history would show that these misunderstandings had been unjustified and that in general the cooperation during the war had been sound; at least that was his impression as Chief of Staff of the United States Army.

STALIN said that was correct and it had likewise been their impression. The war had brought them closer together and this was the reason why they had defeated a very powerful enemy.

THE SECRETARY continued that he had been deeply interested in a statement made by Mr. Molotov during the discussion of the lend lease question with General Smith.⁶³ Mr. Molotov was reported to have said that in the past few weeks there had been instances of an unfriendly attitude in the United States toward the Soviet Union and implied that this was one of the reasons for the delay in the lend lease question. The Secretary said he wished to state frankly that in his opinion the exact opposite was true. It was unfortunate that at the present time public opinion in the United States had come to lose its regard for the Soviet Union, largely if not entirely due, he thought, to the numerous acts on the part of the Soviet Union, or the failure of the Soviet Government to act. These matters had perhaps in themselves been relatively unimportant, but the sum total had created a most unfortunate impression, particularly among the section of the public who were informed on such matters. He said, for example, many communications had been sent to the Soviet Government with no answer being received and that this was a most unusual practice indulged in by only the Soviet Government and could not be regarded as a friendly or courteous attitude. General Smith had informed him that he had sent many communications concerning the establishment of an additional consulate in the Soviet Union, to which no reply had been received.⁶⁴ The people of the United States simply could not understand such behavior. He said it was his opinion that these practices of the Soviet Government had resulted in the loss of a great deal of good will towards the Soviet

⁶³ For documentation on the unsuccessful efforts of the United States to negotiate a lend lease settlement agreement with the Soviet Union during this year, see volume IV.

⁶⁴ Documentation on the exchanges under reference here is included in volume IV.

Union which he felt was unfortunate in view of the very great importance of Soviet-American relations.

As to lend lease, Mr. Marshall stated that the delay in reaching a settlement had a very bad effect on the United States Congress and on public opinion. The lend-lease arrangement with the Soviet Union had been the most generous of all and the United States was not asking for the return of payment for any war material, but was only seeking negotiations in respect of non-military material. We could not understand why the Soviet Union alone among our Allies had delayed a settlement. As to the merchant ships and others (since he understood there were some 40 war vessels) the law requires the return of these ships at the end of the war and that this requirement had been plainly stated to the Soviet Union. It was necessary for the United States Government to render an accounting of these vessels. Great Britain, for example, had concluded charters for all such ships and he understood they were paying the United States four million dollars a year for these charters, the payment for which had begun the day the war ended. He said the point he was trying to make was that all these practices unfortunately led to accusations and inevitable suspicion, so that as a result, when they came to the conference, everyone was so filled with suspicion and distrust as to make agreement virtually impossible.

In regard to the Conference, he wished to mention that Mr. Vyshinsky had told General Smith that we must understand that the U.S. attitude indicated that we intended to dismember Germany. He wished to assure Stalin that his Government did not have any such intention and, in fact, desired the exact opposite. The United States deeply desired economic unity. He was, however, seriously concerned at the idea of a centralized, and by that he meant dominant German Government which would control industry, education, finance and other matters. The United States felt that such a German government would constitute a real danger for the peace of the world. Mr. Marshall continued that Mr. Molotov had undoubtedly informed the Generalissimo of the lengthy discussions which they had had concerning the Potsdam Agreement and Mr. Molotov's statements that the United States and frequently Great Britain were departing from that agreement, while the Soviet Union was supporting it. Without going into the pros and cons of the matter, he wished to state that his opinion was exactly the opposite of that of Mr. Molotov, based on his understanding of a clear English text. He said this difference of opinion had already led them into a lengthy series of disputes, the most serious aspect of which he thought was that they were possibly giving rise to a situation where the German people might be able to profit from the dissension among the Allies. He repeated that the United States stood for a unified

Germany in an economic sense. The Secretary continued that for example, Mr. Molotov had charged that the British-American bi-zonal agreement was in violation of Potsdam. Mr. Marshall said he could not agree with this and felt that it was as plain as this table that the United States and Great Britain had been forced to take this action in defense of their own taxpayers, by reason of the failure to establish economic unity in Germany.

As to reparations, he must say that the statements which had been made on this subject had not contributed to an understanding. He had in mind the fact that he had reported to the Conference the amount of reparations which the United States had received from this zone,⁶⁵ which, as he recalled it, was between twenty and thirty million dollars, but Mr. Molotov had referred to ten billion dollars of reparations which the United States had received in the form of patents. He had submitted these figures in writing and signed them as Secretary of State of the United States and he expected such official statements to be believed and not disregarded. He added that so far no figures on reparations received had been submitted by the Soviet Government.

He said they had reached this afternoon an impasse on the demilitarization treaty and after today's meeting he had come to the conclusion that there was no desire here for such a treaty and would so inform the President. He stated that his government and he himself were entirely sincere in their desire to reach an agreement on the subject of economic unity and on a four-power treaty which would have a chance of practical and lasting execution and also to conclude an Austrian treaty so as to dispose of that question. He said that nothing could be farther from the thoughts of President Truman or himself than any desire or intention to deprive the Soviet Union of any of its legitimate rights. Reverting to the attitude of the United States toward the Soviet people, Marshall said that the United States had their form and concept of government and the Soviet Union another. There was no desire on the part of the United States to attempt to convert the Soviet people to our form of government. He said we are frankly determined to do what we can to assist those countries which are suffering from economic deterioration which, if unchecked, might lead to economic collapse and the consequent elimination of any chance of democratic survival. He said that it was our intention to help, insofar as we could, to restore the economy of such countries. The U.S. had no intention of dominating or trying to dominate any country in the world.

He said he would like to say a few words on China where, as the

⁶⁵ The reference here is presumably to the Statement by the United States Delegation on the reparations received by the United States, document CFM (47) (M) 63, March 25, 1947, the text of which is printed in *Germany 1947-1949*, pp. 372-373 or Department of State *Bulletin*, April 6, 1947, p. 609.

Generalissimo knows, he had spent over a year in a struggle between two concepts of government—one of which was the Communist and the other the National Government. He said the Communists were operating on a revolutionary basis with armed force and the National Government had many rotten elements in it. He said in the first months when he was there, the Communists had been more disposed to negotiation and compromise than the National Government and he felt that the first breakdown of the agreed truce was due more to the fault of the National Government than the Communist, but that subsequently events had gotten worse and both sides had committed impossible acts, until at last the United States had been forced to withdraw from any participation in this matter.⁶⁶

In conclusion the Secretary stated that it was his desire to rebuild the basis of cooperation which had existed during the war and that he had come to Generalissimo Stalin with that hope, feeling that if they cleared away some of the suspicion it would be a good beginning for the restoration of that understanding. He expressed his gratitude to Stalin for having allowed him to speak so long and so frankly.

STALIN said that Mr. Marshall was quite right, that only on the basis of frankness and sincerity could cooperation and friendship be developed. As to lend lease, he said that there was occasional sloppiness in the operation of the Soviet Government and that delays in replying to communications might arise from that. They were very busy here because they had suffered such great losses in the war and they were only learning every day how badly hurt they had been. This might be the reason for the delays. However, there was another side to the lend lease question, namely of credits which had been linked with lend lease. Two years ago Ambassador Harriman had asked them what credits they needed and what orders they were prepared to place in the United States. The Soviet Government had submitted a memorandum stating that they could use three to six billion dollars.⁶⁷ Two years had passed and no reply had been received and this possibly was due to sloppiness on the part of the United States Government. Concerning Germany, Stalin stated that whenever the Foreign Ministers met they must take into account the agreements entered into by the three governments. Mr. Marshall knew how those agreements had been made—they had not been done by a majority vote or leaving anyone in the minority, but had been by unanimous decision and were therefore solid agreements. The CFM had no authorization to repeal

⁶⁶ For documentation on the beginning of the Marshall Mission to China during 1945, see *Foreign Relations*, 1945, vol. VII, pp. 745 ff. Documentation on the 1946 phase of the Mission is included in *ibid.*, 1946, vols. IX and X.

⁶⁷ For documentation on the conclusion of wartime assistance from the United States to the Soviet Union, the consideration of the request for long-term postwar credits, and the explanations given in replies to the Soviet Union on this subject, see *Foreign Relations*, 1945, vol. V, pp. 937 ff.

these agreements and could not do so. The Council of Foreign Ministers could only adhere to the agreements reached by the three powers since they were subordinate to their governments. It is possible, Stalin continued, that some of the three-power agreements had outlived their usefulness and they did not wish to cling to outmoded agreements. Such agreements should be revised but this could only be done by the three or four powers. This was the point of departure of the Soviet Government. As to the German government, Stalin stated that they were against a strong centralized German government and they no less, and perhaps even more than anyone, did not wish to see Germany rise again as an aggressive power. He said there was a decision of the three powers to establish central economic departments and then to proceed with a provisional government. He inquired what is the German government if it is to be vested with less authority than the *Laender* government—that would not be a German government. The German government must be higher than the *Laender* government but not an over-centralized German government which would aspire to the creation of a greater Germany. But this German government should stand above and not below the *Laender* government. This, however, was the formal aspect of the question and there was another. He said he had no pity, sympathy or love for the Germans, he had no reason to have such sentiments any more than Mr. Marshall had. They had suffered too much from the Germans for any such sentiments to be conceivable. Why then was the Soviet Government against dismemberment? He said he feared that the splitting of the German people meant danger for future peace. They must not repeat the same mistakes as Napoleon, who set up scattered German governments. Napoleon achieved only a tactical advantage from a temporarily weakened Germany, but subsequently his action had resulted in placing in the hands of German militarists the idea of reuniting Germany. Napoleon's action in effect gave birth to Bismarck and the Franco-Prussian war, and all the other consequences. He said that he was afraid of losing control of the instrument of German unity and handing it over to the militarists and chauvinists—that would only result in the birth of another Bismarck. If our views on this subject, Stalin continued, cannot be reconciled, there was a way out: let the German people decide through a plebiscite what they wished. If the German people wished the *Laender* governments to have all powers as Bevin suggested, then there would be no objection from the Russian side since the Germans would have to bear the responsibility.

On the subject of German unity, Stalin said that he stood like the British and Americans for economic unity; but he did not think it was feasible without political unity and a German government. For economic unity there must be a government which could adopt a budget,

legislation and a tax system, otherwise it would not be possible to achieve economic unity. Without some government it would remain on paper.

STALIN said that as to reparations the Russians were being refused the right to reparations since that is what the present position of the Allies meant in fact. Reparations would be restricted to what had already been removed from Germany. For the Soviet Union this meant a total of barely two billion dollars, including assets in Eastern Europe and some reparations from current production. This was insignificant and much too small. He felt the Allies were not inclined to let them have reparations since in view of the proposed increase in the level of industry there were to be no more removals and were to be no reparations from current production. At Yalta when they had suggested ten billion dollars, all the Americans, including President Roosevelt, Stettinius and Hopkins, had said they thought it was very small.⁶⁸ Mr. Bohlen must remember those conversations. Now, Stalin continued, there was apparently a different point of view and that was to take no more reparations than had already been taken. This the Soviet Union could not accept. Their people had been told the figure of ten billion. Over 20 years this would not be hard for the Germans. The United States and England might be willing to give up reparations; the Soviet Union could not. Their people who had suffered more than any other people would not agree, and while reparations might not be popular in the United States and England, ten billion dollars of reparations were very popular in the Soviet Union.

At this point Stalin said he wished to make a factual correction in his statement on credits. Ambassador Smith had brought the answer to the question of credits so that instead of two years delay it had only been one.⁶⁹

AMBASSADOR SMITH said that this delay had frankly been due to the mislaying of the original Soviet communication which had caused a great deal of comment in the American press; that there had been no intention to delay a reply.

STALIN replied that he did not believe there was any such intention as such tactics were not characteristic of United States policy; that the same could be said about the Soviet delays on lend lease since such tactics were likewise not characteristic of Soviet policy.

Turning to the Conference, Stalin stated that he did not think the situation was so tragic, and he was more optimistic than Mr. Marshall. After all, these were only the first skirmishes and brushes of reconnais-

⁶⁸ See *Foreign Relations*, The Conferences at Malta and Yalta, 1945, index, p. 1005, section on "Germany—Reparations".

⁶⁹ Concerning Ambassador Smith's first interview with Stalin on April 4, 1946, and his report of the subjects discussed, see telegram 1053 from Moscow on April 5, *Foreign Relations*, 1946, vol. vi, p. 732.

sance forces on this question. Differences had occurred before on other questions, and as a rule after people had exhausted themselves in dispute they then recognized the necessity of compromise. It is possible that no great success would be achieved at this session, but that should not cause anyone to be desperate. He thought that compromises were possible on all the main questions including demilitarization, political structure of Germany, reparations and economic unity. It was necessary to have patience and not become depressed. This, he said, after all was an extremely important problem directly affecting many other important questions, and that this was the first time that the Council of Foreign Ministers had considered these matters. He said that in this connection he wished Mr. Marshall to be convinced that the Russians will be frank and open in their dealings and that they considered it impermissible to turn the problem of Germany into any sort of a game or in any way to play up to or flirt with the Germans.

THE SECRETARY said that he very much appreciated the frankness of Generalissimo Stalin's statement and he would consider it carefully. He was encouraged by his last words and he only hoped that Generalissimo Stalin was right.

STALIN assured the Secretary that his closing remarks were correct.

THE SECRETARY then took his leave of Generalissimo Stalin at 11:30.

CFM Files : Lot M-88 : Box 60

Record of Decisions of the Council of Foreign Ministers, Thirtieth Meeting, Moscow, Aviation Industry House, April 16, 1947, 4 p. m.

SECRET

CFM (47) (M) 30th Meeting

PRESENT

FRANCE

M. Bidault (Chairman)
General Catroux
M. Couve de Murville
M. Alphanand
M. Paris

U.S.A.

Mr. Marshall
Mr. Smith
Mr. Cohen
Mr. Dulles
Mr. Murphy
General Clark
Mr. Bohlen

U.K.

Mr. Bevin
Sir Maurice Peterson
Sir William Strang
Lord Hood
Mr. Mack
General Robertson
General Winterton
Sir E. Hall-Patch

U.S.S.R.

M. Molotov
M. Vyshinski
M. Smirnov
M. Kiselev

I. REPORT OF THE COMMITTEE OF COAL EXPERTS

There was a further exchange of views.

II. TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA. HEARING OF YUGOSLAV AND AUSTRIAN REPRESENTATIVES

It was *agreed*:

1. To hear the representatives of the Yugoslav Government on April 17 at 11 a.m. and the representatives of the Austrian Government on April 18 at 11 a.m. on matters relating to the Treaty with Austria.

2. That Austrian representatives will be present at the hearing of the representatives of the Yugoslav Government, and the Yugoslav representatives at the hearing of the Austrian representatives.

3. To instruct the General Secretariat to enquire of the Yugoslav and Austrian Delegations concerning what questions relating to the Treaty with Austria they desire to be heard.

III. TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA (SECOND REPORT OF THE DEPUTIES, CFM/47/M/82—CFM/47/M/130)⁷⁰*Preamble*

Paragraph 1.

Agreed, all reservations having been withdrawn.

Paragraph 2.

Agreed.

Paragraph 3.

The adoption of a decision was deferred, the U.K. and U.S. Delegations having withdrawn their own proposal and adhered to the proposal of the French Delegation.

Paragraphs 4, 5, 6, 7, 8, 9.

Agreed, all reservations having been withdrawn.

Article 1.

Agreed.

Article 2.

The adoption of a decision was deferred, the U.K. Delegation having withdrawn its alternative proposal on paragraph 2 of this Article.

Article 3.

Agreed.

⁷⁰ *Post*, p. 516.

Article 4.

Agreed. In paragraph 2 the phrase in the first brackets was agreed; the phrase in the second brackets was deleted; and the word "pan-German" was inserted before the word "propaganda".

Article 5.

Discussion was deferred until the representatives of the Yugoslav and Austrian Governments had been heard.

Article 6.

It was *agreed* to accept this article in the following form: Paragraphs 1, 2 and 3 of the French proposal and paragraph 4 of the U.K. and U.S. proposal; and to refer the whole text to the Drafting Committee.

Articles 7, 8 and 9.

Agreed.

Article 10.

The adoption of a decision was deferred.

Article 11.

It was *agreed* to refer this article to the Drafting Committee for harmonizing the texts of the proposal by the Soviet and French Delegations with that of the U.K. and U.S. Delegations.

Articles 12, 13, 14 and 15.

Agreed.

740.00119 Council/4-1647 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 16, 1947—11 p.m.

URGENT

1410. Delsec 1432. For the President, Vandenberg, Connally and Acheson from Marshall. Thirtieth CFM meeting, April 16, Bidault presiding, continued discussion of the report of the coal experts of the four occupying powers.⁷¹ Although Marshall and Bevin stated yesterday that nothing more than taking note of the coal report could be done until economic unity was achieved in Germany, Molotov insisted today that the council act on the coal problem. He asked (1) that German coal production be raised to the pre-war level within two or three years; (2) that 20 to 25 percent of German coal production be exported, one-half of this for reparations; (3) that a special quadripartite

⁷¹ The discussion resumed here had begun at the previous meeting of the Council; see *ante*, p. 334.

agency under ACC be set up to control the production and allocation of German coal as well as a second quadripartite agency to control coal mined in the Ruhr.⁷²

Bevin restated his opposition to acting on the coal problem prior to real agreement on economic unity; flatly rejected using coal for reparation payments and promised that the British would do their best to continue increasing coal production in their zone.

Marshall also rejected Molotov's suggestions. He restated his opposition to quadripartite allocation of coal until German resources in all zones are allocated on a quadripartite basis, adding that the solution of this problem depended on obtaining economic unity.

Bidault said he had nothing to add to his statement of yesterday in which he proposed (1) that the Saar be included in the economic sphere of France, (2) that the distribution of Ruhr coal be assured by an international agency, and (3) that the present method of coal allocation in Germany be modified.

The council then began the discussion of the draft treaty for Austria.⁷³ It was agreed to hear the views of representatives of Yugoslavia and Austria at special morning meetings beginning tomorrow.

The council agreed that the treaty would be signed only by the US, UK, Soviet Union and France but certain other states may adhere to it. Differences arose over whether the preamble of the treaty should include the sentence "Austria cannot avoid certain responsibility arising from participation in the war". Molotov insisted Austria's war responsibility be noted.⁷⁴ Marshall suggested that the substitution of "responsibility" by the word "consequences" would reflect the fact that Austria was not a political entity after its annexation by Germany and therefore not responsible as a separate state during the war. Bidault preferred the word "responsibilities" and Marshall accepted this change after pointing out that war guilt clauses are easy to write but, as history shows, they poison the atmosphere. Bevin also agreed but Molotov would not and the clause was left in suspense.

The council approved the first clause of the treaty, stating that the Allied and associated powers recognize that Austria is re-established as a sovereign, independent and democratic state. The second clause, which is a pledge by the Allied and associated powers to respect the independence and territorial integrity of Austria, was supported by

⁷² For a more detailed record of Molotov's statement on German coal production, see Molotov, *Speeches and Statements at Moscow*, pp. 99-100.

⁷³ Document CFM (47) (M) 82, March 29, 1947, p. 516.

⁷⁴ Molotov's statements at this meeting regarding the draft Austrian peace treaty are summarized and quoted in Molotov, *Speeches and Statements at Moscow*, pp. 100-101.

Marshall and Bidault but opposed by Molotov who suggested it be passed over for further study.

During a discussion of the clause prohibiting an *anschluss* between Germany and Austria, Marshall said US does not want to impose onerous conditions on Austria which would prevent normal economic activity. He asked the other ministers to accept this understanding. Bevin and Bidault accepted but Molotov said he had no comment to make.

The clause establishing the frontiers of Austria as those existing on January 1, 1938 (which is accepted by the US, UK and France) was passed over until the Yugoslav delegation presents its territorial claims against Austria which are supported by the Soviet Union.

The council adjourned after having discussed the preamble and 15 of the draft treaty's 50 clauses.

Dept please pass to Vienna as 39, to Rome as 36, and to Paris as 143. Sent Dept as 1410, repeated London 159, Berlin 277.

[MARSHALL]

740.00119 Council/4-1747 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL
URGENT

Moscow, April 17, 1947—5 p.m.

1420. Delsec 1433. For the President, Vandenberg, Connally and Acheson from Marshall. Thirty-first CFM meeting 11 a.m. April 17, Bevin presiding, heard representatives of the Yugoslav Government present their views on the draft Austrian treaty.

Edward Kardelj, deputy of the President of the Yugoslav Council of Ministers, stressed the assistance given by Austrians to Hitler during the war and sought to convince the Council that it should transfer Carinthia from Austria to Yugoslavia on economic, ethnic and strategic grounds. He said he would submit written proposals concerning the other problems which should be dealt with in the Austrian treaty, including the surrender of war criminals, displaced persons, the prohibition of Nazi propaganda and the creation of a demilitarized zone in Austria along the Yugoslav frontier.⁷⁵

Stanoje Simić, Yugoslav Foreign Minister, presented his government's views in the economic articles of the draft treaty. He repeated Yugoslavia's claim for \$150,000,000 in reparations from Austria and insisted on the restitution of all objects removed from Yugoslavia which are now in Austria.⁷⁶

⁷⁵ The text of Kardelj's statement was circulated to the Council as document CFM (47) (M) 139, not printed.

⁷⁶ The text of Simić's statement was circulated to the Council as document CFM (47) (M) 140, not printed.

Austrian representatives will be heard at the morning CFM meeting tomorrow.

Repeated London 161, Berlin 28.

Dept please pass to Vienna as 40, Rome as 37 and to Paris as 146.

[MARSHALL]

CFM Files : Lot M-88 : Box 60

Record of Decisions of the Council of Foreign Ministers, Thirty-Second Meeting, Moscow, Aviation Industry House, April 17, 1947, 4 p.m.

SECRET

CFM (47) (M) 32nd Meeting

PRESENT

U.S.S.R.

M. Molotov (Chairman)
M. Vyshinski
M. Smirnov
M. Kiselev

U.K.

Mr. Bevin
Sir Maurice Peterson
Lord Hood
Mr. Mack
General Winterton
Sir E. Hall-Patch

U.S.A.

Mr. Marshall
Mr. Smith
Mr. Cohen
Mr. Dulles
General Clark
Mr. Bohlen

FRANCE

M. Bidault
M. Couve de Murville
M. Alphand
M. Paris
General Perruche

TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA (SECOND REPORT OF THE DEPUTIES—CFM/47/M/82. CFM/47/M/130)⁷⁷

Article 16.

After an exchange of views a decision was *postponed*.

Article 16-bis.

After an exchange of views it was *agreed* to refer this Article back for further consideration by the Deputies, in the light of the statements which had been made.

Article 17, paragraph 1 and paragraph 2.

Agreed.

⁷⁷ *Post*, p. 516.

Article 17, paragraph 3.

After an exchange of views a decision was *postponed*.

Article 18.

Agreed.

It was *decided* to refer paragraph 4 to the Drafting Committee, solely for making its wording more explicit.

Article 19.

Agreed.

Article 20.

Deleted.

Article 21.

Agreed.

Articles 22 and 23.

It was *agreed* to make these two Articles Annexes to Article 27. Discussion was *postponed*.

Article 24.

It was *agreed* to delete from this Article the portion relating to the prohibition of the construction of new fortifications and installations. The rest was *agreed* and referred to the Committee of Military Experts for final drafting.

Article 25.

Agreed.

Article 26, paragraph 1.

It was *agreed* to postpone discussion until the adoption of a decision on Article 27.

Article 26, paragraph 2, paragraph 3 and paragraph 5.

Agreed.

Article 26, paragraph 4.

After an exchange of views a decision was *postponed*.

Article 27, paragraph 1.

Agreed.

Article 27, paragraph 2 and paragraph 3.

After an exchange of views a decision was *postponed*.

Article 28.

Agreed.

Article 29.

It was *agreed* to make this Article an Annex to Article 27. Discussion was *postponed*.

Articles 30 and 31.

Agreed.

Article 32.

Deleted.

Article 33.

It was *agreed* to transmit this Article for consideration by the Deputies.

740.00119 Council/4-1747 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET

Moscow, April 17, 1947—11 p.m.

1425. Kosmos 48. Top Secret Eyes Only Acheson from Marshall. Please personally deliver following to the President :

"DEAR MR. PRESIDENT: We are now about midway in Austrian treaty discussion. While a number of disagreements have been passed over the impression I have at the moment is that the prospects are not so black as they previously appeared. Most of the disputed points, in fact all of them so far can, I think, be resolved in a final going over unless there is a determination not to have an Austrian settlement at this time. The most critical issue, German assets in Soviet Zone, comes up tomorrow or next day. The action on it will in my opinion be determining.

We are meeting twice a day now and the Yugoslavs and Austrians are being given a hearing. The latter tomorrow morning.⁷⁸

I am not certain that the Soviets may not compromise sufficiently to make possible a Four Power pact, though I feel certain they do not desire such a pact and tried to kill it with amendments including every important disputed issue.

I think Bidault is very anxious to get back to the critical political situation in France and I think Bevin also anxious for much the same reason. Therefore I am being silent on any indication of feeling that the conference must close out with so little progress to its credit.

I think we are now seeing some results of my interview with Stalin.⁷⁹

In that connection I do hope no leak on that interview will occur as I think I will profit much more if our discussion, particularly my frank statements, do not appear to stir up all sorts of talk which will merely stiffen his backbone in resentment. Later on we might find it desirable to release his statement, but I doubt it.

The package you gave me proved to be all you represented it to be and has contributed materially to my conference efforts. Signed Marshall."

[MARSHALL]

⁷⁸ See the summary report on the Council's 33rd Meeting, telegram 1447, Delsec 1438, April 18, from Moscow, p. 353.

⁷⁹ For the memorandum of Marshall's meeting with Stalin on April 15, see p. 337.

740.00119 Council/4-1747: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 17, 1947—11 p.m.

URGENT

1426. Delsec 1435. For the President, Vandenberg, Connally and Acheson from Marshall. Thirty-second CFM meeting April 17,⁸⁰ Molotov presiding, resumed discussion of the draft treaty for Austria.⁸¹

Speaking for the Soviet Union, Vyshinsky argued for the adoption of the Soviet draft clause which provides that Austria will complete the transfer of all displaced persons within six months and instructs Austria to enter into bi-lateral negotiations with its neighbors to settle this problem. Marshall said the Soviet draft was unacceptable because the US has consistently opposed the forced repatriation of DPs which would have to be resorted to if all DPs were removed from Austria within six months. Marshall and Bidault accepted a British draft clause under which Austria would apply to all its DPs the principles of the resolution adopted by the United Nations assembly in February 1946. Vyshinsky maintained that the UN resolution (which forbids forced repatriation of bona fide DPs and which was approved by the Assembly despite Soviet opposition) does not apply to Austria. Bevin, after stating that the Soviet proposal made a national problem out of what is an international problem growing out of the war, proposed a compromise clause which Vyshinsky promptly rejected and no agreement was reached.

Differences also arose over the transfer from Austria of persons of German origin. The Soviets asked that these transfers be completed within six months, while the US, UK and France would instruct Austria to cooperate with the Allied Control Council for Germany in solving this problem. Marshall pointed out that the Soviet proposal would require the return of these people despite the fact that ACC has not yet agreed that such people can be absorbed into Germany now. Bidault pointed out that France has opposed further transfers of persons into Germany. The question was sent to the deputies for the study of new Soviet amendments.

The Council agreed to limit Austria's army to 53,000 men and an air force of 90 aircraft with not more than 5,000 personnel.

An article prohibiting service in the Austrian armed forces of former members of Nazi and other organizations and an article prohibiting the military training of personnel not in the Austrian armed forces were approved in principle. Several clauses dealing with prohibitions on specified military activities were also approved.

Marshall stated that in attempting to prevent Austria from con-

⁸⁰ This meeting of the Council began at 4 p.m.

⁸¹ Document CFM (47) (M) 82, March 29, 1947, p. 516.

tributing to any revival of German aggression the Council should avoid imposing so many restrictions on Austria that its normal economic development would be hindered. He said the Council should not contribute to a situation in which Austrian weakness might be a contributing cause of another war. He pointed out that before the occupation period in Germany ended, the United Nations would have acted on the problem of disarmament thus obviating the inclusion in the Austrian treaty of detailed prohibitions and limitations on scientific research, stock piling, and manufacture of certain devices.

Bevin agreed, but Bidault insisted on detailed prohibitions as a guarantee against another surprise attack by a revived Germany. Vyshinsky also defended the list of limitations and no agreement reached.

The Council adjourned after completing discussion of all military clauses.

Repeated London 163 Berlin 283.

Department please pass to Vienna as 41, Rome as 38 and Paris as 148.

[MARSHALL]

740.00119 Council/4-1847 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 18, 1947—10 p.m.

URGENT

1447. Delsec 1438. For the President, Vandenberg, Connally and Acheson from Marshall. Thirty-third CFM meeting, April 18, a.m., Marshall presiding, heard Austrian Foreign Minister Gruber present his government's views on the draft treaty for Austria.

Returning ethnic, geographic and economic arguments presented yesterday by the Yugoslavs, Gruber said that any alteration in Austria's present frontiers would be fatal to democracy in Austria. Pointing out that Austria was the first state to lose its independence as a result of Hitler's action, Gruber pleaded with the Council to end the occupation of his country as soon as possible and thus restore Austrian sovereignty.⁸²

The Council adjourned without further discussion of the clause fixing Austria's frontiers but will return to this clause later. This afternoon the Council will discuss the economic clauses of the Austrian treaty.

Repeated London 167, Berlin 296.

Department pass to Vienna as 47, Rome as 40 and Paris as 153.

[MARSHALL]

⁸² Gruber's statement was circulated to the Council as document CFM(47)(M)-142, not printed.

CFM Files : Lot M-88 : Box 60

Record of Decisions of the Council of Foreign Ministers, Thirty-Fourth Meeting, Moscow, Aviation Industry House, April 18, 1947, 4 p.m.

SECRET

CFM (47) (M) 34th Meeting

PRESENT

FRANCE

M. Bidault (Chairman)
M. Couve de Murville
M. Alphand
M. Paris
General Perruche

U.S.A.

Mr. Marshall
Mr. Smith
Mr. Cohen
Mr. Dulles
General Clark
Mr. Bohlen

U.K.

Mr. Bevin
Sir Maurice Peterson
Lord Hood
Mr. Mack
General Winterton
Sir E. Hall-Patch

U.S.S.R.

M. Molotov
M. Vyshinski
M. Smirnov
General Kurasov
M. Kiselev

TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA (SECOND REPORT OF THE DEPUTIES—CFM/47/M/82, CFM/47/M/130)⁸³

Article 34.

Discussion *postponed*.

Article 35

After an exchange of views a decision was *postponed*.

Article 36, paragraphs 1, 2, 3, 4, 5 and 7.

Agreed. The U.S. Delegation withdrew its reservation concerning paragraph 3.

Article 36, paragraphs 8 and 9

After an exchange of views it was *agreed* to refer those paragraphs back for consideration by the Deputies.

Article 36, paragraph 6, and Article 36-bis

It was *agreed* to refer back paragraph 6 of Article 36, together with Article 36-*bis*, for consideration by the Deputies.

Article 37

Deleted.

⁸³ See *post*, p. 516.

Article 38

After an exchange of views a decision was *postponed*. The U.K. Delegation withdrew its proposal concerning paragraph 3 and accepted the U.S. and French proposal.

740.00119 Council/4-1847 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 18, 1947—10 p.m.

URGENT

1445. Delsec 1440. For the President, Vandenberg, Connally and Acheson from Marshall. Thirty-fourth CFM meeting, April 18, p.m., Bidault presiding discussed German assets in Austria.⁸⁴ Marshall pointed out that agreement on the Austrian treaty depends upon agreement on the German assets question. He asked the Council to make a determined effort to find some middle ground upon which to settle the controversy over this vitally important article in the treaty. He introduced a new US proposal⁸⁵ which reaffirms the Potsdam commitment giving the USSR German assets in eastern Austria; defines these assets; seeks to avoid controversy over whether title of these assets has or has not passed to the USSR by agreeing to authorize Austria to transfer immediately all assets included under the new definition; stated that the properties will be subject to Austrian law but prohibits Austria from nationalizing any of these properties during a period to be fixed. Disputes as to the application of this clause would be arbitrated under the terms of the general arbitration clause of the treaty rather than by a special agency.

Bidault accepted most of the US proposals but suggested several additions.

Molotov said that Soviet delegation was studying US proposal because the differences in points of view needed to be overcome. He then proceeded to disagree with almost every paragraph of the proposal. He said the Soviet definition on assets is preferable to the US one which is too limited. He added that a special procedure for arbitrating disputes over assets is essential. He repeated one time more the usual Soviet arguments.

Bevin agreed with Marshall's statement that the important task of the Council is to define these assets. He said the Soviet definition gave

⁸⁴ Under discussion at this point was article 35 of the draft treaty for Austria, CFM (47) (M) 82, March 29, 1947, p. 516.

⁸⁵ The proposal under reference here was circulated to the Council as document CFM (47) (M) 141, April 18, 1947, not printed.

a much wider interpretation to the term than was intended at Potsdam.

Marshall said his proposal was offered in the hope of reaching a reasonable compromise but that after hearing Molotov it appeared "we are further apart than ever". He said the clauses proposed by Molotov would make of Austria a mere puppet of those foreign states owning German assets in Austria. He said such clauses were not contained in any of the satellite treaties and that the US could not accept any Austrian treaty which contained them.

Molotov replied that only a small part of the Austrian economy would be affected by the transfers and thus the transfers would not affect Austria's economic independence. He said the transferred properties would be subject to Austrian law but repeated that the output of the transferred properties could not be controlled by the Austrian Govt.

Bevin contradicted Molotov and said a very large part of the Austrian economy would be affected. He said he did not see how Austria could ever achieve a balanced economy if the Soviet clauses were adopted. Marshall also disagreed with Molotov's statement and cited estimates to prove that the transfers would affect a major part of the Austrian economy. Since no agreement was reached, the Council began discussing the draft article covering the restitution of property removed from the territory of any of the United Nations.⁸⁶ The article was referred to the deputies when agreement was not reached. Two additional economic clauses were discussed and although parts of each were accepted, full agreement was reached on none. Marshall proposed that in view of the hour and the "state of our minds" the Council adjourn. It was agreed to hold two meetings tomorrow to continue work on the Austrian treaty.

Department please pass to Vienna as 44, Rome as 39, and Paris as 152.

Repeated London 166, Berlin 290.

[MARSHALL]

740.00119 Council/4-1947: Telegram

The Secretary of State to the Acting Secretary of State

SECRET

Moscow, April 19, 1947—7 p.m.

URGENT

1469. Delsec 1445. For Acheson from Marshall. Bevin yesterday discussed with me various questions relating to US-UK bizonal arrangements in Germany and British proposal to raise the level of industry of a bizonal basis with view to resuming and completing reparation deliveries as soon as possible. Immediately following telegram⁸⁷ is an

⁸⁶ Article 36 of the draft treaty for Austria.

⁸⁷ *Infra.*

approved joint memorandum of our conversation. Note that Clay and Robertson will discuss bizonal problems further in Berlin and recommend jointly to Bevin and me.

Regarding level of industry, Bevin proposed immediate announcement of US-UK agreement to raise level of industry based on ten million tons steel production, to be followed by allocation of plants available for reparation on basis of Potsdam division. I suggested we postpone any announcement for six weeks or so and that we reserve decision on steel figure pending study in Berlin.

In my judgment necessary to resume reparation deliveries soon if IARA countries are to receive reparations and Germans are to know where they stand. But note second sentence of paragraph two of memo for timing in this matter. Do not believe it desirable politically to resume reparation deliveries except on basis of Potsdam division with four power allocation in ACC and deliveries to Soviet Union.

Repeated Berlin for Clay, as 302.

[MARSHALL]

740.00119 Council/4-1947: Telegram

The Secretary of State to the Acting Secretary of State

SECRET

Moscow, April 19, 1947—7 p.m.

URGENT

1470. Delsec 1446. For Acheson from Marshall. There follows memorandum of conversation between Mr. Bevin and Secretary Marshall attended by General Robertson (British) and General Draper on 18 April.⁸⁸

“Four points were discussed and commented on as follows:

1. Mr. Bevin suggested 10,000,000 tons of steel production for all of Germany as a basis for level-of-industry study for the bi-zonal area. It was agreed that the bi-zonal authorities should study for two or three weeks and should agree on a steel figure. General Marshall hoped the result would come out close to 10,000,000 tons. Mr. Bevin indicated agreement if it should be bracketed between ten and twelve which were the Russian brackets.

2. Concerning plants made available for reparations by the new bi-zonal level-of-industry, it was both Mr. Bevin's and General Marshall's view that these plants should be allocated on a quadripartite basis and should be delivered to IARA countries and to the USSR. In this connection it was General Marshall's belief that no announcement should be made for six weeks or so in order to avoid the implication that we had been insincere in our efforts in Moscow to agree on economic unity.

3. Mr. Bevin suggested taking the agreed division of powers between a future central government and the laender as the general basis in working out the bi-zonal arrangements. In this case this division

⁸⁸ For the memorandum prepared by Mason and Draper for Marshall on April 17 in preparation for the meeting with Bevin, see p. 483.

would apply as between the *laender* on the one hand and the central agencies and Military Government on the other. General Marshall felt that the language suggested might be interpreted as a decision to set up immediately a provisional government for western Germany and that this implication should be avoided. Mr. Bevin agreed with this. General Marshall felt, however, that every effort must be made to assure the success of the bi-zonal arrangements. He believed, as General Robertson phrased it, that we should walk within the framework generally of what we had agreed for the future. General Marshall suggested asking General Clay to come to Moscow immediately but Mr. Bevin and General Robertson felt that the conference was so near to a close that this might not prove practicable, and it was agreed that, as General Robertson intended, he should go to Berlin tomorrow for general discussion of the whole matter in order that they might make joint recommendations including specific language in connection with the last point mentioned.

4. Mr. Bevin suggested, and General Marshall agreed, that the bi-zonal agencies should be concentrated as soon as the accommodations could be arranged, but General Marshall suggested again that no announcement be made immediately to avoid unfavorable reaction. He agreed, of course, to the necessary investigations."

Repeated Berlin for Clay 301.

[MARSHALL]

CFM Files : Lot M-88 : Box 60

Record of Decisions of the Council of Foreign Ministers, Thirty-Fifth Meeting, Moscow, Aviation Industry House, April 19, 1947, 11:30 a.m.

SECRET

CFM (47) (M) 35th Meeting

PRESENT

U.K.

Mr. Bevin (Chairman)
Sir Maurice Peterson
Lord Hood
Mr. Mack
General Winterton
Sir E. Hall-Patch

FRANCE

M. Bidault
M. Couve de Murville
M. Alphand
M. Paris
General Perruche

U.S.S.R.

M. Molotov
M. Vyshinski
M. Smirnov
General Kurasov
M. Kiselev

U.S.A.

Mr. Marshall
Mr. Smith
Mr. Cohen
General Clark
Mr. Bohlen

TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA (SECOND REPORT OF THE DEPUTIES—CFM/47/M/82, CFM/47/M/130)⁸⁹

Article 39, paragraphs 1, 2, 3 and 5

Agreed. The U.S. Delegation withdrew its proposal in paragraph 1 (e).

Article 39, paragraph 4

Referred back for consideration by the Deputies.

Article 39, paragraph 6

The U.S. Delegation reserved its position until adoption of a decision on Article 35.

Article 40

Combined with Article 38.

Article 41

After an exchange of views a decision was *postponed*.

Article 42, paragraphs 1, 2 and 3

After an exchange of views a decision was *postponed*.

Article 42, paragraph 4, sub-paragraphs (a), (b) and (c)

After an exchange of views a decision was *postponed*. The Delegation of France withdrew its proposal (No. 10) and adopted the U.K. proposal (No. 12); the U.S. Delegation also adopted this proposal, reserving its position in regard to Article 44.

Article 42, paragraph 4, sub-paragraph (d)

Agreed. The Soviet Delegation withdrew its addendum.

Article 42, paragraphs 5, 6 and 7.

Agreed. The Soviet Delegation withdrew its addenda concerning paragraph 6.

Article 42, paragraph 8

Referred to the Drafting Committee.

Article 42, paragraph 9.

Postponed.

Article 42, paragraph 10

Agreed.

⁸⁹ See *post*, p. 516.

740.00119 Council/4-1947 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 19, 1947—7 p.m.

URGENT

1472. Delsec 1443. For the President, Vandenberg, Connally and Acheson from Marshall. 35th CFM meeting, April 19, a.m., Bevin presiding, resumed the discussion of the draft treaty for Austria. Agreement was reached on parts of several articles dealing with economic questions, including the renunciation by Austria of claims against the Allies.⁹⁰ Molotov prevented agreement on a clause stating that the Allies would support in the German peace treaty a provision waiving German claims against Austria. He said discussion of this question was premature.

Some progress made on the clause dealing with United Nations property in Austria but final agreement was not reached. Molotov requested additional time to allow the USSR to make new proposals on several paragraphs of this clause. An important unagreed paragraph defines the extent to which Austria will pay compensation for war damage done to United Nations property in Austria. In an attempt to reach agreement on this paragraph, Marshall supported the UK-French position but Molotov maintained his position. The Council adjourned after agreeing to discuss Austria's frontiers at this afternoon's meeting.

Department please pass to Vienna as 48, Rome as 41, and Paris as 157.

Repeated London 170, Berlin 300.

[MARSHALL]

CFM Files : Lot M-88 : Box 60

Record of Decisions of the Council of Foreign Ministers, Thirty-Sixth Meeting, Moscow, Aviation Industry House, April 19, 1947, 5 p.m.

SECRET

CFM (47) (M) 36th Meeting

⁹⁰ For the specific articles under discussion by the Council and the decisions made, see the Record of Decisions of this Council meeting, *supra*.

PRESENT

U.S.S.R.

M. Molotov (Chairman)
 M. Vyshinski
 M. Smirnov
 General Kurasov
 M. Kiselev

U.K.

Mr. Bevin
 Sir Maurice Peterson
 Lord Hood
 Mr. Mack
 General Winterton
 Sir E. Hall-Patch

U.S.A.

Mr. Marshall
 Mr. Smith
 Mr. Cohen
 Mr. Dulles
 General Clark
 Mr. Bohlen

FRANCE

M. Bidault
 M. Couve de Murville
 M. Alphand
 M. Paris
 General Perruche

TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA (SECOND REPORT OF THE DEPUTIES—CFM/47/M/82 AND CFM/47/M/130)⁹¹

Article 5

After an exchange of views it was *agreed* to refer this Article back to the Deputies along with a proposal of the Yugoslav Government (CFM/D/47/G/73⁹² and CFM/47/M/139⁹³) for a report by Monday, April 21, 1947.

Article 34

After an exchange of views a decision was *postponed*.

Article 43

A decision was *postponed* until the adoption of a decision on Article 35.

⁹¹ See *post*, p. 516.

⁹² The document under reference, not printed, was a memorandum by the Yugoslav Delegation to the London meetings of the Deputies for Austria. Circulated to the Deputies on February 18, 1947, it set forth the Yugoslav Delegation's comments on the Austrian Government's views regarding Yugoslav territorial claims against Austria.

⁹³ Not printed; it was the text of Yugoslav Deputy Prime Minister Kardelj's statement at the Council's 31st Meeting, April 17; see telegram 1420, Delsec 1433, April 17, from Moscow, p. 348.

Article 44, paragraph 1

A decision was *postponed* until the adoption of a decision on Article 42.

Article 44, paragraph 2

Agreed with the following correction: replace the words—"in consultation with the Austrian Government" by the words "in agreement with the Austrian Government".

Article 45

Referred back for consideration by the Deputies.

Article 46

Combined with Article 38.

Article 47

Deleted.

Article 48, paragraph 1

Postponed.

Article 48, paragraph 2

Decision was *postponed* until after consideration of a new French proposal.

Article 48, paragraph 3

Agreed, the U.S.S.R. Delegation having withdrawn its proposal.

Article 48, paragraphs 4 and 5

Agreed.

Article 48-bis

A decision was *postponed*.

Article 49

Agreed, the U.S. Delegation having withdrawn its proposal on paragraph 3.

Article 49-bis

Referred back for consideration by the Deputies.

740.00119 Council/4-1947: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 19, 1947—midnight.

URGENT

1480. Delsec 1451. For the President, Vandenberg, Connally and Acheson from Marshall. Thirty-sixth CFM meeting, April 19, p.m.,⁸⁴

⁸⁴ For the articles of the draft treaty for Austria discussed at this meeting and the decisions taken thereon by the Council, see the Record of Decisions, *supra*.

Molotov presiding, opened with a discussion of the draft clause fixing Austria's frontiers as those existing on January 1, 1938. Marshall said the US could not accept Yugoslav territorial claims to Carinthia because (1) the 1920 plebiscite which fixed the frontier in this area is generally conceded to have been fair, (2) the loss of Carinthia would be a serious if not fatal economic loss to Austria, and (3) any weakening of Austria would have a harmful effect on the Council's efforts to stabilize Europe.⁹⁵

Bidault and Bevin also rejected the Yugoslav claims. Bidault suggested that experts work out some system for the joint use of the water power developed in the frontier area. Bevin agreed but did not want to delay the fixing the frontiers for this reason.

After defending the Yugoslav claims, Molotov asked that the Deputies consider them and report back to the Council. Marshall pointed out that the Deputies had been unable to agree on this question and that although he believed the question would have to be settled at the Council table, he would not oppose sending it to the Deputies again. Regarding the economic question, he said the US had already stated its support of the supervision by the economic commission for Europe of bilateral arrangements on frontier problems. He said the US favored all attempts to reduce economic difficulties which arose when boundaries are used as barriers. The Council agreed to refer the Yugoslav claims to the Deputies who will report to the Council Monday afternoon.

The Council then discussed whether Austria should pay reparations. Marshall recalled the Potsdam commitment not to take reparations from Austria, adding that Austria was in no condition economically to pay reparations. Bidault agreed but proposed that Yugoslavia be allowed to keep all Austrian property in its territory in satisfaction of the Yugoslav reparation claim. Although Molotov agreed that the US, UK and USSR had renounced reparations from Austria at the Potsdam conference and that France had later accepted this decision, he maintained that this renunciation applied only to these four states. Yugoslavia or any other small state, he continued, can claim reparations from Austria because the four powers could not renounce the rights of smaller states. He said the Yugoslav claim is justified and cannot be ignored. Marshall said the US could not agree to the payment by Austria of reparations to Yugoslavia but was willing to refer Bidault's proposal to the Deputies along with the entire question of the disposition of Austrian property in the territory of the allied and associated powers. This proposal was accepted by the Council.

⁹⁵ Regarding the Yugoslav claims under discussion here, see the United States Delegation Working Paper, April 4, 1947, p. 573.

Agreement on the status of the Austrian Government's debts was delayed in part because the USSR was not ready to submit an amendment to this clause which it desired to present and in part because of its insistence on payment by Austria for all services and supplies delivered to Austria by the allied and associated powers between May 8, 1945 and the coming into effect of the present treaty. A clause covering Austria's general economic relations was approved.

The Council adjourned after agreeing to hold two meetings Sunday.

Department please pass to Vienna as 50, Rome as 42, and Paris as 161.

Sent Department as 1480, repeated London 174, Berlin 307.

[MARSHALL]

CFM Files: Lot M-88: Box 60

Record of Decisions of the Council of Foreign Ministers, Thirty-Seventh Meeting, Moscow, Aviation Industry House, April 20, 1947, 11:30 a.m.

SECRET

CFM (47) (M) 37th Meeting

PRESENT

U.S.A.

Mr. Marshall (Chairman)
Mr. Smith
Mr. Cohen
Mr. Dulles
General Clark
Mr. Bohlen

U.S.S.R.

M. Molotov
M. Vyshinski
M. Smirnov
General Kurasov
M. Kiselev

FRANCE

M. Bidault
M. Couve de Murville
M. Alphand
M. Paris
General Perruche

U.K.

Mr. Bevin
Sir M. Peterson
Lord Hood
Mr. Mack
General Winterton
Sir E. Hall-Patch

I. TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA (SECOND REPORT OF THE DEPUTIES) CFM/47/M/82, CFM/47/M/130⁹⁶

⁹⁶ *Post*, p. 516.

Article 50

Agreed, the list of Annexes having been supplemented by Annexes VIII and IX.

Article 51

Deferred

Article 52

Agreed

Article 52-bis

Agreed, the Soviet Delegation having withdrawn its objections.

Article 53

Agreed

Article 54

Agreed. The wording of the title was transmitted to the Drafting Committee.

Articles 55, 56, 57 and 58

Agreed

Article 59

Agreed. The words in brackets "and German" having been withdrawn, and the Soviet Delegation having withdrawn its proposal (No. 2) and its objection (No. 3).

Annexes I and II

Agreed

Annexes III, IV, V.

Deferred until the adoption of a decision on Article 27.

Annex VI

Deferred until the adoption of a decision on Article 16.

Annex VII

Deferred until the adoption of a decision on Article 35.

Annex VIII

Referred back for consideration by the Deputies.

Annexes IX and X

Agreed

Preamble, paragraph 3

Agreed. The proposal of the Soviet Delegation was accepted.

Article 2.

Deferred.

Article 6.

The text presented by the Drafting Committee was adopted.

Article 10.

Referred to the Drafting Committee.

Article 16.

Referred back for consideration by the Deputies.

Article 17, paragraph 3

Deferred.

Article 17.

It was agreed to include in this Article, Article 24 as adopted at the 32nd Meeting of the Council.⁹⁷

Article 18, paragraph 4

The text presented by the Drafting Committee was adopted.

Article 24.

Included in Article 17.

Article 39, paragraph 4

The new proposal of the Soviet Delegation was referred to the Drafting Committee.

Article 48, paragraphs 1 and 2

Referred back to the Deputies along with the new proposal of the French Delegation.

It was *agreed* to refer back for consideration by the Deputies all other unagreed articles and proposals except Articles 35 and 42.

II. AGENDA FOR THE NEXT MEETING

It was *agreed* to discuss at the next meeting the Report of the Trieste Commission of Inquiry.⁹⁸

740.00119 Council/4-2047: Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 20, 1947—6 p.m.

URGENT

1483. Delsec 1452. For the President, Vandenberg, Connally and Acheson from Marshall. Thirty-seventh CFM meeting April 20, Mar-

⁹⁷ See the Record of Decisions of this Council meeting, April 17, p. 349.

⁹⁸ The Report, document CFM (47) (M) 2, March 10, 1947, is not printed.

shall presiding, concluded the preliminary discussion of the draft treaty for Austria.⁹⁹ The Council approved: (1) the creation of a conciliation commission to settle disputes arising from the implementation of several of the clauses; (2) navigation on the Danube River free and open for the nationals, vessels of commerce, and goods of all states on a footing of equality; (3) authorization for the heads of diplomatic missions of the US, UK, USSR, and France in concert to deal with the Austrian Government for 18 months on the execution and interpretation of the treaty; (4) the procedure for the interpretation and ratification of the treaty as well as accession to it by other states. Of the ten annexes covering military, legal, and economic questions, eight were approved.

The Council then reviewed all unagreed articles. The preamble was approved after the UK, US, and French delegates accepted the Soviet clause stating that Austria cannot avoid certain "responsibility" arising from participation in the war. The 21 clauses on which there is as yet no agreement will be studied again by the Deputies for Austria and the drafting committee and a report submitted before 4 p.m. tomorrow.

The Council adjourned after deciding to consider the report of the Financial Commission on Trieste tomorrow morning and to seek again to reconcile all outstanding differences on the Austrian treaty in the afternoon.

Department please repeat to Vienna as 51, to Rome as 43, and to Paris as 162.

Sent Department as 1483, repeated London 175, Berlin 308.

[MARSHALL]

740.00119 Council/4-2047

*Memorandum of Conversation, by the Secretary of State*¹

SECRET

[Moscow,] April 20, 1947.

Present: M. Bidault
M. Alphand
French Interpreter
Secretary Marshall
Mr. Matthews

M. Bidault called this afternoon at his request. He said that he regretted to disturb me but certain problems which were of great importance to France have arisen which he wished to set out frankly. (He then produced a memorandum from which he read and which

⁹⁹ For the articles considered and the decisions thereon by the Council at this meeting, see the Record of Decisions, *supra*.

¹ The source text is not signed.

he said had been prepared for him by M. Alphand.) These concerned coal, credits and manpower. France is in a serious situation. She has left but \$700,000,000 to care for her needs of construction, and to pay for wheat, coal and other necessities. He wished to say first that France was grateful for all the United States had done during and since the war and would never forget it.

As to specific problems, first, he wished to mention the application which France had filed with the World Bank for a \$500 million loan. He realized that the Bank was an international institution. On the other hand, much of its funds and consequently much of the influence on its policies, were American. He therefore felt that he could properly speak to me as concerns American policy in the Bank. He knew that Mr. McCloy, the Bank President, was a good friend of his country. However, France had just received two disillusionments. First the total to be made available to France had been reduced from \$500,000,000, to \$250,000,000. Secondly, conditions were being attached to the loan which he felt were not acceptable to a sovereign country. These concerned a commitment that France would contract no further foreign loans, the role of the International Bank in the Payments Agreement, requirements of information on commercial policy, etc.²

The next question he wished to raise concerned manpower. To replace German prisoners returning to their homes France was seeking to recruit voluntary German labor. The difficulty concerned remittances by this labor to their dependents in Germany. France urgently needs her remaining dollars for purchases of a million tons of coal a month from the United States, for wheat, oil, copper and other necessities. If, in addition, German remittances must be made available in dollars or otherwise become an added burden on France's economy an impossible financial situation would result. It was not lack of will but lack of ability to bear this burden in dollars. France had agreed to return the prisoners partly at our request and partly because it was the moral thing to do. That labor, he realized, must be treated humanely. With this he was in full agreement but France could not bear the burden of added dollar commitments. There is soon to be a meeting between the Anglo-American fused zone and France on commercial negotiations. He, Bidault, had agreed to this meeting though the preceding government had opposed any negotiations with our Bizonal authorities. He thought these transfers of German remittances may be discussed at this meeting and he hoped that the American Commander will be given "liberal instructions". Otherwise both psychologically and financially France would be put in an impossible position.

He digressed to say that he knew that in the minds of some there are

² For additional documentation on the concern of the United States over the French political, economic and financial situation, see volume III.

uncertainties regarding France and French policy in the future. He felt that anyone that knew France could not doubt the ultimate choice where France would stand. The choice, however, should not be an imposed one. To the American question "Can we rely on France?", he said, the answer was "Yes". But France needed time and must avoid a civil war.

The other question he wished to raise concerned the Saar. He greatly appreciated the attitude of the American Delegation on this question and he assured me that the French people knew who were their friends on this. Naturally, the French Communists had been annoyed. That was of no great importance. However, in the light of the Moscow Conference things cannot continue to remain stationary. Positions have been taken at Moscow and such positions can greatly influence both M. Bidault and French policy in general. Without him and his friends there would be no French policy. France cannot wait longer to work out the Saar problems. The people of the Saar would not understand further delay and would think that the French had no influence with regard to the Saar. There must be some agreement on the question of the Saar frontiers. He wanted me to be the first to know that it would be necessary to change the Saar currency and to set up more definitive customs control. German marks are to be exchanged for Saar marks and since the population knows this will probably take place the Saar is beginning to be flooded with German marks. Hence the importance of early agreement on the Saar frontiers.

In conclusion, he said, he was very grateful to me for my understanding of the French position in discussions in the Conference. The facts he submitted were of great importance for his country and of capital importance to the equilibrium of the world. If he could obtain the kind of agreement with the United States he wished the "equilibrium of the world would be assured".

In reply I said that I would like to answer his specific questions. I would not indulge in the diplomatic refuge of saying that we would give "sympathetic consideration" to France's viewpoint. With regard to the World Bank loan, I was not sufficiently familiar with the facts to make any reply. I would, however, on my return, examine the question carefully and would speak personally to Mr. McCloy.

On the transfer of funds, I was likewise not familiar with all the implications of the financial transactions involved. I was, however, disposed to do my best to relieve the French Government of any harsh demands from American zonal control. I said that I had talked to General Clay and others concerning our general relationship to France and would talk again on the way home. I wanted him to know that there is every disposition by the United States to help the French Government in its present dilemmas. I said I must be careful in what

I say not to get into unfamiliar details but I am impelled and motivated by a desire to assist the French Government. I looked forward to having numerous conversations on my return to the United States with Ambassador Bonnet and would familiarize myself with the details of the questions he raised. I said that I had a general comprehension of the delicate political situation in France and take it into account in my reactions to the problems which arise. M. Bidault said that he realized this and was grateful for it.

I said that I knew the urgency of the Saar situation and that I would treat in confidence what he had told me with regard to the exchange of currency.

Passing to general questions, I said I was deeply concerned over the difficulties in the Conference both as to long-range treaty prospects and those of local importance pertaining to the next 6 months or a year.

I said that I realized there was a great difference in the viewpoint of Americans who were far distant from Europe and that of Frenchmen, or Russians for that matter, who have suffered terrible losses to their homes and lands in the war. I was fearful of the influences their horrible experiences would have upon the Allies. It might lead us to solutions which appeal to us for the present but might be fatal for the future. Reaction of Americans, if they had lived in France, I thought would have been identical with French reactions. The struggle in my mind on the Conference issues concerned the danger that we may now make commitments under the impact of present feelings which would not be logical for an enduring peace.

M. Bidault interrupted to say that he knew what I meant but that France needs time. It will take a little time before Germany can in fact be integrated into the Western World. He referred (as he had at the Conference table) to his personal visits to German prisoners at the time of the Paris insurrection just prior to liberation. He said, however, that there is no question that Germany is a part of Europe.

In conclusion, I said that I was deeply concerned over the situation of France and would give my earnest consideration to what he had said. I was sure that we could develop an understanding relationship between the two of us and, I believed, between our two governments.

M. Bidault again expressed thanks.

740.00119 Council/4-2147 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 21, 1947—10 p.m.

URGENT

1489. Delsec 1454. For the President, Vandenberg, Connally and Acheson from Marshall. Thirty-eighth CFM meeting, April 21, Bi-

dault presiding, considered the report of the Four Power Commission appointed by the CFM in 1946 to study the financial arrangements for the Free Territory of Trieste created by the Italian Peace Treaty.³

Bevin proposed: (1) That the report be transmitted to the United Nations Security Council, along with the comment of the Italian and Yugoslav Governments and suggestions that any CFM member cared to make; (2) that the CFM members agree to assist the Free Territory to obtain adequate supplies of essential materials, equipment and ships which it requires; and (3) that the CFM recommend the acceptance by the Security Council of any request by the Governor of the Free Territory for external assistance up to \$5,000,000 in free exchange during 1947 in view of a possible exchange deficit during the first few months of the Territory's existence. Bevin pointed out that not only the US and France but also Italy and Yugoslavia agreed with the British that Trieste would need external assistance in the beginning in order to organize its finances and economy. He asked Molotov to agree.

Molotov refused to give a direct reply. He said the Commission's report could not be transmitted to the Security Council without an expression of the views of the CFM members and he would not state his position on the other UK proposals until they were considered further. He proposed that special deputies be appointed by the Council to report on Wednesday.⁴

Marshall opposed this suggestion as being a time-consuming procedure which was unjustified. Bevin and Bidault agreed. Molotov insisted he would not accept the British proposal without further study. The Council finally reached agreement on appointing special deputies⁵ who will report to the Council Tuesday⁶ afternoon.

Dept please pass to Vienna as 53, Rome as 46 and Paris as 165.

Repeated London as 177, Berlin as 313.

[MARSHALL]

CFM Files : Lot M-88 : Box 60

Record of Decisions of the Council of Foreign Ministers, Thirty-Ninth Meeting, Moscow, Aviation Industry House, April 21, 1947, 4 p. m.

SECRET

CFM (47) (M) 39th Meeting

³ Document CFM (47) (M) 2, March 10, 1947, not printed; regarding the Report, see footnote 28, p. 163.

⁴ For a full account of Molotov's statements on the financial position of Trieste, see Molotov, *Speeches and Statements at Moscow*, pp. 104-105.

⁵ The following Special Deputies were appointed: United States-Matthews; United Kingdom-Hall-Patch; France-Alphand; Soviet Union-Vyshinsky.

⁶ April 22.

PRESENT

U.K.

Mr. Bevin (Chairman)
 Sir M. Peterson
 Lord Hood
 Mr. Mack
 General Winterton
 Sir E. Hall-Patch

FRANCE

M. Bidault
 M. Couve de Murville
 M. Alphand
 M. Paris
 General Perruche

U.S.S.R.

M. Molotov
 M. Vyshinski
 General Kurasov
 M. Kiselev

U.S.A.

Mr. Marshall
 Mr. Smith
 Mr. Cohen
 Mr. Dulles
 General Clark
 Mr. Bohlen

I. TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA. (SECOND REPORT OF THE DEPUTIES—CFM/47/M/82 AND CFM/47/M/130) ⁷

The Council heard the report of the Acting Chairman of the Deputies (CFM/D/47/M/A/55th Meeting and CFM/D/47/M/A/56th Meeting ⁸) and adopted the following decisions :

Article 11

Agreed.

Article 16

Referred back for consideration by the Deputies.

Article 16-bis

Agreed.

It was agreed that the Council should instruct the Allied Control Council for Germany to determine the conditions necessary for the resettlement in Germany of the persons to be transferred from Austria in accordance with this Article.

Article 33

Agreed, the Soviet Delegation having withdrawn its reservation.

Article 36, paragraph 6

Agreed.

⁷ *Post*, p. 516.

⁸ The records of the meetings under reference here are not printed.

Article 36, paragraph 8

Agreed with the inclusion of a supplement proposed by the U.S. Delegation.

Article 36-bis

Deleted.

Article 36, paragraph 9

Referred back for further discussion by the Deputies.

Article 39, paragraph 4

Agreed.

Article 45, paragraph 1

Agreed.

Article 45, paragraph 2

Deferred.

Annex VIII

Agreed.

II. INFORMAL MEETING OF THE COUNCIL

It was *agreed* to continue the discussion of the Treaty with Austria at an informal meeting.

Moscow, April 22, 1947.

740.00119 Council/4-2147 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 21, 1947—10 p.m.

URGENT

1488. Delsec 1455. For the President, Vandenberg, Connally and Acheson from Marshall. Thirty-ninth CFM meeting, April 21, [4] p.m., Bevin presiding, heard the report of the Deputies for Austria on the unagreed clauses of the draft treaty which had been referred to it.⁹ The Deputies agreed on several important clauses but could not reconcile basic differences over the treaty.

⁹ At their 55th Meeting, April 20, 4:30 p.m. and their 56th Meeting, April 21, 10 a.m., the Deputies for Austria had reviewed the following articles of the draft treaty for Austria in compliance with the instructions of the Council: Article 5, Austrian frontiers; Article 11, War Criminals; Article 16, Displaced Persons; Article 16 bis, Reichsdeutsche and Volksdeutsche; Article 33, Allied Troops in Austria; Article 36 and 36 bis, Restitution; Article 39 (paragraph 4), Military Currency; Article 45, Austrian Property in Allied Territory; Article 48 (paragraph 2), Interest Payments on Certain Debts; Annex VIII, Industrial Property. For the disposition of these and other articles by the Council at this meeting, see the Record of Decisions, *supra*.

The Council again failed to reach agreement on Austria's frontiers when Molotov continued to insist on the territorial claims of Yugoslavia which are rejected by the US, UK and France.

A compromise proposed by Molotov on the displaced persons clause which would delete from the treaty any mention of a date when the DP's would be removed from Austria was accepted in principle and was referred to the Deputies who will redraft the clause. The removal of the time limit for the transfer from Austria of persons of German origin made possible an agreement on this problem.

The Council reached agreement on the clause providing for the withdrawal of Allied Forces from Austria within 90 days after the coming into effect of the treaty.

The clause on the restitution of property in Austria which was removed from any of the United Nations was agreed upon except for one point which was referred to the Deputies. The clause providing for the renunciation by Austria of claims against the allies was agreed.

No agreement was reached on the disposition of Austrian property in United Nations states because the question of whether or not Yugoslavia would be paid reparations by Austria has not been decided.

Bidault blocked agreement on the clause covering Austria's debts but agreement was reached on all the annexes.

The Council then considered the unagreed clauses which had not been referred to the Deputies. After Molotov refused to accept the clause pledging the allied and associated powers to respect Austria's independence, Marshall asked the Ministers if they wished to go into a restricted session. The Council continued its discussion of the remaining unagreed clauses in restricted session.

Dept please pass to Vienna as 52, Rome as 45 and Paris as 164.
Repeated London 176, Berlin 312.

[MARSHALL]

740.00119 Council/4-2247 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET
URGENT

Moscow, April 22, 1947—10 p.m.

1511. Delsec 1458. Personal eyes only for Acheson from Marshall. Please deliver the following message to only the President:¹⁰

"MY DEAR MR. PRESIDENT: Midway in yesterday's Monday after-

¹⁰ In telegram 1039, Secdel 1484, April 23, to Moscow, Acting Secretary Acheson reported as follows:

"Delsec 1458 was discussed with President this morning. He is entirely in agreement with the conclusions, policy and course of action you are taking. He emphasized he supports you thoroughly and has complete confidence in your judgement." (740.00119 Council/4-2347)

noon meeting¹¹ at my suggestion, we went into closed session¹² and on my insistence took up the discussion of our fundamental differences over the Austrian treaty, (A) no change in Austrian boundary in favor of Yugoslavia, (B) no reparations from Austria to Yugoslavia in accordance with Potsdam Agreement, and (C) German assets in Austria. Molotov showed some indication of reconsidering Soviet position on (A) and (B), but no change on (C). This morning we went again into closed session without profitable discussion, Molotov stating that the Soviet delegation was not ready to discuss (A) and (B). Bevin and he had a prolonged and futile debate over (C), in which I declined to participate as it was merely time consuming.

Molotov had suggested possibility of agreeing to amendments of original Soviet proposal on those assets, but declined to submit any amendment. Soviet position since London had remained unchanged while Bevin and I had each submitted proposals amending our original proposals in an effort to secure Soviet concurrence. I stated that further discussions of other details would be unprofitable and were not justified.

At the session this afternoon and evening¹³ from which I have just returned, no progress was made towards the settlement of these questions to which I have just referred. Molotov stated that he was still not ready for further discussion on (A) and (B) as he had not yet been able to discuss these issues with the Yugoslav representatives now in Moscow. In our opinion, he is merely prolonging the meeting in an effort to either force us to a compromise or to put us in the position of initiating the termination of the conference.

As no progress was being made, I suggested as chairman that we meet tomorrow morning at 11:30 and discuss the handling of the various agreements and disagreements which had resulted from our discussion of the Allied Control Council report and our discussion of German treaty measures. Bevin raised the point as to whether this meant a termination of consideration of the Austrian treaty. I replied that if Mr. Molotov were ready to talk at 11:30 tomorrow on (A) and (B) the United States delegation would be glad to participate. Mr. Molotov replied as I have indicated.

Bidault thought that my proposal needed preliminary clarification by the deputies on all the various agreements and disagreements of the German discussion and suggested that the deputies reach an agreement on that before the next meeting of this conference. Bevin objected as it gave the deputies the authority to determine when the next meeting should be. I then proposed, and it was agreed, that the deputies should report at 4 p. m. tomorrow. No further reference was made to the Austrian question. It appears plainly evident to me and to my associates that Molotov's purpose is as I indicated above. I have avoided a statement or actions which would enable Molotov to claim that I had terminated the conference, because it has been alleged in

¹¹ The reference here is to the 39th Meeting of the Council, April 21; see *supra*.

¹² This informal meeting, the 2nd Informal Meeting of the Council session, began at 6 p.m., April 21.

¹³ The 3rd Informal Meeting of the Council was at 11:45 a.m., April 22 and the 4th Informal Meeting was at 6 p.m., April 22. Regarding these informal meetings, see also telegram 1545, Delsec 1470, April 24, from Moscow, p. 377.

Soviet propaganda that I am determined that the conference shall not succeed.

Bidault stated, day before yesterday, that he had to leave Wednesday¹⁴ night, but he made no reference to that in today's discussion. Bevin, I understand, also feels he must return home but he has made no reference at all of this nature. They evidently would prefer that I should take the lead in this matter, but I do not think that the proper action at this particular moment.

I am firmly of the opinion that the United States cannot afford to commit itself to a treaty which contains the Soviet claims to which we disagree, and which are referred to in (A), (B) and (C) above, and it is therefore my intention to stand on that view, though it may force the conclusion of the conference without an Austrian treaty.

The Four-Power Treaty has not again been mentioned but I intend to make a further statement regarding it before the adjournment of the conference. However, I think it is the Soviet intention by its method of amendment to prevent an agreement of this nature which would bring the United States officially or formally into the military picture of Europe in such a manner.

Signed George C. Marshall"

[MARSHALL]

CFM Files : Lot M-88 : Box 58

*Decision Taken by the Council of Foreign Ministers on April 22nd, 1947, Concerning the Report of the Trieste Commission of Inquiry*¹⁵

SECRET

Moscow, April 23, 1947.

CFM (47) (M) 149

The Council of Foreign Ministers having considered the report of the Trieste Commission of Inquiry as well as the comments on the report submitted by the Government of the Federated People's Republic of Yugoslavia and by the Government of Italy,¹⁶ have reached the following conclusions:

(1) The solution of the questions of the budget, balance of payments, currency, customs and other financial and economic questions

¹⁴ April 23.

¹⁵ The Report under reference, circulated to the Council of Foreign Ministers as document CFM(47) (M)2, March 10, 1947, is not printed, but see footnote 28, p. 163. The Report of the Trieste Commission of Inquiry was considered by the Council of Foreign Ministers at its 38th Meeting, April 21, 1947. At that meeting, the Council decided to appoint special deputies to consider the Commission Report; see telegram 1489, Delsec 1454, April 21, from Moscow, p. 370. The Special Deputies prepared a draft decision for the Council, which the Council accepted after making some revisions during its 41st Meeting, April 23, 1947; see the editorial note, p. 378. The amended text is printed here. Copies of this decision were transmitted to the Secretary-General of the United Nations by Soviet Deputy Foreign Minister Vyshinsky under cover of a letter dated September 7, 1947, designated U.N. doc. S/577, October 9, 1947; for the text of Vyshinsky's letter, see Department of State *Bulletin*, October 26, 1947, p. 824.

¹⁶ The comments of the Italian and Yugoslav Governments were circulated to the Council as documents CFM(47) (M)113, April 7, 1947, and CFM(47) (M)144, April 19, 1947, neither printed.

concerning the Free Territory of Trieste which were discussed in the report of the Commission falls within the competence of the Governor and the Council of Government and the Popular Assembly of the Free Territory in accordance with the relevant Articles of the Permanent Statute of the Free Territory of Trieste. Until the coming into force of the Permanent Statute the solution of these questions falls within the competence of the Governor and the Provisional Council of Government in accordance with the relevant Articles of the Instrument for the Provisional Regime of the Free Territory of Trieste. In the solution of these questions the economic independence of the Free Territory should be provided for in accordance with the above mentioned provisions, particularly Paragraph 4 of Article 24 of the Permanent Statute.

(2) The Council of Foreign Ministers recommends that, as from the date of the establishment of the Provisional Council of Government of the Free Territory of Trieste and until a new customs regime is introduced by the authorities of the Free Territory of Trieste the present regime should be maintained and goods of Italian and Yugoslav origin should be imported into the Free Territory of Trieste without payment of customs duty, provided that reciprocal arrangements will be granted by these countries to the products originating in the Free Territory of Trieste; and that the Governor and the Provisional Council of Government should make every effort to institute the new customs regime within a period of three months.

(3) As the balance of payments may show a deficit in free foreign exchange over the period July–September, 1947, the Council of Foreign Ministers is of the opinion that in the event of the Security Council receiving from the Governor and the Provisional Council of Government a request for financial assistance from outside to cover the urgent needs of the first period, the Security Council should recommend that an amount up to \$5,000,000 be made available to the Government of the Free Territory from the resources of the United Nations Organisation.

(4) The Council of Foreign Ministers decides to request the Secretary-General of the United Nations, as soon as the Governor of the Free Territory of Trieste has been appointed, to transmit to him for his information the report of the Trieste Commission of Inquiry, the observations on it of the Italian and Yugoslav Governments, and the text of this decision.

740.00119 Council/4-2447 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET
URGENT

Moscow, April 24, 1947—8 p.m.

1545. Delsec 1470. For the President, Vandenberg, Connally and Acheson from Marshall. Second, third and fourth informal restricted CFM meetings on April 21 and 22 continued in closed session discus-

sion of the Austrian treaty.¹⁷ Marshall stated that the issue of German assets in Austria affected so many other articles in the treaty that, unless they could reach a decision on that issue (Article 35), it was obvious that they could not settle many other points in the treaty. Molotov agreed to this thesis but said that the Soviet Government could not agree to reduce to naught the reparations which it was to receive from Germany. He continued that the Soviets were only claiming what was [*were*] German assets under the Potsdam Agreement and if that agreement harmed the interest of someone else not party to Potsdam, these interests should not be protected at the expense of the Soviet Union.

Molotov suggested possibility of agreeing to amendments of original Soviet proposal on assets, but declined to submit any amendments.

As to the Austrian boundary of Yugoslavia and reparations from Austria to Yugoslavia in accordance with Potsdam, Molotov said he was still not ready for further discussions because he had not yet had an opportunity to talk with the Yugoslav representatives in Moscow.

The results of these three closed sessions were negative insofar as agreement was concerned, so the Ministers resumed open discussion. It was agreed that the three closed sessions would be "off the record".

Repeated London 186, Berlin 329.

[MARSHALL]

Editorial Note

On April 22, 1947, the Council of Foreign Ministers held two regular meetings and three informal meetings. The informal meetings are reported upon in telegram 1545, Delsec 1470, *supra*. There were no telegraphic reports of the two regular Council meetings—the 40th and 41st. The 40th Council meeting was convened at 11:30 a.m. and lasted only 15 minutes. At this meeting, the Council agreed to postpone the hearing of the report of the Special Committee set up to review the Report of the Trieste Commission of Inquiry. The Council then agreed to continue their discussion of the draft treaty for Austria at an informal meeting (the 3rd Informal Meeting). Following this informal meeting, the Council met at 5 p.m. for their 41st regular meeting. The Council heard the report of the Special Committee, and, following a discussion, the Council agreed upon the final text of decision concerning the Report of the Trieste Commission of Inquiry (for text, see CFM (47) (M) 149, April 23, 1947, page 376). The regular session was terminated at 6:15 p.m. and the Council continued its informal discussion of the Austrian draft treaty (4th Informal Meeting).

¹⁷ Regarding these informal meetings of the Council, see also telegram 1511, Delsec 1458, *ante*, p. 374.

740.0011 EW (Peace)/4-2247

*Memorandum of Conversation, by the United States Political Adviser
for Germany (Murphy)*

Moscow, April 22, 1947.

I talked this afternoon with Mr. Couve de Murville, who told me that while Mr. Bidault would like to leave Wednesday¹⁸ evening nevertheless if there is a possibility of getting an Austrian treaty he would be prepared to stay even another week. He definitely would like to have a treaty now.

German Deputies. As matters now stand the French, according to Couve de Murville, see no necessity for an early meeting of the German Deputies. Questions relating to central agencies, advisory council, and provisional government, in their opinion, could well be allowed to stand as they are without further action by the Ministers. Couve feels that Control Council experience with these questions so far is not satisfactory. However, if the CFM does refer these questions the French preference would be that they be handled by the German Deputies instead of by the Control Council. He said however that this is not a hard-and-fast position.

The French do not like Berlin as a meeting place for the Deputies. Couve's personal attitude is strong in this respect but he did not say that Mr. Bidault entirely shared his point of view. His reasons are psychological. I drove home the expense argument. He fears excessive German influence in the peace-making, the psychological effect on the Allies that meeting in Berlin would entail, and also unfavorable French public opinion.

Next meeting of CFM. Couve said it was impossible to predict whether French Foreign Minister will attend UN meeting in September. He said that the French are open-minded to the question whether CFM should run concurrently with the UN meeting. He thought this would be acceptable just as he feels the idea of agreeing on consultation next July for the purpose of citing a precise date for the next CFM meeting is acceptable. He sees no point in meeting earlier than next fall.

ROBERT MURPHY

740.00119 Council/4-2347 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET
PRIORITY

Moscow, April 23, 1947—9 p.m.

1529. Delsec 1462. For Acheson from Marshall. The Czechoslovakian Ambassador, Professor Jiri Horak, called this morning at his

¹⁸ April 23.

request. Memorandum of conversation being forwarded by courier pouch to Department with copy to Prague.¹⁹

He spoke at some length of the "undying gratitude" of his country to the United States. He raised the question of the Czech-Austrian frontier, particularly as to a small claim of about 1800 hectares on the right bank of the Danube near Bratislava. He wanted the CFM to add a clause to the Austrian Treaty that in connection with bilateral negotiations for Czech territorial claims, the CFM would "interest itself in the progress of the negotiations and view an agreement with satisfaction".²⁰

The Secretary said that he would discuss the territorial frontier question with General Clark. Marshall stated he had received from other sources quite a contrary impression of the Czechoslovak attitude toward the United States, and quoted excerpts from the Prime Minister's statement as relayed here from Prague on April 16.²¹ Marshall said he wanted the Ambassador to know that he deeply resented the statement of the Czechoslovakian Prime Minister and that it was absolutely false insofar as concerned the American zone of Germany. Marshall repeated that he deeply resented it and that his Government resented it. He stated that he was not a diplomat and that he was accustomed to speaking directly and frankly and he wanted the Ambassador to know his views on the statement of the Prime Minister.

The Ambassador made no comment but reverted again to the frontier question.

¹⁹ The memorandum of conversation under reference is filed separately under 711.60F/4-2347.

²⁰ Regarding the Czechoslovak-Austrian negotiations concerning frontier rectification, see telegram P 6899, March 16, from Vienna, and telegram 282, March 28, from Praha, pp. 503 and 516.

²¹ Telegram 378, April 16, from Praha, not printed, had transmitted excerpts of a speech made by Czechoslovak Prime Minister Klement Gottwald on April 14, 1947 (740.00119 Control (Germany)/4-1647). According to the memorandum of the conversation with Horak cited above, Secretary Marshall quoted the following excerpt from Gottwald's speech:

"It is our interest that Germany be de-Nazified and democratized in order that she cease to be a source of war. Up to the present such action has been taken only in the Soviet zone. This is why it is to the interest of the Czechoslovak state that we support by every possible means the Soviet point of view. In the same way in the question of the eastern frontiers of Germany, it is to our interest that the present German-Polish frontier be recognized and maintained for that means a lessening of the grip of the German tentacles about our republic."

In this connection, telegram 379, April 16, 1947, from Praha, not printed, reported that Communist leaders and press in Czechoslovakia had lost no opportunity to publicize Soviet views at the Council of Foreign Ministers while distorting the American positions in such a way as to picture the United States as either indifferent to a potential German menace or actively supporting German reactionaries (740.00119 Control (Germany)/4-1647).

Nothing further of importance was discussed.
Repeated Prague for Steinhardt 1.

[MARSHALL]

CFM Files : Lot M-88 : Box 60

*Provisional Record of Decisions of the Council of Foreign Ministers,
Forty-Second Meeting, Moscow, Aviation Industry House, April 23,
1947, 5 : 30 p.m.*

SECRET

CFM (47) (M) 42nd Meeting

PRESENT

FRANCE

M. Bidault (Chairman)
General Catroux
M. Couve de Murville
M. Alphand
M. de St-Hardouin
M. Paris

U.S.A.

Mr. Marshall
Mr. Smith
Mr. Cohen
Mr. Dulles
Mr. Murphy
General Clark
Mr. Bohlen

U.K.

Mr. Bevin
Sir M. Peterson
Sir William Strang
Lord Hood
Mr. Mack
General Winterton
Sir E. Hall-Patch

U.S.S.R.

M. Molotov
M. Vyshinski
M. Smirnov
General Kurasov
M. Kiselev

I. REPORT OF THE DEPUTIES FOR GERMANY CONCERNING AGREEMENTS AND DISAGREEMENTS ARRIVED AT IN DISCUSSIONS DURING THE PRESENT SESSION ON ITEMS 1 AND 2 OF THE AGENDA AND QUESTIONS OF PROCEDURE (CFM/47/M/148) ²²

The Council heard the report of the Acting Chairman of the Deputies. During the course of the discussion the following modifications were inserted into the text of the written report (CFM/47/M/148) :

Part I. Introduction, third Sub-paragraph

The U. K. Delegation withdrew its reservation.

²² Post, p. 461.

Part II. Section I, paragraph B (Unagreed points)

The U.S. Delegation withdrew its reservation and adopted the proposals of the Soviet Delegation.

Part II. Section II, paragraph B (Unagreed points)

The U.S. Delegation withdrew its reservation and adopted the proposal of the Soviet Delegation.

Part III. Section E (Powers of the Laender Governments)

The U.S. Delegation withdrew its reservation.

Part V. Sub-paragraph 3[1].

The U.K. Delegation withdrew its first reservation.

II. TREATY FOR THE DISARMAMENT AND DEMILITARIZATION OF GERMANY (CFM/47/P/21)²³ AND (CFM/47/M/129)²⁴

There was an exchange of views (U.S.A.—CFM/47/M/151),²⁵ during the course of which the Soviet Delegation referred to its proposal (CFM/47/M/152).²⁶

III. THE RETURN OF GERMAN PRISONERS OF WAR TO GERMANY

It was *agreed* to accept the proposal of the Soviet Delegation (CFM/47/M/153)²⁷ drafted in accordance with a proposal of the British Delegation.

IV. TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA

It was agreed to instruct the Deputies for Austria to consider the remaining disagreements in the Treaty with Austria, with the exception of Articles 5, 34, 35, 42 and 45, and to submit a report to the Council on April 24, 1947.

²³ The garbled citation here is to the United States draft treaty on the disarmament and demilitarization of Germany, circulated at the Paris Session of the Council of Foreign Ministers as document CFM(46)21, April 30, 1946, *Foreign Relations*, 1946, vol. II, p. 190.

²⁴ The Soviet draft treaty on the demilitarization of Germany, circulated to the Council on April 14, 1947; for the text, see *Documents on International Affairs, 1947-1948*, pp. 445-449, or Molotov, *Problems of Foreign Policy*, pp. 601-608.

²⁵ Statement by Secretary Marshall regarding the draft treaty on the disarmament and demilitarization of Germany; for the text, see *Germany 1947-1949*, pp. 101-102, or Department of State *Bulletin*, May 4, 1947, p. 793.

²⁶ The Soviet proposal, not printed, called for the establishment of a Special Committee which would consider the United States draft treaty together with the corrections and addenda suggested by other Delegations. The Special Committee would report to the Council at its next session.

²⁷ CFM(47)(M)153, April 23, 1947, read as follows:

"1. German prisoners of war located in the territory of the Allied Powers and in all other territories will be returned to Germany by December 31, 1948.

"2. The repatriation of German prisoners of war will be carried out in accordance with a plan which will be worked out by the Control Council not later than July 1st of this year."

V. AGENDA FOR THE NEXT MEETING

It was agreed:

- 1) to consider the report of the Deputies for Austria
- 2) to discuss the question of the limitation of occupation forces in Germany
- 3) to discuss the time and place of the next session of the Council.

740.00119 Council/4-2347 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 23, 1947—midnight.

URGENT

1533. Delsec 1466. For the President, Vandenberg, Connally and Acheson from Marshall. [42nd] CFM meeting, April 23, Bidault presiding, reviewed the agreements and disagreements arising out of the Council's discussion of the ACC's report and of the future political organization of Germany.²⁸

The Council decided to refer to the Control Council for Germany as directives for action the agreements reached by CFM on the questions of demilitarization, denazification, democratization, population transfers and territorial reorganization. Disagreements on these questions were referred to the Control Council for information and study.

All delegations agreed in principle: (1) that there should be a sharing of indigenous resources in Germany and that commodities in short supply should be allocated on a basis of uniform rations, and (2) that agricultural production shall be maximized and industry reactivated on peaceful lines as soon as possible and imports into Germany shall also be used on a common basis. The unagreed points include: (1) export-import plan; (2) sharing of import deficits; (3) financial reform; (4) subjection of resources in Germany to German law; (5) occupation forces and their requirements; (6) freedom of movement; (7) control of the Ruhr; (8) annulment of the US-UK bi-zonal agreement; (9) economic decentralization and decartelization; and (10) allied control over internal allocations in Germany. The Council decided to refer all agreed and unagreed points to the Control Council for information. Molotov and Bidault asked that the unagreed points be referred to the Deputies for Germany for study after the Council adjourns. Marshall said he agreed although the differences are so fundamental that he doubted whether the Deputies

²⁸ For the documents under discussion during this Council meeting, see the Provisional Record of Decisions, *supra*.

could make much progress. Bevin opposed the suggestion for the present, and no agreement was reached.

On the questions of the level of the postwar German economy and the reparations plan, one unimportant agreement has been reached. No agreement was reached on whether the disagreed points should be referred to the Deputies for study.

In regard to the provisional political organization of Germany, all delegations agree that any decision on political organization is conditional upon the prior establishment of German economic unity. Thus, agreements on several phases of Germany's political organization are all conditional. This entire question will continue to be studied by the Deputies as a result of an earlier Council decision.

The Council agreed that the Deputies' report containing agreements and disagreements on the procedure for the preparation of the German Peace Treaty would be returned to them for further study. Bevin insisted, however, that agreement on parts of the Deputies' report does not mean that parts of the procedure for a German Peace Treaty should be put into operation before there is agreement on the whole procedure.

The chairman pointed out that no agreement had been reached on other items on the Council's agenda, including (1) Germany's boundaries, (2) the Ruhr and the Rhineland, and (3) the US draft disarmament and demilitarization (four-power pact) treaty for Germany.

Marshall stated that the US regards very seriously what in effect is the virtual rejection by the Soviet Union of the US draft four-power treaty for the disarmament of Germany. (Text cabled Dept.) He said the additions included in the redraft of the treaty proposed by Molotov render obviously impossible any hope of concluding such a treaty at this time. The US finds it difficult he added, to understand why the USSR declines to agree to the treaty. He concluded by stating that the US is not withdrawing its proposal for such a treaty even though there is no prospect of agreement at this Council meeting.

Molotov replied that the Soviet Union does not consider the US draft satisfactory in its present form but added that the USSR agreed with the aim of a such a treaty. He repeated other arguments previously made but added nothing new. He maintained that the US refusal to discuss the proposed Soviet additions prevented discussion of the substance of the treaty.

Bevin recalled that the Council had not yet acted on the British pro-

posal concerning the repatriation of German prisoners of war. The Council agreed: (1) that the occupying powers will furnish to ACC by July 1947 their plans for the repatriation to Germany of German prisoners of war now under their control or transferred to any other allied power; and (2) completion of the repatriation by December 1948.

Marshall then asked the Council to decide whether it could or could not conclude the Austrian Treaty here. (Text cabled Department). He pointed out that the main outstanding issue is the clause dealing with the disposition of German assets in Austria. He said there was no substantial difference in the views of the British, French and US delegations on this subject. These three delegations have made clear, he continued, that they cannot accept the present Soviet position and that despite their urging, no new Soviet proposal has been made. He said that unless the Soviet delegation has some concrete proposal to make which will make clear that German assets in Austria do not include assets which in justice and equity should be restored to non-Germans, we must accept the fact that further progress in the Austrian Treaty is impossible at this conference. He suggested that if agreement among the occupying powers could not be reached before September, the United Nations Assembly be asked to make recommendations.

Molotov said he would reply after studying Marshall's statement. Bevin suggested and the Council agreed to meet again tomorrow after the Deputies for Austria attempt once again to reduce the number of unagreed clauses except the five principal unagreed clauses which would be discussed by the Ministers. Molotov pointed out, however, that the Soviet delegation had nothing new to add to a discussion of the principal treaty issues on which there is no agreement. The Council also agreed to decide at tomorrow's session the date and place of the next Council session.

Marshall asked and the Council agreed that the US proposal to reduce the size of the occupation forces in Germany be placed on the agenda for discussion tomorrow. He recalled that the Council had not discussed this proposal because Molotov had stated at the beginning of this CFM session that he was not ready to discuss it.

The Council then adjourned.

Department please pass to Vienna as 56, Rome as 48 and Paris as 174.

Repeated to London as 185, Berlin 326.

[MARSHALL]

CFM Files : Lot M-88 : Box 60

*Provisional Record of Decisions of the Council of Foreign Ministers,
Forty-Third Meeting, Moscow, Aviation Industry House, April 24,
1947, 4 p.m.*

SECRET

CFM (47) (M) 43rd Meeting

PRESENT

U.K.

Mr. Bevin (Chairman)
Sir Maurice Peterson
Sir William Strang
Lord Hood
Sir E. Hall-Patch

FRANCE

M. Bidault
General Catroux
M. Couve de Murville
M. Alphanand
M. de St.-Hardouin

U.S.S.R.

M. Molotov
M. Vyshinski
M. Smirnov
General Kurasov
M. Kiselev

U.S.A.

Mr. Marshall
Mr. Smith
Mr. Cohen
Mr. Dulles
General Clark
Mr. Bohlen

I. TREATY FOR THE DISARMAMENT AND DEMILITARIZATION OF GERMANY

The Council heard the statement of the Soviet Delegation on this subject (CFM/47/M/155²⁹).

II. TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA

There was an exchange of views concerning the establishment of Four Power Commission for the consideration of disagreed questions of the Austrian Treaty (USSR-CFM/47/M/156³⁰).

It was *agreed*:

1. To establish a Commission consisting of representatives of the Soviet Union, the United Kingdom, the United States of America

²⁹ For the text of Molotov's statement under reference here, see Molotov, *Problems of Foreign Policy*, pp. 448-450.

³⁰ The document under reference contained the text of Molotov's statement on the draft Austrian treaty which included a proposal for the establishment of four-power commission to examine all the unagreed clauses in the draft treaty; for the text of Molotov's statement, see Molotov, *Problems of Foreign Policy*, pp. 451-453.

and of France, charged with the examination of all disagreed questions of the Austrian Treaty; this Commission shall include a Committee of Experts to give special consideration to Article 35 and the appropriate parts of Article 42, and to the establishment of concrete facts [with the aim of possible co-ordination of the points of view of the Governments represented on it].

[The U.K. Delegation proposes to insert instead of the words in brackets in paragraph 1 the following separate paragraph: "2. The aim of the Commission shall be the co-ordination of the points of view of the Governments represented on it". The U.S.A. and French Delegations agree with this wording.]

2. The Commission shall submit its report without delay to the Council of Foreign Ministers.

3. The Commission will sit in Vienna and shall begin its work on May 12, 1947.

III. TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA. REPORT BY THE DEPUTIES

The Council heard the report of the Acting Chairman of the Deputies Meeting (CFM/D/47/M/A/57th Meeting).

Article 10.

The text submitted by the Deputies was *agreed*. All disagreed questions are referred to the Commission established in accordance with Section II of the present Record of Decisions.

IV. LIMITATION OF THE OCCUPATION FORCES IN GERMANY

There was an exchange of views on this subject.

Finding it necessary to limit the occupation forces in Germany the Council *agreed* to suggest that the Allied Control Council in Germany should consider this question and determine the size of armed forces of the USA, United Kingdom, France and the USSR in Germany.³¹ The Control Council will report its decision to the Council of Foreign Ministers not later than June 1, 1947.

V. NEXT SESSION OF THE COUNCIL

It was *agreed* to hold the next regular session of the Council in London in November 1947. The Agenda shall be settled through diplo-

³¹ It was the understanding of the Department of State that the Council of Foreign Ministers had agreed that September 1, 1947, would be the target date for the reduction of occupation forces in Germany. As a result of a request by the United States, the concluding phrase "as on September 1, 1947" was added to this sentence of the Council's decision as it was transmitted to the Allied Control Council for Germany in document CFM(47)(M)158, May 10, 1947, p. 470.

matic channels. If all of the Four Ministers will be in New York for the session of the General Assembly of UNO in September [they would be able to agree to hold there a short session of the Council]. [The U.S.A. Delegation proposes to insert instead of the words in brackets in the above paragraph the following: "they will hold there a short session of the Council". The U.K. and French Delegations agree with this wording.]

VI. WORK OF THE DEPUTIES FOR GERMANY

The Ministers agreed to settle through diplomatic channels the question of the place and the time of the beginning of the work of the Deputies for Germany.

VII. APPROVAL OF RECORDS OF DECISIONS

It was *agreed* to approve the Records of Decisions of the 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39 and 40th Meetings of the Council.

VIII. CLOSURE OF THE FOURTH SESSION OF THE COUNCIL

It was *agreed* to close the present session of the Council.

740.00119 Council/4-2547 : Telegram

The Secretary of State to the Acting Secretary of State

CONFIDENTIAL

Moscow, April 25, 1947—1 a.m.

URGENT

1546. Delsec 1472. For the President, Vandenberg, Connally and Acheson, from Marshall. Final Council of Foreign Ministers meeting, April 24, Bevin presiding, opened with Molotov replying to statements made by Marshall yesterday on the Austrian treaty and the four-power pact for the disarmament and demilitarization of Germany.³² Molotov denied that the Soviet Union opposed a quadripartite treaty to insure German disarmament but insisted that the changes on the draft treaty he had proposed were necessary to prevent any new German aggression. He accused the United States of attempting to impose its will on other states by declining to discuss the Soviet amendments to the United States draft. He said he would continue to seek agreement on such a treaty on the basis of the United States draft and the Soviet proposals.

³² For a detailed account of Molotov's statements summarized here, see Molotov, *Problems of Foreign Policy*, pp. 448-453.

Molotov stated that the Soviet Union viewed the question of German assets in Austria in the light of the promises made to the USSR covering German reparations. He repeated again the United States definition of these assets would deprive the USSR of assets which it had been promised at Potsdam. He rejected Marshall's tentative suggestion to refer the question to the United Nations Assembly on the ground that the drafting of an Austrian treaty was beyond the competence of the United Nations.

After discussing several proposals, the Council agreed to appoint a special commission consisting of representatives of each Council member to meet in Vienna on May 12 to discuss all disagreed questions of the Austrian treaty. A special committee of experts will be formed under the commission to study the facts involved in the question of German assets in Austria and Austrian property in Allied and associated states. The commission will seek agreement on all differences and report without delay to the Council of Foreign Ministers.

Marshall brought up the United States proposal³³ on the reduction of occupation forces to Germany which directs the Control Council for Germany to report to the Foreign Ministers on the size of the security forces which it is necessary for the occupying powers to keep in Germany. Molotov proposed that the Council limit the occupation forces in Germany to 200,000 men for the USSR, 200,000 for the United States and United Kingdom, since their zones are combined, and 50,000 for France. Bevin said he would agree to a limit of 145,000 men for the United Kingdom zone but that the USSR, United Kingdom, and United States zones should have an equal number. Bidault agreed that the occupation forces should be limited but he was not authorized to accept a revision of the previous figure of 70,000 men for the French zone.

Marshall asked the Council not to attempt to fix specific figures but to agree on the generalized United States proposal. He said the United States desired to reduce its forces as quickly and as far as the situation

³³ The United States proposal under reference, circulated to the Council of Foreign Ministers as document CFM (47) (M) 51, March 23, 1947, read as follows:

The Council of Foreign Ministers instructs the Allied Control Council as follows:

1. In order that the German economy may become self-supporting at the earliest possible date and to expedite the availability of products for export, the size of the occupying forces and thereby the costs of occupation should be reduced progressively to the minimum consistent with security and with the fulfillment of Allied objectives.

2. The Allied Control Council will determine the security forces necessary in each Zone of Occupation as of 1 July 1947 and 1 July 1948. It will report its conclusions to the Council of Foreign Ministers not later than 1 June 1947. (CFM Files : Lot M-88 : Box 58)

permits and rejected Molotov's suggestion that the total forces in the US and UK zones should equal those in the Soviet zone alone. The Council agreed to ask the Allied Control Council to report by June 1947 on the maximum forces to be permitted in each zone.

The Council decided that its next regular meeting would be held in London in November. If all four Foreign Ministers attend the United Nations [General] Assembly meeting in December in New York, a brief meeting with a limited agenda will be held at that time.³⁴

The agenda for the next session was then discussed. Bevin suggested that completion of the Austrian treaty be the first item. Marshall asked that a decision on the agenda await later developments and that the Ministers communicate their views through diplomatic channels. Molotov agreed with Marshall, adding that the Austrian treaty and the German question would of course be on the agenda. The Council accepted this solution.

The Council then discussed the meeting place for the Deputies for Germany. Bidault proposed London and Marshall suggested Berlin.³⁵ The Council members will choose between the two cities and communicate their decision through diplomatic channels. The Council of Foreign Ministers then adjourned its fourth session.

Department please pass to Vienna as 57, Rome as 49, and Paris as 176.

Sent Department as 1546, repeated London 187, Berlin 332.

[MARSHALL]

³⁴ In connection with the holding of the next Council session, E. S. Mason of the United States Delegation sent Secretary Marshall the following memorandum on April 24:

"Mr. Bevin wished to convey to you the following message. He prefers to hold the next Council Meeting after the General Assembly meeting. He recognizes that this would mean postponing the next Council Meeting until after the first of next year. He prefers London as the meeting place. I told Mr. Hall-Patch that I believed you favored holding the next Council Meeting shortly before the General Assembly convenes. You may wish to discuss this matter with Mr. Bevin before the meeting today." (CFM Files: Lot M-88: Box 99: Procedure)

³⁵ On April 22, 1947, Secretary Marshall had written to Foreign Minister Bidault on this subject as follows:

"I have been giving some thought to the question where our Deputies for Germany should meet after the present session of the Council of Foreign Ministers. As you know, it has been suggested that Berlin would afford certain advantages.

"Among these are available staff, reference data, housing, and communications, and particularly the advantage of reduced expenditure, the latter I feel is not an inconsequential item as I believe our Governments are all interested in reduced public expenditure. I know my Government is. We estimate that the saving of public funds would be substantial if the Deputies would be established, at least temporarily, at Berlin." (CFM Files: Lot M-88: Box 99: Procedure)

D. CONFERENCE DOCUMENTS AND SUPPLEMENTARY PAPERS

1. The German Peace Settlement; Quadripartite Control Over Germany

CFM Files : Box 58

*The Secretary General of the Inter-Allied Reparations Agency (Sutton) to the Secretary General of the Council of Foreign Ministers*³⁶

[LONDON,] January 29, 1947.

SIR: On October 10, 1946 the President of the Inter-Allied Reparations Agency had the honor to submit to the Council of Foreign Ministers the resolution of the Agency's assembly, adopted on October 8, 1946.³⁷ According to your letter of December 13 confirming the receipt of the resolution, it was to be considered at the subsequent meeting of the members of the Council of Foreign Ministers in Moscow in March.

I have been instructed by the assembly to present the enclosed memorandum supplementing the resolution of October 8, 1946.

I must add that, in view of the great importance for the assembly of all questions concerning reparations from Germany and in view of the special knowledge that has been acquired by the members of the assembly in the field of technical and administrative problems concerning these reparations, the assembly has instructed the President of the Agency and myself to consider ourselves as being at the disposal of the Council of Foreign Ministers in case the Council should desire to receive further information concerning questions arising from the enclosed memorandum.³⁸

I have [etc.]

N. E. P. SUTTON

³⁶ This communication was first circulated to the Deputies for Germany as document CFM(D) (47) (G) 39, January 31, 1947. At their 23rd Meeting at London, February 17, 1947, the Deputies agreed to refer this communication to the Council of Foreign Ministers at its forthcoming Moscow Session. At its 2nd Meeting, March 11, the Council of Foreign Ministers decided that the communication, which had been circulated as an enclosure to document CFM(47) (M) 1, March 10, 1947, not printed, would not be considered as a separate item on the agenda but would be considered at the time the overall matter of reparations was considered.

³⁷ For the texts of the letter and resolution under reference, see *Foreign Relations*, 1946, vol. II, pp. 1562-1563.

³⁸ At its 8th Meeting, March 18, the Council of Foreign Ministers agreed that the Deputies for Germany should hear representatives of the I.A.R.A. and then report to the Council; see the United States Delegation Minutes of that Council meeting, p. 257. For the report of the Deputies to the Council on the hearing given the representatives of the I.A.R.A., see document CFM(47) (M) 98, April 3, 1947, p. 434.

[Annex]

*Memorandum From the Inter-Allied Reparations Agency to the
Council of Foreign Ministers*

[undated.]

I. Basic Aim of the Paris Agreement on Reparations

The Inter-Allied Reparations Agency was created by the Paris Agreement on Reparations of January 14, 1946.³⁹ The aim of this agreement, signed by eighteen governments, was to secure a just distribution among the countries which signed this agreement of the assets declared subject to reparations from the western zones of Germany in accordance with the Potsdam Declaration.

II. Basis for Reparations

The powers which signed the Potsdam Declaration agreed to establish a general policy regarding reparations and the elimination of the war industry potential of Germany which, while leaving sufficient resources to enable the German people to subsist without outside aid, will force Germany to compensate to the greatest possible extent for the losses and sufferings caused by her to the United Nations and to meet the responsibilities which the German people cannot evade.

*III. Importance of Including Industrial Capital Equipment in
Reparations*

The Potsdam Declaration considers the deliveries of industrial capital equipment as one form of reparations. The real value of this type of reparations for countries receiving reparations depends to a considerable degree on the speed with which they are made available and delivered, and on the speed with which factories are dismantled. The countries represented at the Paris Conference and at present members of the Inter-Allied Reparations Agency therefore especially hoped that speedy large-scale deliveries of this kind of reparations would constitute a rapid and considerable form of help for restoration of the economy of those countries whose industry was subjected to destruction, deterioration and disorganization as a result of the war with Germany.

IV. Industrial Capital Equipment Subject to Reparations to Date

The rate of delivery of reparations from Germany in the form of industrial capital equipment has been extremely slow, and the amount

³⁹ For the text of the agreement under reference, see Department of State, Treaties and Other International Acts Series, No. 1655 or 61 Stat. (pt. 3) 3157. For additional documentation on the establishment of the Inter-Allied Reparation Agency, see the index entry in *Foreign Relations, 1945*, volume III.

received has been very small. Furthermore, the member governments of this Agency have not received information as to the general volume of capital equipment to be delivered by Germany, and as a consequence thereof they have not been able to determine to what extent they can count on this type of reparations in the formulation of plans for the rebuilding of their economic structure.

Up to the present time, the Allied Powers have left the Inter-Allied Reparations Agency only the following lists of industrial capital equipment:

a. Up to May 28, 1946, 71 plants distributed in accordance with the Potsdam Declaration, which provides for advance supplies of industrial capital equipment until the establishment of an over-all amount of equipment subject to withdrawal from Germany.

b. In November 1946, general purpose lathes from 51 war plants.

c. In November 1946, general purpose lathes and equipment to a value of 75 million reichsmarks, from the British zone.

d. In December 1946, general purpose lathes and equipment to a value of 15 million reichsmarks from the French zone.

Of the 122 plants indicated in *a* and *b*, it has been impossible to date to distribute the equipment of 30 thereof among the member governments of the Agency, since the corresponding inventories have not been received from the Allied Control Authorities. The items mentioned in *c* and *d* are still in the process of being identified by the corresponding zonal authorities.

Furthermore, only a small part of the equipment distributed to date by the Inter-Allied Reparations Agency among the member governments of the Agency has been furnished by it.

It is expected that the Inter-Allied Reparations Agency will soon conclude the distribution among member governments of the Agency of all usable industrial capital equipment given the Agency and for which inventories have been received. This amount of equipment is not only small in itself but is also insignificant as aid in the restoration of the economies of the countries concerned.

V. Effect on the Paris Agreement of the Present Situation With Respect to Reparations

The percentage quotas of Governments which signed the Paris Agreements, the primary aim of which was to guarantee an equitable distribution of all German assets subject to reparations, were established after a detailed statistical study of the war effort and losses of each country; furthermore, the assumption that the amount of industrial capital equipment included in reparations would be significant

was likewise taken into consideration. The problem of effecting an equitable distribution of reparations in accordance with such percentage quotas, taking into account the small amount of industrial capital equipment made available to date, is already becoming most difficult. If the industrial capital equipment in Germany should not be made available in large amounts, it will be impossible to carry out some of the important decisions of the Paris Convention in their present form as planned.

740.00119 Council/3-2047 : Telegram

The Acting Secretary of State to the Secretary of State at Moscow

TOP SECRET

WASHINGTON, March 20, 1947—1 p.m.

586. Secdel 1349. Personal for Secretary from Acheson. March 13 I attended meeting in Secretary Anderson's office with Secretaries Commerce,⁴⁰ War,⁴¹ Navy,⁴² Budget Director⁴³ and Herbert Hoover to hear latter's views on Germany.⁴⁴ These were:

(a) Prospects for economic unification of Germany very slight because Russians will not agree to give up their control of German industries their zone and to unify Germany without such agreement would be to grave disadvantage of British and ourselves and might soon result in Russian control of all of Germany.

(b) Therefore, only sound course is to proceed to make Germany self-supporting and remove the load from British and American taxpayers by concentrating our efforts on British and American zones and, if possible, on French.

(c) This means that level of industry agreement should be regarded as having been set aside by Russian breaches of the Potsdam conception of an economically unified Germany and we should develop German heavy industry.

(d) Development of German heavy industry is necessary to support Germany because Germany cannot furnish necessary exports by products of light industry. Light industry in Germany would have to be developed to do this with disastrous result to international trade. Furthermore, it would not be successful.

(e) Heavy industry development necessary not only for Germany to support itself but necessary if Europe, particularly that part not under Soviet control, is to get the necessary steel and machinery. U.S. cannot with its present plant capacity supply this steel and machinery and it could never be paid for if supplied.

⁴⁰ W. Averell Harriman.

⁴¹ Robert P. Patterson.

⁴² James V. Forrestal.

⁴³ James E. Webb.

⁴⁴ For Secretary Forrestal's account of this meeting, see *The Forrestal Diaries*, pp. 255-256.

(f) It was recognized that program suggested by Hoover would produce some complications arising out of competing demands of France for Ruhr coal.

(g) Denazification procedures should permit employment German technicians at their skills.

Cabinet officers present seemed to concur in the views expressed. I told them nothing in this analysis unfamiliar to you and your advisers. Discussion reported for information and not with idea that action contemplated your absence.

ACHESON

740.00119 Council/3-2147 : Telegram

The Acting Secretary of State to the Secretary of State at Moscow

TOP SECRET

WASHINGTON, March 21, 1947—7 p.m.

611. Secdel 1361. Personal for the Secretary. Mr. Pauley has requested Dept to transmit following message to you :

“Have been greatly impressed by reports of Molotov’s current insistence on 10 billion reparations. Went through this entire argument with Maisky and others at Moscow meeting in 1945⁴⁵ and later at Potsdam.

Feel sure Stalin, Molotov and other Soviet officials firmly committed internally budgetwise and to their people with regard to obtaining reparations having a monetary value of 10 billion dollars, consequently, do not believe they can be dissuaded from that point, if it involves public exposure of their previous inaccuracies.

However this problem can be solved by different methods of valuation. So long as they are permitted to value their reparations in amount of 10 billion whether the value is fictitious according to US standards or not, they will be able to say they have maintained their long advocated position of obtaining 10 billion reparations. Respectfully call your attention to the fact that USSR and Poland will receive more than this in fee ownership of land etc. east of Oder and Neisse Rivers.

If in addition what they get from Germany is valued at 10 billion through their own methods of valuation, believe it immaterial to fix total monetary value of reparations to be removed from Germany.

Am convinced from previous contacts present USSR leaders will lose face if they back down on 10 billion reparations figure.

Believe sincerely you are doing marvelous job reflecting untold credit on US and yourself. Am making above suggestion in hopes your splendid record will not be endangered by Russian adamance on a point that can be handled in manner suggested above.”

⁴⁵ For documentation on the meetings in Moscow during June and July 1945 of the Allied Commission for Reparations, see *Foreign Relations*, 1945, vol. III, pp. 1169 ff. and *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. I, pp. 510-548 *passim*.

While not disputing Pauley's thesis as stated in para two, Dept questions whether in fact reparation assets obtained by Soviets, including those east of Oder-Neisse line can be valued in manner producing total of ten billion dollars without using methods of valuation which cannot stand close scrutiny. More important, acceptance of thesis that Soviet Union is in fact entitled to ten billion reparation involves also acceptance thesis IARA countries are entitled to same amount. Dept sees no conceivable means of valuing past and future reparation to IARA countries at total even remotely approximating this amount.

ACHESON

740.00119 Council/3-2447 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET

Moscow, March 24, 1947—4 p.m.

974. Delsec 1339. For Acheson from Marshall. The following reports are for the personal information of the President, Vandenberg, Connally and yourself:

Mr. Dulles reports that Bidault made the following statements to him in a recent conversation:

"Bidault said that his interview with Stalin had had no significance.⁴⁶ Stalin had confined himself to expressing strong disapproval of a federalized Germany and the hope that the French would not press for this. Bidault felt that Stalin wanted a central government because he felt confident the Soviets could get control of it and thus get control of all Germany. Bidault felt that no great decision about Germany would be made at Moscow and stated that any final peace terms for Germany might be a matter not merely of months but of possibly a couple of years. He said that putting the French zone in with ours would involve a major political decision as it would be interpreted by the Soviet Union as the creation of a western bloc and France was not in a position to make that decision at the present time. However, Bidault hoped that the situation might develop shortly which would permit that decision being made and he would press its study although probably no answer could be given at Moscow."

[Here follows a brief summary of the memorandum of the Marshall-Bevin conversation of March 22, page 273, and the complete text

⁴⁶ Foreign Minister Bidault met with Generalissimo Stalin on March 17, 1947. Regarding this meeting, see also telegram 1279, March 25, from Paris, p. 400.

of Bevin's letter of March 23 to Marshall quoted in footnote 46 thereto.]

[MARSHALL]

CFM Files : Lot M-88 : Box 58

*Report by the Deputies for Germany to the Council of
Foreign Ministers* ⁴⁷

SECRET

MOSCOW, March 24, 1947.

CFM (47) (M) 60

PROCEDURE FOR THE PREPARATION OF THE GERMAN PEACE TREATY

1. The Deputies herewith submit to the Council of Foreign Ministers the draft of the proposed procedure for the preparation of the German Peace Treaty (see Annex ⁴⁸). This draft shows the agreed and unagreed passages, and indicates in the case of the unagreed proposals which Delegations support those proposals.

The Document is divided into two parts. The first part sets forth the procedure for the preparation of the draft Peace Treaty by the Council of Foreign Ministers. It also deals with the calling of a Peace Conference and the signature and ratification of the Peace Treaty. The second part is devoted to the consultation and information of the Allied States and their participation in the preparation of the Peace Treaty.

2. There is agreement among the four Delegations on the following principal proposals:

(a) The title of the document should be "Procedure for the Preparation of the German Peace Treaty".

(b) The German Peace Treaty will be prepared by the Council of Foreign Ministers composed for this purpose of the members of the Council representing the Powers signatory to the Act of Military Surrender of Germany, in accordance with the Potsdam Agreement.

In the preparation of the Peace Treaty the Council will consult certain named Allied States.

(c) These Allied States are those which are neighbours of Germany and other Allied States which participated with their armed forces in the common struggle against Germany.

⁴⁷ Following a consideration of this Report at its 13th Meeting, March 25 (see telegram 1013, Delsec 1345, March 25, from Moscow, p. 287) and its 14th Meeting, March 26 (see telegram 1030, Delsec 1353, March 26, from Moscow, p. 292), the Council of Foreign Ministers decided to refer the Report back to the Deputies for further consideration.

⁴⁸ The Annex is not printed. As revised by the Deputies, this Annex was circulated to the Council as document CFM (47) (M) 125, April 12, 1947, p. 452.

(d) These Governments should be given full opportunity to communicate to the Deputies or to the Council any views which they desire to present in connection with the German problem.

(e) Four permanent Committees will be set up by the Council for the study of questions relating to the German Peace Treaty:

Committee on the political and constitutional structure of Germany.

Committee on territorial adjustments and related problems.

Committee on the economic organization of Germany and reparations.

Committee on disarmament and demilitarization.

(f) Each of the four Committees will appoint Sub-Committees to examine concrete questions.

(g) The Council will establish an Information and Consultation Conference of the Allied States. Representatives of the Four Powers and of the Allied States mentioned in subparagraph (e) above will be members of the Conference.* In this Conference the Allied States will receive information and documents about the proceedings of the Council, the Deputies, the Committees and Sub-Committees. Representatives of these Allied States will be able to comment and ask questions in oral or written form on any problem discussed in the communications or documents brought to their attention.

(h) The Governments of other Allied belligerent States, in addition to those in sub-paragraph (e) above, and of ex-enemy States which subsequently participated on the side of the Allied States with their armed forces in the war against Germany, will at an appropriate stage of the preparation of the Peace Treaty be given an opportunity to present their views on the German problem orally or in writing, to the Deputies or to the Council of Foreign Ministers, as the latter may think appropriate.

3. The following are the principal points on which agreement was not reached by the Deputies:

(a) The Soviet and French Deputies consider that Albania should be included in the list of Allied States referred to in paragraph 2(c) above, which will be consulted in the preparation of the Peace Treaty, and should therefore participate in the Information and Consultation Conference and in the Peace Conference. The U.S. and U.K. Deputies oppose this.

(b) Composition of Committees and Sub-Committees. The U.S. Delegation consider that the Committees should be composed of representatives of the Four Powers together with a convenient number of representatives drawn from the Allied States referred to in paragraph 2 (c) above.

The U.K. Delegation considers that the Committees should be composed of representatives of the Four Powers together with representa-

*The U.S. Delegation consider that provision should also be made for representation on the Information and Consultation Conference in addition to the Allied States referred to in sub-paragraph (c) above, of the States which were at war with, but which did not participate with their armed forces against Germany. The Deputies held a preliminary discussion on this proposal, but did not reach agreement. [Footnote in source text.]

tives of any of the Allied States referred to in paragraph 2 (c) who may wish to be represented.

The Soviet and French Delegations consider that the Committees should be composed of representatives of the Four Powers only.

The French Delegation has made clear that the question of the permanent Committees is, in its opinion, connected with that of the Sub-Committees and that it had proposed to restrict the composition of the permanent Committees to four members, on the understanding that in any case the Sub-Committees would include, in addition to the representatives of the Four Powers, representatives of the States directly interested in the problems considered by those Sub-Committees.

The Soviet Delegation considers that the composition of the Sub-Committees should be analogous to the composition of the permanent Committees and that the Sub-Committees may invite representatives of other States to present their views on questions in which they have a direct interest.

The U.S. and U.K. Delegations consider that the Sub-Committees should be composed of representatives of the Four Powers together with a convenient number of representatives drawn from the Allied States referred to in paragraph 2(c).

(c) The U.K. and U.S. Delegations propose that oral statements made by the representatives of Allied States (see paragraph 2(d) above) should be made in the presence of representatives of others of the Allied States wishing to attend as observers, and that it should be open to representatives attending as observers to make additional comment upon communications from representatives of other Allied States.

The French Delegation reserves its position regarding this proposal, pending the adoption of the whole procedure.

The Soviet Delegation is opposed to it.

(d) The Soviet Delegation proposes the insertion of a paragraph as follows: "Representatives of other Allied States not represented on the Council will be invited to participate in the discussion and study of questions relating to the German Peace Treaty in which they have a direct interest."

The U.S. and U.K. Delegations do not agree to the insertion of item "d" mentioned above in the form given, but reserve their final opinion.

The French Delegation also reserves its opinion, pending the adoption of the whole procedure.

(e) The U.S. Delegation has reserved its position with respect to the arrangements for a Peace Conference and other later stages of the peace-making on the ground that it is premature at the present time to attempt to decide on procedure for this period.

The U.K., French and Soviet Delegations are in general agreement on the arrangements proposed for the process of holding a Peace Conference and for the signature and ratification of the German Peace Treaty with the following exceptions:

The U.K. and French Delegations consider that the Conference should be called when the preparation of the draft is "completed or sufficiently advanced", whereas the Soviet Delegation considers

that the Conference should not take place until the draft is "completed".

The U.K. and French Delegations consider that China should be one of the convening powers of the Conference. The Soviet Delegation disagrees.

The Soviet Delegation considers that the Peace Conference should be called when a central government is formed in Germany which will be deemed adequate for the purpose of accepting the said document.

The U.K. Delegation does not agree that the calling of the Peace Conference must necessarily await the formation of a central German government. The U.K. and Soviet Delegations agree, however, that the German Government should be given an opportunity of stating its views before the Treaty is signed.

The Soviet Delegation considers that such opportunity should be afforded to the German Government at the Peace Conference. In the opinion of the U.K. Delegation, this will depend on the existence of a German Government adequate for the purpose of accepting the Peace Treaty at the time of the Peace Conference. The Soviet Delegation considers this provision superfluous.

The French Delegation considers that it is inadvisable to make any mention of a German Government until one exists.

The French Delegation proposes that the Information and Consultation Conference should begin its work immediately and without awaiting agreement regarding the remainder of the procedure.

The Soviet Delegation disagrees with this proposal; the other Delegations reserve their position.

862.6362/3-2547 : Telegram

The Ambassador in France (Caffery) to the Secretary of State

SECRET

PARIS, March 25, 1947—7 p.m.

1279. The Acting Minister for Foreign Affairs Teitgen told me today that his government is still exceedingly worried about the Ruhr coal situation and most unhappy in regard to Bevin's stand in that connection at Moscow. He said that if France can obtain a reasonable solution for the Ruhr coal business it would be much easier for his government to support our thesis on a number of other points at Moscow. All the more because the entire Cabinet he said except the Communist basically desires to cooperate with the United States.

First of all he said his government considers the Four Power pact to be essential. Next his government would go along with us in regard to economic unity of Germany and also in raising certain production levels. His government believes that a provisional government based on the *Laender* but with certain delegated powers to a central authority should be set up without delay, especially in view of the fact that it is obvious no definite peace treaty for Germany can be terminated at an early date. "Furthermore" he said "the powers of the central authority

could be gradually extended. I personally envisage the possibility that one day it might evolve into a real central government”.

“Then there is” he said, “the question of unification of our zones. In principle we are not opposed to that but it would be difficult for us to sign a solemn agreement for unification. On the other hand unification of our zones could be effected little by little on an informal basis. The same result could be achieved and we would avoid the complications with the Communists which a public notice of unification would bring on for us”. He then repeated “in view of our public opinion on coal, however, we do not feel that we can contribute to any of these matters until we have the coal matter settled.”

He remarked “Stalin told Bidault in effect ‘you vote with us and we will vote with you’”. “Obviously” said Teitgen “that is the last thing we want to do and Bidault made it clear that we could not enter into such an agreement”.⁵⁰

He added “you are now about to spend a lot of money to keep the Communists out of Greece and Turkey which is very fine; but don’t you think it is worth while keeping the Russians out of here too? What I mean is this, if we have an economic collapse because we don’t get coal the Communists will probably be the gainers.”

Repeated London 253; Moscow for US Delegation 181.

CAFFERY

CFM Files: Lot M-88: Box 58

*Report by the Coordinating Committee to the Council of Foreign
Ministers*⁵¹

SECRET

MARCH 26, 1947.

CFM(47)(M)64

PREPARATION OF THE PROPOSALS IN REGARD TO THE REPORT OF THE
ALLIED CONTROL COUNCIL⁵²

I. DEMILITARIZATION

A. Elimination of war potential

1. In the sphere of the elimination of industrial war potential, all four Delegations are agreed that Category I war plants mentioned in

⁵⁰ For additional information on the Stalin-Bidault conversation in Moscow on March 17 under reference here, see telegram 974, Delsec 1339, March 24, from Moscow, p. 396.

⁵¹ This Report was discussed by the Council of Foreign Ministers at its 16th Meeting, March 28 (see telegram 1074, Delsec 1363, March 28, from Moscow, p. 295). Regarding the establishment of the Coordinating Committee, see the report on the Council’s 12th Meeting, March 22, telegram 963, Delsec 1336, March 22, from Moscow, 276.

⁵² Regarding the Report of the Allied Control Council for Germany, see footnote 95, p. 239.

Control Council Directive No. 39⁵⁸ and special armament machinery in other plants will be eliminated as soon as possible. No agreement could be reached on the simultaneous elimination of the plants of Categories II and III. The French and Soviet Delegations require the fixing of a date for the elimination of these plants. The U.S. and U.K. Delegations consider that the elimination of these plants is dependent upon decisions on economic unity and the level of industry of Germany.

2. Moreover, no agreement could be reached on the establishment of the time limit for the drafting of a plan for the liquidation of industrial war potential, nor on a time limit for the actual completion of the liquidation of the industrial war potential in Germany as required by the Soviet and French Delegations.

B. Disbandment of German units

1. Agreement was reached in principle on the disbandment of existing German units. Agreement could not be reached on the date by which this disbandment shall be completed nor on the tasks for which Germans may legitimately be employed. The Soviet Delegation also insists on the disbandment of those units which are used for mine sweeping and/or guard duties.

C. Commission of inquiry into the elimination of war potential

1. All delegations have accepted in principle the establishment of a quadripartite commission to inquire into the progress made in the elimination of the German war potential. The Soviet Delegate made his acceptance of this proposal conditional upon the Commission being authorized to inquire also into the progress made in the disbandment of German and non-German military formations and upon the drafting of a plan and the fixing of time limits for the elimination of industrial war potential in Germany.

2. The U.S. Delegation knows of no military formations of Germans or non-Germans.

3. The U.S., British and French Delegations note that the terms of reference and the sphere of competence of the Commission have not yet been defined.

D. Destruction of military equipment and disbandment of units consisting of non-German nationals

1. The Delegations could reach no agreement on the questions of time limits for the destruction of military equipment and demolition of military installations in Germany and also regarding the disbandment of units consisting of non-German nationals.

⁵⁸ Official Gazette of the Allied Control Council for Germany, No. 11, October 31, 1946.

II. DENAZIFICATION

A. All delegations are in agreement on the following:

1. that measures concerning the acceleration of denazification in all Zones of Germany based on Control Council Directives 24⁵⁴ and 38⁵⁵ should be taken.

2. that the Soviet proposal on denazification should be considered as being agreed in principle leaving open the question of drafting these proposals.

B. Agreement was not reached by the delegations on the question of promulgation by German authorities in the various *Laender* of denazification laws based on Control Council Directive 38, which laws would establish uniform measures for the execution of denazification in all Zones of Occupation.

III. DEMOCRATIZATION

A. *Political Parties*

1. All delegations agree to the principle of free development and activity of democratic political parties on a democratic basis.

2. Soviet, UK and US delegations agree on desirability of having political parties on an all-German basis.

3. The positions of the US and UK delegations in this respect are contingent on agreement to establish a provisional government.

4. The French delegation considers that the moment has not yet come to consider the possibility of development of political parties on a nationwide basis, and it is preferable for the time being to assure freedom of activity for these parties within the limits of States.

Soviet memo	CFM/47/M/9 ⁵⁶
French memo	CFM/47/M/57 ⁵⁷
UK memo	CFM/47/M/39 ⁵⁸
US memo	CFM/47/M/53 ⁵⁹

⁵⁴ Entitled "Removal from Office and from Positions of Responsibility of Nazis and of Persons Hostile to Allied Purposes", dated January 12, 1946, *Official Gazette* of the Allied Control Council for Germany, No. 6, April 30, 1946.

⁵⁵ Entitled "The Arrest and Punishment of War Criminals, Nazis, and Militarists and the Internment, Control, and Surveillance of Potentially Dangerous Germans," dated October 12, 1946, *ibid.*, No. 11, October 31, 1946, or Rühm von Oppen, *Documents on Germany*, p. 168.

⁵⁶ A statement made by Foreign Minister Molotov at the 4th Meeting of the Council of Foreign Ministers, March 13; for the text, see Molotov, *Problems of Foreign Policy*, pp. 348-358.

⁵⁷ Dated March 24, 1947, and entitled "Resolutions Proposed by the French Delegation in Connection with the Discussion of the Report of the Control Council", not printed.

⁵⁸ Statement tabled by Foreign Minister Bevin at the 11th Meeting of the Council, March 21, and entitled "Suggested Principles for Development of Future Political Structure of Germany", not printed.

⁵⁹ Statement by the United States Delegation on German Democratization, dated March 23, 1947, not printed.

B. Trade Unions

There is general agreement on the principles governing the establishment of free trade unions except that the US delegation expresses the opinion that the financial and organizational autonomy of member unions in an all-German federation should be protected. The Soviet delegation considers it an internal matter for the trade unions themselves. The French delegation expresses the opinion that it is too early to establish trade unions on a national basis, but that the Allied Control Council should encourage trade unions on a *Laender* basis.

Soviet	CFM/47/M/9
French	CFM/47/M/57
UK	CFM/47/M/39
US	CFM/47/M/53, para 2b

C. Elections

The Soviet and US delegations have presented principles governing elections. The US delegation proposed that elections throughout Germany shall be under the supervision and inspection of the Allied Control Council. The Soviet and French delegations agree in principle. However, the Soviet Delegation finds it expedient that the forms of supervision should not be determined at present because they should be defined by the Allied Control Council. The Soviet delegation considers it appropriate to establish for all Germany uniform principles of democratic legislation concerning elections on the basis of universal, direct, and equal suffrage, by secret ballot and on the system of proportional representation. The British delegation has made no formal proposals on elections, and states no point of view at this time on the proposals which have been submitted.

Soviet	CFM/47/M/9
French	No specific reference
UK	No reference
US	CFM/47/M/49, ⁶⁰ 53 para 2a

D. Land Reform

All delegations agreed that during 1947 it is necessary to implement land reform in all zones of occupation.

Report of ACC, Section IV, part 4

E. Circulation of Information and Ideas

All delegations agreed in principle with the US proposal for the freedom of circulation of information and ideas in Germany. The US

⁶⁰ Statement by the United States Delegation on the form and scope of a provisional political organization for Germany, dated March 22, 1947; for the text, see *Germany 1947-1949*, pp. 189-190 or Department of State *Bulletin*, March 30, 1947, pp. 569-570.

point of view is contained in paragraph 2c of the US memorandum CFM/47/M/53.

F. Freedom of Movement

1. The US and UK delegations have presented proposals for freedom of movement throughout Germany. On these proposals, no agreement has been reached.

2. The UK delegation points out that failure to get agreement on this would make it impossible for the UK delegation to agree on other matters to which it would otherwise be ready to agree.

US memo	CFM/47/M/53
UK memo	CFM/47/M/39

G. Fundamental Human Rights

1. This question is dealt with in the following memoranda:

US memoranda CFM/47/M/53 paragraph 1; 49, paragraph 5,
a, (5);

Soviet memorandum CFM/47/M/46, Section II, paragraph 6;

French memoranda CFM/47/M/41,⁶¹ paragraph 2A; 57, Section
III paragraph 1;

UK memorandum CFM/47/M/39 paragraph 3.

2. The views of the various delegations as set out in these memoranda are as follows:

US: (from CFM/47/M/53) "Every state and federal constitution in Germany shall contain specific and effective guarantees of the rights of the individual including freedom of religion, freedom from search, seizure and arbitrary arrest, freedom of speech and assembly and other basic human rights", and (from CFM/47/M/49), "Inform the provisional government that Allied approval of the constitution will depend upon the fulfillment of the following conditions:

(5) The basic rights of the individual including free speech, freedom of religion, freedom of assembly and association and other equally basic rights of man are recognized and guaranteed."

Soviet: (from CFM/47/M/46)⁶² "The all German constitution and the Land constitutions shall guarantee to all citizens of Germany, regardless of race, sex, language and creed, the democratic freedoms, including freedom of speech and press, religious worship, assembly and association."

⁶¹ Memorandum by the French Government, dated January 17, 1947, and subsequently circulated to the Council of Foreign Ministers as document CFM (47) (M) 41, March 21, 1947; for text, see *Documents Français Relatifs à L'Allemagne (Août 1945-Février 1947)* (Paris, Imprimerie Nationale, 1947), pp. 46-56.

⁶² Statement made by Foreign Minister Molotov at the 12th Meeting of the Council, March 22; for text, see Molotov, *Problems of Foreign Policy*, pp. 391-399; for a summary, see telegram 963, Delsec 1336, March 22, from Moscow, p. 276.

French: (from CFM/47/M/41): "The following basic principles, which all constitutions and legislative provisions enacted by the German public powers should respect and which are based on universally recognized democratic principles, must be included in the peace terms.

A—Basic Rights and Duties:

1) Equality of all before the law and the courts, equality of political rights, equal rights to education, equal access to all employments, the right to work and to suitable wages therefor;

2) Freedom of the individual, of his action, movements, beliefs and opinions, (and) of his right to express them. This freedom must be effectively guaranteed against arbitrary action.

3) Freedom of assembly and association, with regard for the legal regulations of a democracy, particularly in the matter of trade unions.

4) Respect for the dignity of the human being (and for) his life, development and property.

5) Respect for minority rights of all kinds, with such rights being safeguarded within the framework of the law.

6) The rights of men, as set forth above, are inalienable even by renunciation or consent. The duty of one person to another, to the family, to communities, and to humanity involves responsibilities from which no one shall be exempt."; and from CFM/47/M/57, "The Deputies are invited to define the fundamental democratic principles which must be applied in the constitutions of the different states."

UK: (from CFM/47/M/39) "The following rights must under this system be freely and immediately exercised by all Germans throughout Germany, subject only to such restrictions as may be decided by agreement within the Control Council; freedom of speech, freedom of press and radio; freedom of assembly; freedom of movement and communication; freedom of religious affairs; freedom of association for lawful purposes, freedom of the judiciary; freedom from arbitrary arrest and imprisonment."

3. The committee noted that there was general agreement among the delegations in principle on this matter.

H. Reeducation

1. The French Delegation has proposed (para 3 of Section III, CFM/47/M/57) that the Allied Control Council should establish common principles applicable to reeducation in Germany, the training of German teachers, and the participation of educators of the United Nations.

2. The Soviet Delegation proposed that instead of paragraph 3 of Section III of the French memorandum, paragraph 7 of the decisions of the Potsdam conference be substituted, and that the Allied Control Council be instructed to implement this paragraph 7.

3. The US and UK delegations have not yet taken a position on this matter.

IV. TERRITORIAL REORGANIZATION

1. The Soviet delegation has proposed (CFM/47/M/18)⁶³ that the Council of Foreign Ministers should instruct the Allied Control Council that henceforth territorial changes should only be made with consent of ACC. The US delegation had no objection to this proposal contingent on agreement being reached on provisional government. The French and UK delegations have reserved their positions.

2. The French delegation proposed (Section VII, CFM/47/M/57) that the deputies should be charged with drawing up the list and setting the territorial limits of the States. On this proposal at the present moment issue has not been joined by the other delegations.

(Note: Succeeding parts of the Report will be circulated separately when completed⁶⁴).

CFM Files : Lot M-88 : Box 94 : File-Germany Treaty V

The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State

Moscow, 27th March, 1947.

DEAR MR. MARSHALL: I am very concerned about the problem of procedure for the preparation of the German Peace Treaty which we discussed yesterday⁶⁵ and I am very anxious to know your views on the matter. I could not fully understand the American Delegation's proposals as then submitted.

May I give you the background? When we discussed this matter in connexion with the Paris Peace Conference in Moscow in 1945⁶⁶ it was emphasised, owing to the words used in the Potsdam Agreement, that we ought to define the countries who had a priority in taking part in the Peace Conference. At that time I was rather in favour, owing to the words of the Potsdam Agreement "for submission to the United Nations", that the Treaties should be submitted to a full conference. I argued then that that implied that the whole treaty had to go to all the countries, but that was opposed and it was said that this was not intended.

When we were in New York⁶⁷ and the question of the right of hear-

⁶³ Statement made by Deputy Foreign Minister Vyshinsky at the 6th Meeting of the Council, March 15, not printed.

⁶⁴ See CFM (47) (M) 74, March 28, 1947, p. 409.

⁶⁵ Reference to the 14th Meeting of the Council of Foreign Ministers, March 26; see telegram 1030, Delsec 1353, March 26, from Moscow, p. 292.

⁶⁶ For documentation on the Moscow Conference of Foreign Ministers, December 16-26, 1945, see *Foreign Relations*, 1945, vol. II, pp. 560 ff.

⁶⁷ The reference here is to the 3rd Session of the Council of Foreign Ministers, New York, November 4-December 12, 1946; for documentation, see *Foreign Relations*, 1946, vol. II, pp. 965 ff.

ing by the Deputies was under discussion I adhered to the principle that had been laid down in connexion with the other treaties, and this was adopted without dissent.⁶⁸ The definition we then agreed to is now set out in paragraph 2 of Part I of our paper on procedure.⁶⁹

I looked into the matter during the Deputies Meetings in London, and I understood that the countries named in paragraph 2 of Part I, with the exception of Albania, were agreed to by all four Deputies. I therefore recommended my Government to accept this before I came to Moscow, but called attention to Persia in view of our engagement to Persia in the Treaty.

Now, if I understand your proposal, there is to be no priority. Everybody is to be consulted on equal terms and I find a great difficulty in supporting this.

My view would be that we should determine the countries which have the prior claim actually to take part in the Peace Conference. When we have decided this, the same group of countries should be those which would have the advantage of attending and commenting in the way set out in Part II, paragraph 1, with the suggested amendments that I put forward yesterday. But I would bring the U.S.S.R. proposal into the same paragraph and it would then read as follows: ⁷⁰

“Such oral statements will be made in the presence of the representatives of the others of the Allied States entitled to attend the Peace Conference. It will be open to such representatives to make additional comment in writing upon communications from representatives of other Allied States.

In addition representatives of States not represented on the Council will be invited to participate in the discussion and study of questions relating to the German Peace Treaty in which they have a direct interest.”

Paragraph 2 of the Committee's report, I understand, is agreed, but not the following paragraphs about the composition of the Committees and Sub-Committees.

Now as to the wider group of States. It is already agreed by the Deputies in paragraph 3 of Part I that the other Allied belligerent states and the ex-enemy states who have participated with their armed

⁶⁸ Bevin is here referring presumably to item IVa of the Decisions of the Council of Foreign Ministers Respecting Its Next Session, document CFM(46)(NY)74, December 12, 1946, *Foreign Relations*, 1946, vol. II, p. 1557.

⁶⁹ The paper referred to here is the Annex to document CFM(47)(M)60, March 24, 1947, p. 397. The Annex is not printed. It was subsequently somewhat revised by the Deputies for Germany and circulated to the Council as document CFM(47)(M)125, April 12, 1947; for the text, see p. 452. Part I, paragraph 2 of the Annex to CFM(47)(M)60 was identical to the same section in CFM(47)(M)125.

⁷⁰ The first paragraph quoted here is the British proposal; the second quoted paragraph is the Soviet proposal made at the Council's 14th Meeting, March 26. For the original wording of this paragraph as it appeared in the Annex to CFM(47)(M)60, see footnote 17, p. 455.

forces in the war against Germany on the side of the Allies will at an appropriate stage in the preparation of the Peace Treaty be afforded the opportunity to state their views on the German problem orally or in writing to the Deputies or to the Council of Foreign Ministers as the latter may think appropriate. That, I think, should meet them; but I would be willing to try to get agreement to go one stage further and to say in Part II that this group should also be entitled to the information given to members of the Information and Consultation Conference as set out in paragraph 7, and to comment in writing. I do not think that they should be actual members of that Conference, nor do I think it is necessary that they should be called in in the Committee and Sub-Committee work under paragraphs 3 to 6 of Part II.

Finally, as to who should be included in the priority group. You mentioned Mexico and I have mentioned Persia. I would not be averse, in order to get agreement, to adding to the list set out as referred to above, Mexico, Persia or any other agreed limited number of states who rendered effective assistance. This could be met by saying that the States entitled to attend should be neighbouring Allied States and other Allied States who participated with their armed forces, giving the New York list and in addition certain other named states who rendered effective assistance.

I would like you to give this your earnest consideration in the hope that we might find common ground for the Deputies.

Yours sincerely,

ERNEST BEVIN

CFM Files : Lot M-88 : Box 58

*Report by the Coordinating Committee to the Council of Foreign Ministers*⁷¹

SECRET

MARCH 28, 1947.

CFM(47)(M)74

PREPARATION OF THE PROPOSALS IN REGARD TO THE REPORT OF THE ALLIED CONTROL COUNCIL

V. FORM AND SCOPE OF PROVISIONAL POLITICAL ORGANISATION OF GERMANY

1. The Coordinating Committee attach to this report all the proposals of the four Delegations. These are :

Soviet Delegation CFM/47/M/46⁷²

⁷¹ This is a continuation of the Coordinating Committee Report begun in document CFM(47)(M)64, March 26, 1947, p. 401.

⁷² Statement made by Foreign Minister Molotov at the 12th Meeting of the Council, March 22; for the text, see Molotov, *Problems of Foreign Policy*, pp. 391-399; for a summary, see telegram 963, Delsec 1836, March 22, from Moscow, p. 276.

U.S. Delegation	CFM/47/M/49 ⁷³
and	CFM/47/M/27 ⁷⁴
French Delegation	CFM/47/M/40 ⁷⁵
	CFM/47/M/41 ⁷⁶
	CFM/47/M/48 ⁷⁷
and	CFM/47/M/57 ⁷⁸ (Section VIII)
U.K. Delegation	CFM/47/M/39 ⁷⁹

2. This section is very complicated and the Coordinating Committee has not gone fully into all the details. The report contains the principal points of agreement and disagreement.

3. *Central German Administrative Departments*

All Delegations are agreed that, subject to the reservations made below by the French Delegation, central administrations should be established in Germany on the lines indicated by the Potsdam Agreement. They are also agreed that the instructions and directives of German central administrations will pass down directly through German administrative channels. However, the French Delegation makes its agreement on this subject conditional upon the reaching of an agreement on economic unity. On the other hand it is opposed to departments headed by German State secretaries but contemplates councils of the various *Laender* representatives. These councils would in certain cases have executive powers, subject to the veto of the Control Council, and in other cases would be only advisory under quadripartite direction. Finally, the French Delegation considers that the Saar must not fall within the competence of the central administrations referred

⁷³ Statement by the United States Delegation on the form and scope of a provisional political organization for Germany, dated March 22, 1947; for the text, see *Germany 1947-1949*, pp. 189-190, or Department of State *Bulletin*, March 30, 1947, pp. 569-570.

⁷⁴ A proposed directive to the Allied Control Authority for Germany on the treatment of Germany as a single economic unit, tabled by Secretary Marshall at the Council's 7th Meeting, March 17; for the text, see *Germany 1947-1949*, pp. 444-445, or Department of State *Bulletin*, March 27, 1947, pp. 567-569.

⁷⁵ Memorandum by the French Government, dated January 17, 1947, and subsequently circulated to the Council of Foreign Ministers as document CFM(47)(M)40, March 21, 1947; for text, see *Documents Français Relatifs à L'Allemagne (Août 1945-Février 1947)* (Paris, Imprimerie Nationale, 1947), pp. 42-45.

⁷⁶ Memorandum by the French Government, dated January 17, 1947, and subsequently circulated to the Council of Foreign Ministers as document CFM(47)(M)41, March 21, 1947; for text, see *ibid.*, pp. 46-56.

⁷⁷ Statement made by Foreign Minister Bidault at the 12th Meeting of the Council; for the text, see *Déclarations de Bidault*, pp. 29-31; for a summary, see telegram 963, Delsec 1336, March 22, from Moscow, p. 276.

⁷⁸ Dated March 24, 1947, and entitled "Resolutions Proposed by the French Delegation in Connection with the Discussion of the Report of the Control Council", not printed.

⁷⁹ Statement tabled by Foreign Minister Bevin at the 11th Meeting of the Council, March 21, and entitled "Suggested Principles for Development of Future Political Structure of Germany", not printed.

to above, the creation of which must not, besides, prejudice in any respect the final charter of the Ruhr and the Rhineland.

4. *Structure of the Future German Government*

The Soviet, U.S. and U.K. Delegations contemplate the formation of a German Government which will in the first instance be a provisional one. The French Delegation considers that it is premature to consider the establishment of a German Government. The Soviet and U.K. Delegations have submitted detailed proposals for the structure of the future German Government. Both proposals include the idea of a President and two Chambers. There are certain differences however between the two proposals which are revealed in the proposals themselves attached to this report. The U.S. Delegation has presented the basic principles which it believes should govern the formation of the German Government. While it does not object to the form of government proposed by the Soviet and U.K. Delegations, it believes that this question should be decided by the Germans, subject to Allied Control Council approval.

5. *Division of Powers*

The U.S., French and U.K. Delegations consider that residual powers should remain with the *Laender* and that the powers exercised by the Central Government should be strictly limited and defined. The division of powers between the Central Government and the *Laender* is not given in sufficient detail in all proposals to enable a fair comparison to be made between them. The view of the Soviet Delegation is that the division of powers between the Central Government and the *Laender* is a matter to be laid down in the constitution which will be ratified by the German people. The Soviet Delegation wishes to add the following sentences:

“In addition the general position of the Soviet Delegation is as follows: that in its view Hitlerite centralisation of state government should be liquidated, *Landtags* and two German Chambers must be established and a provisional German Government must be created such as to ensure the political and economic unity of Germany and to be responsible for the fulfilment of the obligations of Germany to the Allied States.”

6. *Stages in the Evolution of the Political Organisation of Germany*

The proposals made under this heading by the Delegations are attached. The U.K. Delegation considers that it would have been advantageous if the Coordinating Committee could have made a comparison of the proposals made under this heading by the different Delegations. The U.S. Delegation points out that there is basic disagreement on how the provisional government should be formed.

7. *General*

The U.S. Delegation wishes to draw attention to its proposal that the German constitution include a clause providing that the authority of the Central Government and the *Laender* be exercised in accordance with and subject to the provisions of the peace settlement and the powers reserved to the Allied Control Council.

The French Delegation states that this proposal merits most careful study.

The Soviet Delegation is of the opinion that the Peace Treaty with Germany which will regulate the future relations between the Allied States on the one hand and Germany on the other hand should have the signature of the German Government.

VI. POPULATION TRANSFERS

I. *Proposals of the Soviet Delegation (CFM 47/M/17).*⁸⁰

1. “(1). To guarantee to the official representatives of the Allied countries engaged in repatriation free access to the camps for displaced persons, verification of lists and documents regarding displaced persons, and freedom to conduct conversations with them, etc.”

No agreement has been reached on this proposal.

The position of the U.S. Delegation is as follows: It is the present policy of the U.S. to accept accredited representatives of the Allied countries who do in fact have access to the D.P. camps of the U.S. Zone.

The French Delegation agrees that the Control Council should be invited to put into effect immediately point (i) of para 5 of Section VII 2 of its Report with respect to visits to camps and assembly points.⁸¹ It agrees also that the exercise of this right of visit should be guaranteed to the accredited representatives of the countries concerned.

The U.K. Delegation reserves its general position, adhering to the agreement on the subject in the Control Council Report.

2. “(2) To forbid immediately in the camps for displaced persons any propaganda and agitation hostile to the interests of the Allies or of any of the Allied Powers and likewise to forbid any attempt to prevent displaced persons from returning to their homeland”.

⁸⁰ A statement by the Soviet Delegation on the question of displaced persons in Germany, presented to the Council of Foreign Ministers at its 6th Meeting, March 15, not printed.

⁸¹ The reference here is to the Report to the Council of Foreign Ministers from the Allied Control Authority for Germany, Section VII—Population Transfers, Part 2, paragraph (5) “Agreements Already Reached”. Sub-paragraph (i) was concerned with the freedom of access to displaced persons camps in Germany by representatives of nations whose citizens were in such camps.

All Delegations agreed to recommend to the C.F.M. to instruct the Allied Control Council to implement immediately sub-paras (ii) to (v) inclusive of para 5 of Section VII 2 of its Report.⁸²

In this connexion the U.S. Delegation refers once more to its statement in para 1 above with reference to the International Refugee Organisation.

3. "(3) To disband immediately all "Committees", "centres and other organisations in the western zones of occupation in Germany which are engaged in activity hostile to the interests of any of the Allied Powers."

No agreement has been reached on this proposal.

The U.S. Delegation is prepared to consider and study the Soviet proposals to see if language could be agreed upon which would permit D.P.s to organise and still not become organisations hostile to the Allied Powers. For the time being it is necessary to reserve the U.S. position on this proposal.

The French Delegation declares that it is ready to accept the Soviet proposal with the reserve that the words "which are engaged" should be replaced by the words "when they are engaged".

The U.K. Delegation states that while there is not necessarily disagreement on the principle contained in this proposal final agreement will depend upon the precise drafting of any resolution arising from it.

4. "(4) To forbid any kind of enlistment whatsoever of displaced persons in semi-military organisations (guard units, guard companies, etc.) now in existence or being formed in the territory of the western zones of Germany, and to release those displaced persons who already belong to such organisations."

All Delegations agree that the decision on this point will depend on the decision which may be taken on the corresponding point in the section on Demilitarisation.

5. "(5) To provide that the administration of the camps for displaced persons shall consist primarily of the representatives of States whose citizens are among the displaced persons."

No agreement has been reached on this proposal.

It is the view of the U.S. Delegation that this question is a problem for the I.R.O.

⁸² The sub-paragraphs under reference forbade, in displaced persons camps, all propaganda against United Nations interests or against repatriation; confirmed the free distribution of newspapers, magazines, etc., in displaced persons camps and the unrestricted use by displaced persons of international communications; endorsed the continuation of the work of organizations tracing United Nations displaced persons and prisoners of war; and approved the continuation of the census and registration of the property and belongings of displaced persons.

The French Delegation cannot accept the Soviet proposal. It reserves its point of view on the role which can be entrusted to I.R.O.

The U.K. Delegation cannot at this time agree to the Soviet proposal.

The Soviet Delegation opposes the U.S. proposal.

6. "(6) To transfer under guard military criminals in the camps for displaced persons to the military command of the countries concerned."

All three Delegations agree in principle to this proposal.

The U.S. and U.K. Delegations give their agreement subject to the production of satisfactory evidence that the individuals whose transfer is requested are in fact war criminals.

7. "(7) To form a special quadrilateral committee for investigating the situation in the camps for displaced persons located in the American, British and French Zones of occupation, in order to ascertain the desire and intention of these persons to return to their homeland."

No agreement was reached on this proposal.

The U.S. Delegation supports the view that I.R.O. should take over the investigation of D.P. camps proposed in the para 7 if it is necessary to have such an investigation.

The French Delegation considers that the right of visit granted to the accredited representatives of the countries concerned should give adequate guarantees. For this reason it does not believe it indispensable to create a special quadripartite commission.

The U.K. Delegation has this question under consideration. It cannot at this time agree to the Soviet proposal.

II. *Proposals of the French Delegation (CFM/47/M/57, Sec. IV)*

1. "1). No new transfer of German-speaking populations shall be effected in addition to those already decided upon by previous agreements.
"2). In so far as the consent of the States concerned can be obtained, the transfers still to be executed under the Potsdam Agreements shall be suspended."

The Soviet Delegation does not agree with these French proposals.

The U.S. and U.K. Delegations reserve their positions pending the completion of a further study of these problems in which they are prepared to participate.

2. "3). The Control Council shall accelerate the voluntary repatriation of displaced persons who are now in Germany. Permanent settlement of such persons in German territory shall not be authorized. Resettlement outside of Germany of persons whom it has been impossible to repatriate shall be encouraged."

The Soviet Delegation agrees with this French proposal.

The U.S. Delegation agrees in principle with the desirability of accelerating voluntary repatriation of Displaced Persons, and with their resettlement outside Germany to the extent that provision is made therefor. It believes the I.R.O. should be charged with this responsibility.

The U.K. Delegation agrees with the first and third sentences but not with the second sentence. It recognizes that the permanent establishment of these persons in Germany is undesirable, but thinks it may prove to be in some measure unavoidable.

3. "4). German emigration shall be organized. To this end, a conference of the qualified representatives of the Four Occupying Powers shall be convoked before July 1, 1947, in Paris. To the extent that it shall deem useful, this conference can invite the representatives of other States and in particular those which are in a position to receive German emigrants into their territory."

The Soviet Delegation does not agree with this French proposal.

The U.S. Delegation reserves its position pending further study which it considers necessary.

The U.K. Delegation has not yet taken up its position on this point.

III. *Proposal of the U.S. Delegation (based on CFM/47/M/19⁸³)*

"that the whole problem of Displaced Persons be not discussed in detail by the Council of Foreign Ministers but be referred to the I.R.O."

The Soviet Delegation does not agree with this proposal, considering that the questions of resettlement and redistribution of the Displaced Persons which fall under the competence of the Control Council in Germany are included within the competence of the Council of Foreign Ministers and that there are no reasons to exclude these questions from the competence of the Council of Foreign Ministers and the Allied Control Council. On the contrary, the I.R.O. cannot deal with such questions. According to the terms of reference of the I.R.O. (which is attached to the U.N.O.) to which the Soviet Government has not adhered only purely humanitarian and not political aims fall under the competence of this organization as has been officially stated by the founders of the organization.

The French and U.K. Delegations reserved their positions.

⁸³ Text of a statement on displaced persons made by Secretary Marshall at the 6th Meeting of the Council, March 15; for the text, see Department of State *Bulletin*, March 23, 1947, p. 526.

IV. *Proposal of the Soviet Delegation (Supplementary Proposal)*

"The Council of Foreign Ministers instructs the Allied Control Council as follows:

'in view of the fact that each occupation power had the opportunity to complete in full the repatriation of Displaced Persons and Refugees to their countries of origin after the capitulation of Germany, it should be prohibited to charge any expenses incurred for the maintenance of Displaced Persons and Refugees to German account or to the account of occupation forces as of 1 January 1947.'

The U.S. Delegation reserves its position but points out that in its opinion the pressure on the German economy would be more effectively relieved by stopping the influx of additional refugees into Germany.

The French and U.K. Delegations reserve their positions.

There was agreement that this proposal should be reported to the Council of Foreign Ministers.

V. *Proposals of the U.K. Delegation*

"1). The Control Council shall study further the whole question of the transfers of population into Germany with a view to directing to the areas best able to receive them those populations whose transfer to Germany is still to be expected. Account shall be taken in this study of the situation existing in each zone, the contribution already made by each Zone Commander to the solution of the problem and the commitments still outstanding.

"2). The Control Council shall carry out a redistribution of refugees and expellees already transferred to the various zones of Germany, in order to effect a more equitable and more even settlement. A German commission shall be established to study this question. This commission shall be accorded freedom of action and of movement throughout Germany as a whole and shall be responsible for the implementation of its own recommendations subject to the rights of the governments of the *Laender* being safeguarded and subject to general supervision of the Control Council."

All Delegations agreed to forward these U.K. proposals to the Council of Foreign Ministers, considering it impossible at the present time to define their positions with regard to these proposals, which have not been discussed.

VII. ECONOMIC PRINCIPLES

PREAMBLE

The position of each Delegation with respect to each specific proposal is dependent upon reaching agreement as a whole on the related problems of the level of industry reparations, and the treatment of Germany as an economic unit.

The French Delegation adds the following reservations: It cannot agree to any settlement of these three questions without prior settlement of the question of the export of coal in conformity with the demands of the French Government. The French Government repeats that it is ready to accept that Germany should be treated provisionally within its present borders as an economic unity without awaiting the determination of the future status of the Ruhr and Rhineland or prejudging the political and economic regime of those regions, and on the condition that the Saar should immediately be incorporated in the economic and monetary sphere of France.

The Soviet Delegation declares that it approaches the consideration of economic principles in an organic connection with the question of reparations to which, as was stated by the head of the Soviet Delegation, the Soviet Government attaches paramount importance. In considering separate proposals advanced by various delegations concerning economic principles and especially with regard to reparations, the Soviet Delegation sees a series of points on which it can find a common solution of questions, only, however, having in view that it will meet reciprocity in the question of reparations to which it attaches a special importance.

1. *Common Sharing of Resources*

All delegations are agreed in principle that there should be a sharing of indigenous resources in Germany and that commodities in short supply should be allocated on a basis of uniform rations. Agricultural production shall be maximized and industry reactivated on peaceful lines as soon as possible and imports into Germany shall also be used on a common basis.

2. *Export-Import Plan*

All delegations agree in principle that there should be a common export-import plan. The U.S. and U.K. Delegations believe that the proceeds of all exports from current production and stocks should be used in the first place to pay for imports.

The Soviet Delegation considers that proceeds from exports must be used also for procurement of imports necessary for securing production of goods for reparations.

The French Delegation reserves its position on the Soviet proposal until the question of reparations from current production has been examined.

3. *Sharing of Import Deficits*

The U.K. and the U.S. Delegations express the view that there should be an equitable sharing among the occupying powers of the costs of the occupation of Germany, past, present, and future.

The French Delegation states that the common plan for exports and imports, to be implemented in 1948, should provide for equilibrium in the balance of payments. It believes that the future surpluses should cover the authorized costs of occupation, the past deficits of the balance of payments, and such reparations from current production as may result from the study of that question which was requested by the French Delegation.

The Soviet Delegation is of the opinion that only the future relationship between exports and imports can be considered and not the repayment of past and present deficits. Furthermore, the Soviet Delegation considers that the German economy should be established on the principle of a net balance, i.e., not showing any deficit.

4. *Financial Reform*

All Delegations are agreed that financial reform shall be effected throughout Germany as soon as possible. The agreement of the Soviet Delegation is based upon acceptance of the principle that the plan for financial reform must provide the funds necessary for reparation and costs of occupation.

5. *Subjection of Resources in Germany to German Law*

All Delegations agree that foreign-owned property in Germany is subject to German law and that Allied Control Council approval shall be required in the future for all acquisitions of property in Germany by foreign States or their nationals. The U.S., U.K. and French Delegations believe that this provision should be retroactive to the date of the surrender of Germany. The Soviet Delegation declares that it is not in agreement with the extension of this provision to past acquisitions of property in Germany which were made in connection with reparations receipts. The French Delegation reserves its point of view in regard to the future regime of Ruhr industries.

6. *Occupation Forces and Their Requirements*

The proposals of the U.S. Delegation ((CFM) (47) (M) 27, para. B5 and (CFM) (47) (M) 51⁸⁴) on these subjects are under examination by the other delegations but the issues involved have not been joined.

7. *Freedom of Movement*

No agreement has been reached on the proposals of the Delegations of the U.K. and the U.S. (CFM) (47) (M) 47,⁸⁵ para. 3B and (CFM) (47) (M) 27, para C.

⁸⁴ Not printed.

⁸⁵ The document under reference was a proposal by the United Kingdom Delegation on economic principles for Germany, dated March 22, 1947, not printed. The specific paragraph under reference here called for unrestricted freedom of movement throughout Germany and the removal of economic barriers between zones.

8. *Control of the Ruhr*

All Delegations agree that the authority of the Allied Control Council should extend over the resources of the Ruhr as well as those of all other areas of Germany when economic unity has been attained.

The Soviet Delegation considers that a quadripartite control of the Ruhr industrial region which forms the main basis of German militarism must be established, and that this is one of the most important conditions for the solution of the question of the economic unity of Germany.

This report does not prejudice a separate discussion of the internationalization of the Ruhr at the proper time on the Council of Foreign Ministers agenda. The French Delegation desires to see this regime established as soon as possible.

9. *Annullment of the Bi-Zonal Agreement*

The Soviet Delegation proposes the immediate annulment of the bi-zonal agreement between the U.K. and U.S. zones of occupation. The U.S. and the U.K. Delegations state that the agreement will remain in effect until the economic unity of Germany has been achieved.

10. *Economic Decentralization and De-cartelization*

All Delegations are of the opinion that the principles of de-cartelization and economic decentralization agreed at the Potsdam Conference should be carried out. Complete agreement has not been reached by the four Delegations on concrete measures for the implementation of this program.

In expressing agreement with the above statement, the Soviet Delegation considers that the proposal which comes closest to the Potsdam Agreement is contained in the Soviet draft proposal Document C.F.M. (47) (M) 23,⁸⁶ paragraph 6.

The proposals of the Soviet, French and U.K. Delegations are presented below:

By the Soviet Delegation (CFM(47) (M) 23, para. I 6 (p. 15))

"To propose to the Control Council that necessary measures be adopted for the taking over of mills and other enterprises from German concerns, cartels and trusts, and for the transfer of these enterprises to the ownership of the German state. Democratic parties and free trade unions of Germany shall be called upon for the carrying out of these measures."

By the French Delegation (CFM(47) (M) 57, para. IV 6)

⁸⁶ A statement made by Foreign Minister Molotov at the 7th Meeting of the Council, March 17; for the text, see *Documents on International Affairs, 1947-1948*, pp. 427-439, or Molotov, *Problems of Foreign Policy*, pp. 359-378. For a summary, see telegram 856, Delsec 1308, March 17, from Moscow, p. 255.

"6) The Control Council shall take the following steps in the field of decartelization:

- '(a) establishment of a list of the principal trusts which shall be automatically eliminated in the four zones;
- '(b) determination of the characteristics according to which the other trusts may be brought before a quadripartite liquidation commission;
- '(c) appropriate measures to avoid reconstitution of the trusts which have been liquidated and the creation of new trusts;
- '(d) limitation or elimination of the cartels under the terms provided for by United Nations economic organizations;
- '(e) exceptions to the rules thus established as regards trusts and cartels under a quadripartite agreement in favor of the undertakings or establishments managed or controlled by the Allies.'"

By the U.K. Delegation (CFM(47)(M)47, Economic Principles, para 6)

"That measures for the breaking up of concentrations of economic power, as exemplified by cartels, syndicates, trusts and other arrangements, shall be hastened; and that the socialisation of certain industries shall be regarded as one method of carrying this out."

11. *Allied Control Over Internal Allocations in Germany*

The Soviet Delegation agrees with the French proposal for strengthening Allied control over the distribution and use of coal, power and steel in Germany. It considers it necessary to add that allocation of coal for internal consumption, for reparation and for export should be exercised through the Allied Control Council. Furthermore, with respect to the supply of coal the problems of internal consumption, reparations and exports are organically inter-related, and their consideration in close relationship forms one of the conditions for securing economic unity for Germany.

The U.S. and U.K. Delegations agree with the French proposal in principle with the reservation that detailed arrangements shall preserve a substantial measure of autonomy for the German administrative agencies charged with allocations.

12. *Central Administrative Agencies*

This subject will be treated in the section concerning the Provisional Government of Germany.

The proposals discussed above are included in the following CFM documents:

CFM(47)(M)23
“ “ “ 27
“ “ “ 47
“ “ “ 51
“ “ “ 57

VIII. THE LEVEL OF POST-WAR GERMAN ECONOMY AND REPARATIONS PLAN

A. *Level of German Post-War Economy*

1. The four Delegations agree on the necessity of a revision of the plan for reparations and the level of German post-war economy.

The agreement of the U.S. and U.K. Delegations pertains only to such changes in the proposed removals of capital equipment as may be necessitated by such revision of the level of industry plan as is agreed.

The United Kingdom and French Delegations agree that the guiding principles of this revision should be fixed by the Council of Foreign Ministers.

The Soviet Delegation considers that it is necessary to provide for raising the level of German industry, so that the annual production of steel will in the very near future reach ten to twelve million tons. The United Kingdom Delegation considers that annual steel production in Germany should eventually be brought up to ten million tons; and that the limits on the capacity to be left in Germany of other restricted industries shall be subject to upward adjustments; and that the list of prohibited industries shall be reviewed.

The French Delegation considers that the annual capacity of steel production should be fixed at approximately the figure provided for in March, 1946.

The United States Delegation is not in a position to determine the exact figure for steel production for the time being.

The Soviet Delegation feels that this revision should take into account a program of reparations from current production. The United Kingdom and United States Delegations do not agree to this proposal.

2. The four Delegations agree to direct the Control Council to complete the revision of the plan for Reparations and the level of post-war German economy before July 1, 1947, to set up within a three-month's period after the completion of this revision lists of factories to be retained in the four zones. The plants thereby made available for reparations shall be immediately closed in the four zones. The United States view is that all plants other than those referred to in the lists above are to be removed. The acceptance of the proposed dates by the United Kingdom Delegation is dependent upon a satisfactory revision of the plan for reparations and the level of post-war German economy.

3. The United Kingdom and United States Delegations agree that the rehabilitation of German industry shall be effected on a progressive plan having due regard to the necessity of exporting coal to the

liberated countries. In particular the rate by which steel production is increased shall be determined in relation to the need for coal exports provided that the burden of cost on the occupying powers is not increased as a result [of?] this consideration.

The French Delegation favors this proposal provided that its implementation would be such as to satisfy French claims, formulated as an absolute condition, with regard to coal exports.

The Soviet Delegation accepts the British proposal with an addition: "it is recognised that deliveries of coal on account of reparations are necessary".

B. Reparations

1. The four Delegations agree to direct the Control Council to determine within three months following the completion of the Plan for Reparations and the Level of Post-war German Economy to establish the lists of the plants and the amount [of?] equipment taken away or to be taken away within the four zones as reparations.

2. The Soviet and French Delegations are of the opinion that the Control Council should be instructed to allocate, aside from complete plants, separate pieces of equipment to be taken from the plants that are retained. The United Kingdom and United States Delegations reserve their position.

3. The four Delegations agree to fix a time limit for the completion of the program of reparations from industrial capital equipment. The United Kingdom and United States Delegations consider that this time limit can be fixed only after a study by the Control Council. The Soviet Delegation considers that this time limit should be fixed by July 1, 1948. The French Delegation suggests December 31, 1948.

4. The Soviet Delegation proposes to utilize for the coverage of reparation annual deliveries of goods from current production.

The French Delegation proposes a study of a program of reparations from current production, taking into account the repercussions of this program on the amounts of German coal available and also on the war potential and the balance of accounts.

The United Kingdom and United States Delegations do not agree to reparations from current production; they are not authorized to accept a study of the question.

The acceptance of reparations from current production is an absolute condition of the Soviet Delegation's acceptance of the principle of the economic unity of Germany.

5. The Soviet Delegation considers that various services should be utilized as coverage for reparations.

The French Delegation considers that the Council of Ministers should study the possibility of reparations in services and other items.

The United Kingdom and United States Delegations reserve their position.

The United States Delegation adds that it is opposed to the use of labor for reparations except after trial and sentence of war criminals under due process of law.

The French Delegation reserves its position in order to show that a mechanism can be devised to utilize services without loss of individual rights.

6. The Soviet Delegation considers that it is necessary to assert reparations for the U.S.S.R. to the extent of ten billion dollars and the Soviet Union will satisfy the reparation claims of Poland from its share.

The Soviet Delegation considers it necessary to determine that the reparations obligations of Germany must be fulfilled in the course of twenty years counting this period from the date of publication of the decisions of the Berlin Conference of the Three Powers.

Owing to the position taken with regard to reparations from current production, the United Kingdom and United States Delegations feel that it is unnecessary for them to comment on the sum and time period for reparations.

The French Delegation reserves its position pending the completion of the study provided in that proposal on reparations from current production, services and other items.

In connection with the positions of the United States and United Kingdom Delegations with regard to reparations from Germany the Soviet Delegation considers it necessary to make the following statement:

1. At the Yalta Conference the U.S.A. agreed to adopt as a basis for the discussion the proposal that the amount of reparations to the Soviet Union be established at 10 billion dollars. As it can be seen from the Yalta Protocol the American Delegation did not object against discussing the said amount as a basis for the establishment of the volume of reparations to be paid to the Soviet Union. On the contrary, it has agreed to this proposal.

2. It is quite logical, while speaking about the sum of reparations to be established at 10 billion dollars, to determine simultaneously the term of reparations payment.

3. At the Yalta Conference, as it can be seen from the Protocol issued by it, the United States and United Kingdom Delegations agreed that the annual deliveries of goods from the current production should constitute a source of reparations from Germany. Attempts to base the refusal to make any reparations from the current production on the fact that the Berlin decisions annulled the Yalta agreement cannot of course be considered as founded if only due to the fact that the Berlin decisions state that agreement with regard to reparations was reached in accordance with the decisions of the Crimea Conference,

and with the purpose of fulfilling the decisions of this conference with respect to Germany. Such a reference to the Yalta Conference makes unnecessary any mention of different concrete points of the Yalta agreement with regard to reparations. If the Berlin decision contains no mention of reparations from the current production we cannot explain this fact as a rejection of such a principal position with regard to reparations. The question concerning current production was not practically discussed at Berlin. Special attention was paid to the removals of equipment. The Soviet proposals with regard to reparations are justified by moral, political and juridical principles.

The head of the United States Delegation has expressed his view on this subject before the Council of Foreign Ministers. (See Document CFM/47/M/30)⁸⁷

7. The Soviet and French Delegations propose that the Inter-Allied Reparations Commission, consisting of representatives of the United Kingdom, United States, France and the Soviet Union be reactivated. The United Kingdom and United States Delegations do not consider it necessary to reactivate the Inter-Allied Reparations Commission.

8. The U.K. Delegation proposes that each of the Occupying Powers shall provide for the Council of Foreign Ministers information on the type and amount of reparation removals from its zone up to the present date and regularly thereafter to the Control Council.

The United States and French Delegations agree with the British proposal.

The British proposal can be accepted by the Soviet Delegation if agreement is reached on the basic reparations problems. At the same time the Soviet Delegation proposes to amend the text as follows:

"That each of the Occupying Powers shall provide for the Council of Foreign Ministers information on the type and amount of reparation removals and receipts from its zone and also the external assets discovered or seized up to the present date and regularly thereafter to the Control Council."

9. The United Kingdom, United States and Soviet Delegations agree, if the determined plan for the delivery of reparations is regularly fulfilled, to consider it possible not to put any obstacles in the way of the increase of production of the German peace-time industry, both for the domestic consumption of Germany and for the development of trade with other countries. The French Delegation reserves its point of view.

10. The United States proposes that the Council of Foreign Ministers direct the Deputies to the Foreign Ministers to recommend to the next (fifth) Session of the Council methods for compensation to the

⁸⁷ A statement made by Secretary Marshall at the 8th Meeting of the Council, March 18; for the text, see *Germany 1947-1949*, pp. 371-372, or *Department of State Bulletin*, March 30, 1947, p. 564.

United Nations nationals whose property has been or will be removed as reparation or war booty. In no case shall compensation be permitted for United Nations nationals owning interests in German enterprises organized exclusively for war production. The United Kingdom and French Delegations agreed subject to confirmation. The Soviet Delegation considered that the proposal requires study.

CFM Files : Lot M-88 : Box 94 : File—Germany Treaty V

The Secretary of State to the British Secretary of State for Foreign Affairs (Bevin)

Moscow, March 30, 1947.

DEAR MR. BEVIN: I have received your letter of March 27⁸⁸ concerning procedure for the preparation of the German peace settlement. I believe that since your letter was written I have made clear the views of the American Delegation on this question when it came up at two of our CFM meetings.

Of course I was not at Moscow in 1945 or at the New York meeting of the CFM last November and December. The interpretation you put on the decisions of those two meetings, however, is at variance with the understanding of the American advisers who were present and with the American Delegation minutes. Mr. Byrnes, I understand, at Moscow confined his efforts to obtain Soviet concurrence to the holding of a peace conference for the Italian and satellite treaties. His agreement to a conference of twenty-one named states for those treaties involved no commitment of any kind in regard to the German settlement. At New York, I am told, and the record of decisions (Document CFM/46/NY/74⁸⁹) seems to bear this out, that discussion was limited solely to the question of states to be invited to present their views to the Deputies for Germany at London *prior* to the present Moscow conference. At no time, according to our records, was there any discussion of the basis of participation in any future peace conference on Germany. In fact, consideration of questions of procedure with regard to the German peace was one of the tasks specifically assigned the Deputies in London.

As to the future, I believe that we must visualize several stages and several forms of consultation. If we can agree here, I believe that the next step for our Deputies after the Moscow meeting, in such tasks connected with the preparation of the German peace as may be assigned to them, is to consult with other states. This consultation, as

⁸⁸ *Ante*, p. 407.

⁸⁹ *Foreign Relations*, 1946, vol. II, p. 1557.

we see it, would take two forms. We have agreed to the establishment of four "permanent committees" and appropriate subcommittees, as provided in Paragraphs 2 and 5 of Part II of the Report on Procedure for the Preparation of the German Peace Treaty (CFM/47/M/60⁹⁰). It is our thought, and I believe you agree, that these committees and subcommittees will be the working parties actually engaged in the drafting of the peace settlement. On these four permanent committees and their subcommittees we feel that in addition to the four Powers represented here, there should be, as your Deputy originally suggested, a "convenient number" of additional representatives of the eighteen states which are neighbors of Germany or which participated with their armed forces in the war against Germany, namely, the eighteen invited to present their views at London prior to this conference. We believe that each of these eighteen states should be represented on at least one of these working committees.

We have agreed also that there should also be set up an Information and Consultation Conference, the functions of which are set forth in Paragraph 7 of Part II of the Report of our Deputies. We believe that with this body all states at war with Germany should be associated and given an opportunity to present their views and in turn to be kept informed of the progress of the work of the Council, the Deputies, and the permanent committees. This broader participation is, I believe, similar to what you had in mind in your references to "the wider group of states" to be consulted under Paragraph 3 of Part I of the Deputies' Report. It is the form of consultation I visualize for the other states at war with Germany during the period prior to the Peace Conference.

As to participation in the Peace Conference itself, I have urged, as you may recall, that all states at war should be accorded full and equal rights as members of the conference. However, I recognize that there is some difference between the four of us on this question and that it will be extremely difficult to arrive at an agreement on this question here in Moscow. Since such a Peace Conference is under most favorable circumstances many months off, I feel that the question of membership therein may well be left for future consideration.

As to your suggestion that Iran and Mexico be included in the "priority group" of states, I am afraid that I cannot agree. We have taken as the basis for associating this group with us in our work of preparing the peace settlement two criteria, namely, Allied states which are neighbors of Germany, and those which "participated with their armed forces" in the war against Germany. I do not see how we

⁹⁰ The annex to document CFM(47)(M)60, March 24, 1947, under reference here, is not printed. For the subsequent redraft of this Report, see document CFM(47)(M)125, April 12, 1947, p. 452.

can well make exceptions to these criteria. I mentioned Mexico at the CFM table as an example of the states at war with Germany which I felt were entitled to participate in the work of the Information and Consultation Conference and to participation in the Peace Conference.

I hope the foregoing may help to clarify in your mind the position of the American Delegation with regard to the points raised in your letter and that we will find a basis for common agreement.

Faithfully yours,

[GEORGE C. MARSHALL]

CFM Files : Lot M-88 : Box 58

*Report of the Special Committee to the Council of Foreign Ministers*⁹¹

SECRET

2nd April, 1947.

CFM(47)(M)93

DRAFT DECISIONS OF THE COUNCIL OF FOREIGN MINISTERS ON THE
REPORT OF THE ALLIED CONTROL COUNCIL FOR GERMANY

I. AGREED RECOMMENDATIONS⁹²

The Special Committee agreed to recommend to the Council of Foreign Ministers the following action on the points mentioned :

Denazification:

The Council of Foreign Ministers directs the Control Council for Germany as follows:—

1. To take all appropriate measures to hasten the process of Denazification throughout Germany in accordance with Control Council Directives Nos. 24 and 38.

2. To complete as soon as possible the removal of former active Nazis and militarists from public and semi-public office and from positions of responsibility in important private undertakings and to study the possibility of fixing a date for the completion of this process.

3. To take all measures necessary to ensure that only those individuals are employed in a judicial capacity or as public prosecutors who are considered by reason of their political and moral qualities to be capable of assisting the development of genuine democratic institutions in Germany.

⁹¹ This Report was considered by the Council of Foreign Ministers at its 20th Meeting, April 3; see telegram 1188, Delsec 1390, April 3, from Moscow, p. 307. Regarding the Council's actions on the various parts of this Report, see the following footnotes.

The Special Committee had been established and instructed by the Council of Foreign Ministers at its 17th Meeting, March 30; see telegram 1093, Delsec 1367, March 30, from Moscow, p. 297.

⁹² The Council approved in principle this section of the Report, but the Delegations reserved the right to express a definite opinion on this section after agreement had been reached on the document as a whole.

4. To concentrate upon and to hasten the bringing to trial of war criminals, members of Nazi criminal organisations and of active supporters of the Nazi regime, without requiring the indiscriminate trial of the mass of nominal members of the Nazi Party.

5. To take action in the near future through Zone Commanders to devolve upon the appropriate German authorities responsibility for carrying out Control Council Directives Nos. 24 and 38, by passing the necessary German legislation and to ensure through the Zone Commanders that the effect of the legislation so passed is such as to produce uniform treatment of all former Nazis and militarists corresponding to their degree of responsibility, while at the same time giving the German authorities discretion as to the precise methods by which they carry out this task.

Democratization:

The Council of Foreign Ministers directs the Control Council for Germany as follows:—

Elections: 1. To ensure quadripartite supervision and inspection of elections throughout Germany as a whole.⁹³

Land Reform: 2. To ensure the carrying out and completion of land reform throughout Germany in 1947.

Circulation of Information: 3. To establish freedom for the circulation throughout Germany of information and democratic ideas by all media, limited only by the needs of military security and occupation requirements and for the prevention of resurgence of National Socialism and militarism. All such media of information shall be free from the domination of any German Government, national or local.⁹⁴

Basic Human Rights: 4. To ensure that any future constitution for Germany as a whole and, through the Zone Commanders, that every state (*Land*) constitution in Germany contains specific and effective guarantees of the rights of the individual regardless of race, sex, language, or creed, including freedom of religion, freedom from search, seizure and arbitrary arrest, freedom of speech, assembly and association, freedom of movement and communication, the equality of all before the law and the courts, equal rights for education and of access to all employments, and also effective guarantees for freedom of the press and radio, and for independence of the judiciary.⁹⁴

*Population transfers:*⁹⁵

1. The Council of Foreign Ministers confirms the agreements reached by the Allied Control Council for Germany recorded in Section

⁹³ The Council agreed to submit this paragraph together with a reservation by the Soviet Delegation to the Special Committee for further consideration (CFM (47) (M) 64, March 26, Section III, paragraph C, p. 401).

⁹⁴ The Council agreed to refer these paragraphs to the Special Committee to consider the possibility of their consolidation into one and to submit a new draft.

⁹⁵ The Council agreed to discuss this question at a date to be fixed later.

VII, Part 2, paragraph 5, of its Report under the title *United Nations Displaced Persons* as follows:

(a) Accredited representatives of interested nations whose citizens are still in camps and assembly centres allotted to Displaced Persons should have the right to visit these places when accompanied by officers of the occupation forces for the purpose of conferring with these persons.

(b) All propaganda directed against United Nations interests or against repatriation will be forbidden in Displaced Persons Camps.

(c) Distribution of newspapers, magazines and pamphlets published and printed in the countries of which Displaced Persons are citizens shall be allowed in Displaced Persons Camps. The exhibition of films produced in their native countries shall be permitted in Displaced Persons Assembly Centres after approval by proper Allied Control Authority Agencies. These Displaced Persons shall also be allowed unrestricted use of international communications facilities to correspond with their relatives and acquaintances in their home countries. The accredited repatriation Liaison Officers of the United Nations may carry between the Zones and their home countries letters from United Nations Displaced Persons.

(d) Organisations established for carrying on the humanitarian task of tracing missing United Nations Displaced Persons and Prisoners of War shall be continued and that all such organisations should instruct German Authorities to furnish all necessary facilities required by such organisations.

(e) Arrangements should continue for the census and registration of all property and belongings of United Nations Displaced Persons and that the German Authorities should be instructed to continue to give all possible assistance towards the legitimate return of this property with the minimum of delay.

(f) Arrangements should be continued for the repatriation of the remains of deceased United Nations nationals upon request of the countries concerned and that the German Authorities should be instructed to continue to grant all necessary facilities for such purposes.

(g) Arrangements should continue for the care and maintenance by the German Authorities of the graves of United Nations nationals who died in Germany.

2. Council of Foreign Ministers agrees upon the following principles with reference to United Nations Displaced Persons in Germany and to population transfers.

(a) Any war criminals found in Displaced Persons Camps are to be turned over under guard to the Military Command of the countries concerned upon due request and upon production of satisfactory evidence that the individuals whose transfer is requested are in fact war criminals.

(b) All "Committees", "Centres", and other similar organisations which may be found to be engaged in activities hostile to the interests of any of the Allied Powers will be immediately disbanded.

(c) The voluntary repatriation of Displaced Persons who are now in Germany will be accelerated.

(d) Control Council shall study further the whole question of the transfers of population into Germany with a view to directing to the areas best able to receive them those populations whose transfer to Germany may be decided in the future. Account shall be taken in this study of the situation existing in each zone.

The recommendations and decisions confirmed or taken by the Council of Foreign Ministers are transmitted to the Control Council for Germany and to the Commanders-in-Chief of the occupation forces of Germany for appropriate action within their spheres of competence.

II. POINTS OF DISAGREEMENT

The Special Committee was unable to reach complete agreement on the following questions, (divergencies of opinion of the various Delegations are shown in square brackets) :—

Democratization:

Political parties and trade unions: 1. The Council of Foreign Ministers confirms the principle of free development and activities of democratic political parties and free trade unions in Germany, [even on an all-German basis. U.S., U.K., Soviet]. [within the frame of the *Laender*. French]. [Political parties shall be competitive in character, constituted by voluntary associations of citizens in which the leaders are responsible to the members, and with no party enjoying a privileged status. Trade unions shall be subject to the same principle of responsible leadership, and any federation of trade unions shall not impair the financial and organisational autonomy of member unions. U.S., U.K.] [The questions pertaining to the relations between a trade union federation and its members are internal affairs of the trade unions. Soviet].

Elections: 2. To ensure that elections throughout Germany as a whole are carried out on the democratic principles of universal equal and direct suffrage and the secret ballot [and on the system of proportional representation. Soviet]

Freedom of movement: 3. The Committee has not discussed proposals for freedom of movement throughout Germany inasmuch as this matter is closely connected with the whole problem of economic unity on which decisions are awaited from the Council of Foreign Ministers.

Education: 4. The Delegations could not agree to the desirability of a new Directive on this matter (Education) nor upon its form.

Territorial Reorganization:

The Council of Foreign Ministers directs the Control Council for Germany:

1. To establish a precise definition of the administrative and territorial division of Germany as of May 1, 1947, indicating the existing territorial boundaries of lands and provinces. [The British Delegation considers that this recommendation is closely linked with the second under this heading and cannot be accepted in isolation.].

2. To ensure that in the future all territorial changes in Germany are made only in accordance with an agreed decision of the Allied Control Council. [Contingent upon agreement being reached on the establishment of provisional governments. [U.S.]]. [To study the present boundaries of the *Laender* and to examine the desirability of making modifications. All proposals on this question will be presented to the Council of Foreign Ministers at its next session. French].

Population transfers:

(a) Resettlement outside Germany of persons whom it has been impossible to repatriate shall be encouraged [to the extent that provision is made therefor. U.S.]. [Permanent settlement of Displaced Persons on German territory shall not be authorised. Soviet and French.].

(b) *Soviet proposal*:—To provide that the administration of the Camps for Displaced Persons shall consist primarily of the representatives of states whose citizens are among the Displaced Persons.

The U.S., U.K., and French Delegations did not agree with this proposal.

(c) *Soviet proposal*: To form a special quadripartite committee for investigating the situation in Camps for Displaced Persons located in the American, British and French Zones of occupation, in order to ascertain the desire and intention of these persons to return to their homeland.

The U.S., U.K. and French Delegations did not agree with this proposal.

(d) *French proposals*: (1) no new transfer of German-speaking populations shall be effected in addition to those already decided upon by previous agreements. (2) Insofar as the consent of the states concerned can be obtained, the transfers still to be executed under the Potsdam Agreements shall be suspended.

The U.S., U.K. and Soviet Delegations did not agree with this proposal. The U.S. and U.K. Delegations, however, are prepared to examine sympathetically these French proposals.

(e) *French proposal*: German emigration shall be organised. To this end a conference of the qualified representatives of the four occupying powers shall be convoked before July 1, 1947 in Paris. To the extent that it shall deem useful this conference can invite repre-

sentatives of other states and in particular those which are in a position to receive German emigrants into their territory.

The U.S., U.K. and Soviet Delegations did not agree to this proposal. The U.S. and U.K. Delegations, however, are prepared to examine sympathetically this French proposal.

(f) *U.S. proposal* (based on C.F.M. (47) (M) 19) that the whole problem of Displaced Persons be not discussed in detail by the Council of Foreign Ministers, but be referred to the I.R.O.

The Soviet Delegation does not agree with this proposal, considering that the questions of resettlement and redistribution of the Displaced Persons which fall under the competence of the Control Council in Germany are included within the competence of the Council of Foreign Ministers and that there is no reason to exclude these questions from the competence of the Council of Foreign Ministers and the Allied Control Council. On the contrary, the I.R.O. cannot deal with such questions. According to the terms of reference of the I.R.O. (which is attached to the U.N.O.), to which the Soviet Government has not adhered, only purely humanitarian and not political aims fall under the competence of this organisation, as has been officially stated by the founders of the organisation.

The U.K. Delegation supports the I.R.O., but reserves its position on this particular proposal, pending the assumption by the I.R.O. of its responsibilities in Germany.

The French Delegation cannot agree to this proposal in its present form. It indicates, however, that the I.R.O. as soon as it starts to function in Germany will receive all facilities to function effectively in the French Zone.

(g) *Soviet proposal*: In view of the fact that each occupation power had the opportunity to complete in full the repatriation of Displaced Persons and Refugees to their countries of origin after the capitulation of Germany, it should be prohibited to charge any expenses incurred for the maintenance of Displaced Persons and Refugees to German account or to the account of occupation forces as of January 1, 1947.

The U.S., U.K. and the French Delegations do not agree to this proposal. The U.S. Delegation points out that in its opinion the pressure on the German economy would be more effectively relieved by stopping the influx of additional transferees into Germany.

(h) *British proposal*: The Control Council shall study the possibility of a redistribution of refugees and expellees already transferred to the various Zones of Germany, in order to effect a more equitable and a more even settlement. A German Commission shall be established to study this question. This Commission shall be accorded freedom of action and of movement throughout Germany as

a whole and shall be responsible for the implementation of its own recommendations subject to the rights of the Governments of the *Laender* being safeguarded and subject to the general supervision of the Control Council.

The U.S. and Soviet Delegations accept this proposal: The French Delegation does not.

(j) *Soviet proposal*: To forbid any kind of enlistment whatsoever of Displaced Persons in semi-military organisations (guard units, guard companies, etc.) now in existence or being formed on the territory of the Western Zones of Germany, and to release those Displaced Persons who already belong to such organisations.

All Delegations agree that the decision on this question will depend on the decision which may be taken on the corresponding point in the Section on Demilitarisation.

740.00119 Council/4-247 : Telegram

The Ambassador in Belgium (Kirk) to the Secretary of State

SECRET

BRUSSELS, April 2, 1947—7 p.m.

530. Spaak tells me he is not encouraged by French attitude at Moscow and considers it would be most regrettable should France align herself with Russia rather than with US-UK. Has noted Stalin's reception of Bidault⁹⁶ and banquet given by French to Russian delegates. He says of course, Belgium is profoundly interested in and affected by foreign policy of France and he is not happy over recent tendencies of French to overlook necessity of supporting continuous participation by US and UK in German occupation. France, he said, continues to see problem solely in light of her own relations with Germany, which historically stem from 1870 onwards to latest war, but this he felt was serious error. In his view issue now was clearly drawn between Soviets on one hand, and Anglo-Saxons on other, and French failure to recognize such basic situation was incomprehensible. He deplored their insistent clamor annex Saar and for Ruhr coal as obscuring larger question of Germany's future. In this connection he remarked Russia while herself enjoying absorption of Prussia, Silesia and expanded Poland into Soviet orbit was now pressing for unity of what remained of Germany to facilitate penetration and so be at control.

Repeated to Paris as 30, London 40 and Moscow.

KIRK

⁹⁶ Regarding the Stalin-Bidault meeting of March 17, see telegram 974, Delsec 1339, March 24, from Moscow, p. 396.

CFM Files : Lot M-88 : Box 58

*Report of the Deputies for Germany to the Council of Foreign
Ministers*⁹⁷

SECRET

April 3, 1947.

CFM (47) (M) 98

STATEMENT OF THE REPRESENTATIVES OF THE INTER-ALLIED
REPARATIONS AGENCY

In compliance with the instructions of the Council of Foreign Ministers of March 18, 1947,⁹⁸ the Deputies heard in their meeting of March 29, 1947, a statement by the President of the Inter-Allied Reparations Agency, Mr. Jacques Rueff. At their further meetings on March 31 and April 1, the Deputies put questions to representatives of the Agency, Mr. Rueff and Mr. Nigel Sutton, with the object of clarifying the facts relating to the work of the Agency and to the reparation interests of its member states.

(a) The Deputies submit a summary of the main points of Mr. Rueff's statement, the full text of which is annexed (CFM (47) (M) 87 Appendix A).⁹⁹

(b) They also submit their record of their questions put to Mr. Rueff and Mr. Sutton (CFM (47) (M) 87 Appendix B).¹

(c) The Deputies are of the opinion that sufficient information has been obtained from the representatives of the Agency and that, therefore, it is not necessary for the Council of Foreign Ministers to hear an additional statement by them.

(d) They consider it appropriate to limit their report to the points mentioned above.

The following are the main points contained in the statement by the President of the Inter-Allied Reparations Agency.

1. Reparation deliveries from the western zones of Germany have been so far most unsatisfactory. Member states of the Inter-Allied Reparations Agency desire a speedy revival of deliveries as they feel certain that any prolonging of the present situation would be tantamount to the ultimate failure of the reparation policy as stipulated at Potsdam.

2. "The states represented in the Agency consider they have grounds for considering the Potsdam Agreement as a solemn obligation under-

⁹⁷ This Report was discussed by the Council of Foreign Ministers at its 23rd Meeting, April 8; see telegram 1263, Delsec 1405, April 8, from Moscow, p. 317.

⁹⁸ Regarding the instructions to the Deputies, see the United States Delegation Minutes of the Council's 8th Meeting, March 18, p. 257.

⁹⁹ The document under reference is not printed; for an authoritative account of Rueff's statement, see *Inter Allied Reparation Agency: Report of the Secretary General for the Year 1947* (Brussels, 1948), pp. 6-7.

¹ Not printed.

taken by the occupying Powers in relation to them and representing something in the nature of a contract, the fulfillment of which they have the right to demand." This contract has not been fulfilled.

3. As far as the industrial capital equipment is concerned 143 plants have been notified to the Inter-Allied Reparations Agency by the Allied Control Council. Approximately one half of these are not complete plants but consist of isolated groups of machines removed from war plants. Of the total number of plants only 59 have been actually allocated by the Inter-Allied Reparations Agency, due primarily to delay in the delivery of inventories by the Control Council.

"In fact, substantial deliveries of reparation were suspended in June 1946, actually two months after they began."

Reparation received by the Inter-Allied Reparations Agency also includes 254 merchant vessels which have been distributed.

4. In commenting on the figures referred to in paragraph 3, Mr. Rueff said: "No one can presume to say that these negligible results are the maximum indemnities stipulated for by the Potsdam Agreement with which Germany is able to offset the losses and suffering she caused."

5. Whatever level of industry may be fixed in Germany there is a substantial amount of plant surplus which can be made available as reparations. A large number of plants can be earmarked for reparation, in advance of final decisions on the level of industry.

6. The absence of a general program for removal from the three western zones makes it difficult for the recipient States to formulate their bids and to plan the integration of the reparation plants into their national economy. It also impedes the work of the Agency in making allocations.

7. The present position with regard to reparation deliveries was even less satisfactory than in 1921 when Germany paid approximately eight billion gold marks within two years. "It will be said that conditions are not the same, that Germany is more completely ruined than after the other war. That is an undoubted fact. But it is none the less indisputable that the over-industrialization of Germany for military purposes has created conditions in which, despite destruction and the exceptional wear-and-tear of war, there remains an industrial potential which is vastly superior to the requirements of a peace-time economy, no matter what the outcome of present controversies may be."

8. Administrative difficulties have resulted in long delays. 51 operations are involved in the complete process of allocation for any one item under present arrangements. It would take a minimum of 16 months, but more probably 18 months to 2 years to complete the 51 processes.

9. It is hoped that the political difficulties which have caused the suspension of reparation deliveries to the Inter-Allied Reparations Agency would be resolved by the Council of Foreign Ministers.

10. Mr. Rueff speaking in a personal capacity:

(a) indicated that suspension of the activity of the Allied Reparations Commission was one of the considerations which rendered more difficult the reparation deliveries and the carrying out of the reparations policy laid down at Potsdam.

(b) he added that if the Allied Reparations Commission were to be revived, as two Delegations had suggested, it should function as an organ of the Council of Foreign Ministers rather than as an organ assisting the Allied Control Council since under the latter circumstances it would inevitably conflict with the same results as before.

(c) suggested that an integrated reparation office should be organized within the control administration in Germany and under the authority of the Co-ordinating Committee. Such an office should be staffed with one official at each level, rather than by four (one from each Controlling Power) in order to shorten the present unwieldy procedure for removals.

CFM Files : Lot M-88 : Box 58

*Report of the Coordinating Committee to the Council of Foreign Ministers*²

SECRET

Moscow, April 11, 1947.

CFM (47) (M) 121

FORM AND SCOPE OF PROVISIONAL POLITICAL ORGANIZATION OF GERMANY

A. CENTRAL ADMINISTRATIVE AGENCIES (PARAGRAPH A—

CFM/47/M/101)

1. All Delegations agree to accept the following text:—

(a) "The Control Council is directed to institute in the shortest possible time Central Administrative Agencies dealing with those

² At its 19th Meeting, April 2 (see telegram 1163, Delsec 1382, April 2, from Moscow, p. 304), the Council of Foreign Ministers agreed to instruct the Coordinating Committee to submit draft directives on the question of the political organization of Germany. The Coordinating Committee's Report was circulated to the Council in two documents, CFM (47) (M) 101, April 4, and CFM (47) (M) 105 (Revised), April 8, neither printed. These were considered by the Council at its 21st, 22nd, and 23rd Meetings, April 5, 7, and 8, respectively (see telegrams 1211, Delsec 1394, April 5; 1236, Delsec 1398, April 8; and 1263, Delsec 1405, April 8, from Moscow, pp. 311, 313, and 317). The Council referred the Report back to the Coordinating Committee for further consideration and redrafting. The Committee's revised Report, printed here, was discussed by the Council at its 26th Meeting, April 11 and its 27th Meeting, April 12 (see telegrams 1320, Delsec 1416, April 11 and 1333, Delsec 1418, April 12, from Moscow, pp. 325 and 330). Changes in this Report adopted by the Council are indicated in the footnotes that follow. In concluding its consideration of this Report at their 27th Meeting, the Council agreed to refer the whole Report to the Deputies for Germany for them to consider and to report to the next session of the Council.

This Report was discussed by the Deputies for Germany during their meetings in London, November 6-22, 1947; see the United States Daily Journal of Meetings of the Deputies, pp. 703-712. The Report, virtually unchanged, was reissued by the Deputies for Germany as document CFM (D) (L) (47) (G) 80, November 13, 1947. As reissued by the Deputies, this Report began with the following statement:

"GENERAL RESERVATION ON THE DOCUMENT AS A WHOLE

All Delegations agree that any decision on the political organization of Germany is conditional upon the prior establishment of German economic unity."

matters requiring central decision in the fields laid down in the Potsdam Agreement as well as for food and agriculture.”

(b) “Central Administrative Agencies will be under the supervision and direction of the appropriate quadripartite bodies of the Allied Control Authority. When the German Provisional Government has been established new arrangements for control are envisaged.”

2. The U.S., U.K. and French Delegations accept the following text:—

“Each Department will be under the management of a German Executive Committee, consisting of representatives of the different *Laender*, with a chairman holding executive authority [to implement] the decisions of the majority of the Committee”.

The U.S. and U.K. Delegations prefer the deletion of the words shown in brackets and the substitution therefor of the words “subject to”.

The position of the Soviet Delegation on the question of the management of Central Departments is defined in Part III, paragraph 9(IV) of the decisions of the Berlin Conference. So far as questions of detail are concerned they should be referred for consideration of the Control Council.

3. The French Delegation proposes the following text:—

“The above provisions do not apply to the Saar territory and do not prejudice the future regime of the Ruhr and the Rhineland.”

The U.K. Delegation can accept this proposal in so far as the Saar is concerned but reserves its position with regard to the Ruhr and the Rhineland.

4. All Delegations have accepted the following text:—

“The Allied Control Council will issue directives necessary for the guidance of these agencies including directives specifying the administrative functions to be allocated to Central Administrative Agencies and those to be allocated to the authorities of the *Laender*.”

The Central Administrative Agencies shall issue in their respective fields instructions and directives to the competent authorities in the *Laender*.”

5. The U.S., U.K., and French Delegations agree that the relationship between the Zone Commanders and the Central Administrative Agencies should be defined as follows:

“The Zone Commanders shall have the right to be informed as to the activities of the Central Administrative Agencies in their respective zones. They shall however issue no instructions to them save

- (a) as agents of the Control Council,
- (b) in the event of a threat to the security of the occupation forces”.

6. The Soviet Delegation proposes that the relationship between the Zone Commanders and the Central Administrative Agencies be defined as follows:—

“The Zone Commanders, each in his own zone, being guided by the necessity for ensuring the fulfilment by Germany of her obligations to the Allies, the maintenance of the security of the occupation forces and the observance of the instructions of the Control Council in accordance with the policy of the Four Powers with respect to Germany, shall exercise general supervision and control of the activities of the Central Administrative Agencies on the basic questions.

“In cases where the directives of the Central Administration run counter to the directives and instructions of the Control Council, the Zone Commanders, after informing the Control Council, shall have the right to suspend the execution of these directives, and the Control Council will make the final decision on the matter involved.”

7. The U.S. and U.K. Delegations believe that the relationship between the Control Council and the Central Administrative Agencies should be limited by the following definition:—

“In the exercise of its authority the Control Council shall refrain from direct operation or detailed supervision of the Central Administrative Agencies.”³

8. The U.S. and U.K. Delegations also believe that the functions of the Central Administrative Agencies should be understood as follows:—

“The functions of these executive agencies shall extend over the whole of Germany: their agents and any Allied supervisory staff shall be free to travel throughout Germany. It should be brought home to the German people that while these agencies will operate under the policy direction of the Control Council they will have full executive responsibility for the management of the economy of Germany.”⁴

B. ESTABLISHMENT OF A GERMAN ADVISORY COUNCIL (PARAGRAPH B—
CFM/47/M/101)

1. *Date of the Establishment of the Council*

All Delegations agree that a German Advisory Council will be established within three months of the creation of German Central Administrative Agencies.

The agreement of the French Delegation to this text is conditional upon the final determination of the frontiers of Germany having been settled by that date.

³ The United States and United Kingdom Delegations agreed to withdraw this paragraph.

⁴ The United States and United Kingdom Delegations agreed to withdraw the last sentence of this paragraph.

2. *Composition of the Council*

U.K., U.S. and French Delegations propose the following:

The German advisory Council shall consist of three representatives of each *Land* chosen by the *Landtag* so as to represent as nearly as possible the division of democratic political opinion in that *Land*.

The Advisory Council [will] consult the political parties and the trade unions and may consult any other organisations representative of German public opinion existing in any part of Germany.

The U.S. and French Delegations prefer the deletion of the word "will" and the substitution of the word "may".

The U.K., U.S. and French Delegations have assumed that if a *Landtag* should choose representatives on a basis which did not represent the division of political opinion in the *Land*, the Control Council and the Zone Commander would take corrective action.

The Soviet Delegation propose the following text:—

"The German Advisory Council should consist of an equal number of representatives of democratic parties and of the *Laender*, and also of representatives of the free trade unions and other large anti-Nazi organisations.["]

3. *The Functions of the Council*

All Delegations are agreed that "the German Advisory Council shall advise the Control Council on the general aspects of the work of the Central Administrative Agencies. This Advisory Council will also have as its task to work out within the framework of general principles laid down by the Control Council the details of a provisional constitution. The principles referred to will conform to such directives on the subject as may be issued by the Council of Foreign Ministers."

The United States Delegation makes the following reservation⁵ to this and subsequent parts of this report. The U.S. Delegation has agreed to the preparation of a provisional constitution on the understanding that it shall be general in nature and shall contain no more than the minimum required to operate the provisional government for the short time needed for the preparation of a permanent constitution. In its view, such a provisional "constitution" could well take the form of a charter or directive from the Control Council, leaving the development of a detailed permanent constitution to the deliberative processes of an elected constitutional assembly and to final ratification by the people. Thus, a stable permanent government on an elected basis could be established within a period of one year from the establishment of the provisional government.⁶

⁵ The United States Delegation corrected the word "reservation" to read "statement".

⁶ The United States Delegation deleted the last two sentences of this paragraph.

The Soviet Delegation in agreeing with paragraph 3 considers that the Control Council will define a more concrete form and procedure of consultation on the part of the Advisory Council.

C. ESTABLISHMENT OF PROVISIONAL GOVERNMENT. (PARAGRAPH D—
CFM/47/M/101)

The Committee was unable to reach agreement on the proposals submitted by the United Kingdom Delegation at the 22nd Meeting of the Council of Foreign Ministers.

The main issue remains whether elections to the provisional government are desirable or not.

The position of the Delegations is as follows:—

U.S. Position

The U.S. Delegation does not believe that elections to the provisional government are necessary. See the U.S. reservation set forth in paragraph B(3) above.

Soviet-U.K. Position

The provisional constitution and any recommendations of the advisory body on this question shall be submitted to the Control Council for its approval and in accordance with the provisional constitution, as approved by the Control Council, elections to the German Parliament shall be held and a provisional government formed to operate the provisional constitution.

French Position

The provisional constitution and all recommendations on this question made by the consultative council will be submitted for the approval of the Control Council. When the provisional constitution has been approved by the Control Council, parliamentary institutions will be instituted and a provisional government will be established on the basis of the provisions of this constitution.

D. PROVISIONAL GOVERNMENT (PARAGRAPH E—CFM/47/M/101)

During the discussion of this subject it became apparent that there were two separate issues involved. The first was the question of the functions of the provisional government and the second the question of the relationship between the provisional government and the Control Council. In so far as the delegates expressed opinions on these subjects, they are set forth below:—

U.K.-U.S. Position

The U.K.-U.S. Delegations propose the following text:—

“The provisional central government, when established, shall:—
(i) exercise, subject to the control of the Control Council, legislative powers in the field assigned to it;
(ii) supervise the execution of any such legislation by the appropriate authority and of any instructions of the Control Council.”

cil in the field for which the provisional central government is competent;

(iii) initiate the processes of framing a permanent democratic constitution."

They consider that the nature and degree of the control referred to in sub-paragraph (i) above, remains to be settled.

French Position

The provisional government shall assume the functions assigned to it by the constitution under the control of the Control Council, without prejudice to the powers reserved in certain matters to the Control Council and to the general authority assumed by the four powers in the declaration of surrender of June 5, 1945.

Soviet Position

1. The provisional German government will assume the powers of the Central Administrative Agencies.

2. The provisional government will be charged with functions defined in the provisional all-German constitution.

3. The provisional German government will be charged as its basic tasks with the eradication of the remnants of German militarism and fascism, the implementation of comprehensive democratization of Germany and the carrying out of measures designed to rehabilitate German economy, and also the unconditional fulfilment of Germany's obligations to the Allied States, as well as with the preparation of draft of a permanent German constitution, which shall be adopted by the German people and on the basis of which a permanent German government will be formed.

4. The provisional German government will act under the control of the Control Council which shall give directives to the German government on basic questions of its activity.

E. THE DIVISION OF POWERS BETWEEN THE PROVISIONAL CENTRAL GOVERNMENT AND THE LAENDER GOVERNMENTS (SEE PARAGRAPH F OF CFM/47/M/105 REVISED)

1. *The basic principle of the division*

The Coordinating Committee was unable to reach unanimous agreement on this question. The U.S., U.K. and French Delegations accepted the following text:

"All powers shall be vested in the *Laender* except such as are expressly delegated to the Central Government."

The Soviet Delegation considers that when dividing the functions between the Central German and the *Laender* Governments it is necessary to proceed from the liquidation of the Hitlerite centralization of State administration which destroyed the *Landtags* and the autonomous administration of the *Laender* so that the decentralized administration that existed prior to the advent of the Nazi regime shall be

reestablished, with the revival of the *Landtags* and of two all-German Chambers.

The Soviet Delegation consider that such a provisional German Government must be established that, while guaranteeing Germany's political and economic unity, it can at the same time assume responsibility for fulfilling Germany's obligations to the Allied States.

The French Delegation also considers that in addition to the administration of subjects which come within their own competence, the *Laender* should be exclusively responsible for the administration within their respective territories of federal legislation and for the organization in these territories of the recruiting and operation of the public services functioning under federal direction.

The American Delegation believes that the question of the division of powers between the *Laender* and a permanent Central Government should be left to a constitutional convention elected by the German people according to electoral laws adopted by the several *Laender*: the action of this constitutional convention will be subject, of course, to the approval of the Allied Control Council, and to ratification by the German people not later than one year after the establishment of the provisional government. If this is to be a democratic constitution, only the most general instructions should be imposed upon its framers. If we write the constitution for the German people, that constitution will not have the popular support necessary to the stability of any constitutional government. We should agree here to no more than the general requirement that such powers as police, internal security, culture, education and religious affairs shall not be delegated to the Central Government.

The remark of the Soviet Delegation regarding the last part of the above statement of the U.S. Delegation: The Soviet Delegation considers that the Central German Government cannot remove from itself the responsibility to the Allied Powers for guaranteeing State security in Germany, but that the *Laender* Governments should also have their powers in matters of State security on the basis of laws and directives of the Central Government, and the executive guidance of the work of the police should be in the hands of the *Laender* Governments.

2. Powers of the Central Government

The Soviet, United Kingdom, United States and French Delegations agree that: The Central government shall be competent to adopt legislative and executive measures in order to ensure the unity necessary in the following fields:

a. To ensure the political unity necessary:

(1) *The Soviet, United States and United Kingdom position.*

The Provisional German Government shall, on German territory, have legislative and executive powers on matters of the fulfilment by a Central Government of its obligations to the Allies, foreign policy, conclusion and fulfilment of international treaties, citizenship, naturalization, emigration and immigration, extradition of criminals.

Reservation of the Soviet Delegation.

The Soviet Delegation considers that the provisional Central German Government should also have powers on matters of state security, with executive authority over the police forces resting with the *Laender* Governments.

In this connection, the U.K. Delegation wishes to stress that the police forces should be decentralized and that the central government should hold only restricted and clearly specified responsibilities of coordination in the field of criminal investigation.

The French Delegation considers that there should be no federal police. A certain coordination on technical lines may appear necessary as regarding criminal research essentially limited to the establishment and maintenance of a central criminal registrar, without implying the creation of any federal police.

(2) *French Position.*

General conditions of naturalisation for foreigners, subject to the principle that every German possesses citizenship in one of the German states and must comply with the necessary conditions in this respect:

Immigration, emigration and extradition of criminals.

Foreign affairs and implementation of treaties in so far as these questions come under the competence of the Central Government. The States shall have the right to negotiate and conclude international agreements with foreign powers in matters which come under their competence (for instance, frontier zone agreements, local trade, technical and cultural agreements) and to exchange diplomatic representatives.

b. To ensure the legal unity necessary:

The French, United States, Soviet and United Kingdom Delegations consider that the Council of Foreign Ministers should define the extent to which the Central German Government should be responsible for ensuring legal unity. They have therefore accepted the following text: fundamental principles of criminal, civil and commercial law; copyrights, patents and trademarks; negotiable instruments, bills of lading and other document of title of goods.

c. To ensure the economic unity necessary:

- (1) The Soviet, French, United States and United Kingdom Delegations have agreed to place within the competence of the Central Government, customs, foreign trade, import and export control, and weights and measures.
- (2) The United States, Soviet and United Kingdom Delegations also have agreed to place within the competence of the Central Government control of certain road and water communications of national importance and of all rail communications and post and telegraph.
- (3) (a) The United States, Soviet and United Kingdom Delegations are further agreed to reserve to the Central Government the control of the supply of food, the distribution of food and raw materials in short supply, the planning of industry and the control of labor, wages and prices.
(b) The United States and United Kingdom Delegations, however, while agreeing that central control of these questions is necessary under the acute economic conditions at present existing in Germany, desires to see the end of these types of control at a later date. They are therefore opposed to the inclusion in the German constitution of provision for the permanent retention by the central government of these controls.
- (4) *French position*
(a) The French Delegation states that the powers which would be attributed to the federal authority regarding the elaboration of common measures for transport and for the federal coordination of post and telegraph are enumerated in Document CFM/47/M/41, Chapter 6, Point A, Paragraph 5 for transportation, and Paragraph 6 for post and telegraph.
(b) The French Delegation considers that the present acute economic difficulties in Germany make it unavoidable that certain powers in the economic field should be exercised by central governmental machinery under the authority or the supervision of the Control Council. These powers refer particularly to the supply of food, the distribution of food, coal and power and essential raw materials, the planning of industry and the control of wages and prices. The Control Council shall decide in due course by what German bodies these powers shall be exercised if at all.

d. To ensure the financial unity necessary:

- (1) The Soviet, United States and the United Kingdom Delegations have agreed to the following text: The issue of currency and coinage; certain powers for the coordination of banking; the national public debt; certain powers of taxation to be agreed; foreign exchange control.

- (2) The French Delegation proposes the following text: debt of the federal state; certain powers of taxation to be agreed; foreign exchange control. Questions relating to currency and the banking system should rest with a central banking commission consisting of representatives of the central banks of the *Laender*.
- (3) The Soviet, French and United Kingdom Delegations consider it necessary that the question of a budget for common purposes should also be included within the competence of the Central Government.

e. General Reservation of the French Delegation.

The French Delegation states that the powers stated as being within the competence of a Central Government in the preceding paragraphs may not in fact be attributed to this Government in their entirety by the provisional Constitution. Their detailed enumeration in this statement represents only a definition of the maximum powers which the Constitution may eventually give the Central Government.

f. General Reservation of the United States Delegation.

The agreement by the U.S. Delegation to the definition of the powers of a Provisional Central Government in the preceding paragraphs is subject to the understanding that the constitution of a Provisional Government will come before the Allied Control Council for review, and to the reservation that such a constitution, when viewed as a whole, shall not contravene the provision of the Potsdam Agreement with respect to decentralization and the development of local responsibility.

In addition, the functions of police, internal security, culture, education and religious affairs shall not be delegated to a Central Government, and an independent judiciary shall be provided to safeguard the integrity of the *Laender* and the basic rights of the individual. The powers of taxation assigned to the Provisional Central Government shall not be such as to impair the authority and means of the *Laender* to raise appropriate revenues.

3. *Powers of the "Laender" Governments*

a. Soviet Position

The Governments of the *Laender* shall enjoy in their respective territories and in the conditions normal to an autonomous government, legislative and executive powers in the following questions:

- (1) Administration and territorial divisions: Administrative management of the *Laender*, public security in conformity with the laws and directives of the national German government; the judicial system and court procedure; criminal and civil law on the basis of the national German legislation.

- (2) Public Education and Cultural Development, Public health, the regulation of conditions of work; public and social insurance; public relief;
- (3) Internal commerce; budget; local industry and transportation; mines, water resources and agriculture.

b. United States, United Kingdom and French Position

All powers not specifically delegated to the Central Government are vested in the *Laender*.

- c.* Soviet Delegation feels it necessary to retain paragraph 3 of this document taking into account the experience of the Weimar Constitution, particularly articles 6, 7 and 12.

CFM Files : Lot M-88 : Box 58

*Report by the Special Committee to the Council of Foreign Ministers*⁷

SECRET

Moscow, April 11, 1947.

CFM (47) (M) 122

The Special Committee submits to the Council of Foreign Ministers the following draft directives for the Control Council.

⁷The Report was prepared by the Special Committee in pursuance of the decision reached by the Council of Foreign Ministers at its 20th Meeting, April 3 (see telegram 1188, Delsec 1390, April 3, from Moscow, p. 307). For the earlier report by the Special Committee on some of the same topics considered here, see document CFM(47)(M)93, April 2, 1947, p. 427. The Council of Foreign Ministers discussed this Report at its 27th Meeting, April 12 (see telegram 1333, Delsec 1418, April 12, from Moscow, p. 330). According to the Record of Decisions of that meeting, the Council made the following disposition with regard to this Report:

"Demilitarisation, paragraphs 1, 2 and 5, agreed

"Democratisation, paragraph 2, agreed

"Demilitarisation, paragraph 3

"It was agreed to amend paragraph 3 as follows:

'shall effectively complete the liquidation of factories in Category I before June 30, 1948'. The U.K. Delegation made the reservation that it would accept the above date but reserved the right to report to the Control Council if difficulties arose in the completion of the task by the date established and to request an extension should this prove necessary.

"Demilitarisation, paragraphs 6 and 7

"Democratisation, paragraphs 3 and 4

"It was agreed to refer these paragraphs back for further consideration by the Special Committee.

"Demilitarisation, paragraph 4

"Democratisation, paragraph 1

"It was agreed to refer these paragraphs to the Allied Control Council for Germany for consideration and report to the next session."

The Special Committee held meetings on April 14 and 15 at which time it revised this paper to include the recent decisions by the Council and such minor additional changes as the Committee was able to agree upon. The revised Report of the Committee, circulated to the Council as document CFM(47)(M)132, April 15, 1947, is not printed. Its agreed portions were subsequently included in the Report of the Deputies for Germany to the Council, CFM(47)(M)148, April 23, 1947, p. 461.

DEMILITARIZATION

The Control Council :

(1) shall accelerate the work of destruction of German military material and the demolition of all the military establishment and installations intended for carrying on war on land, on the sea and in the air, in accordance with the programme already in progress by the Allied Control Council under directives 22 and 28 as amended, which looks forward to the completion of this work by 31st December, 1948, if possible.

(Agreed by four Delegations)

(2) shall complete the plan for the liquidation of the plants constructed especially for the production of war materials (Category I) prior to July 1st, 1947.

(Agreed by four Delegations)

(3) The U.S., French and Soviet Delegations agree on the following text :

[shall effectively complete the liquidation of factories in Category I before December 31st, 1947, with the exception of a limited number of war plants which, according to decisions of the Control Council, are intended for the conversion of ammunition into artificial fertilisers and which shall be liquidated before June 30th, 1948]

The British Delegation proposes :

[shall effectively liquidate Category I war plants at the earliest practicable date which shall be set by the Control Council. In this connexion, the Control Council shall provide for the temporary retention of the limited number of war plants which are being used for the conversion of ammunition into artificial fertilisers.]

(4) The U.S. and U.K. Delegations propose :

[shall effectively complete the liquidation of the other factories or workshops constituting a marked war potential (Categories II, III and IV, with the exception of plants maintained temporarily for the needs of the German economy under conditions determined or to be determined by the Control Council) at the earliest practicable date after adoption of the revised plan for reparations and the post-war level of German economy. The date shall be agreed by the Control Council.]

The Soviet Delegation proposes :

[shall elaborate by July 1st, 1947, a plan for the liquidation of war industrial potential for Germany having fixed a date for the actual completion of the work for the liquidation of industrial war potential (Categories II, III and IV) at a date not later than the end of 1948 paying special attention to the liquidation of monopolies, concerns, cartels, trusts, syndicates, monopolies, which unite enterprise linked with German war potential or exercise financial control over such enterprises.]

The French Delegation proposes:

[(a) shall complete within a period of 3 months after the definite establishment of the Reparations and the Level of Industry Plan for Post-War German Economy and at the latest by October 31st, 1947, the formulation of a liquidation plan applicable to other plants or factories constituting a marked war potential (Categories II, III and IV). This plan shall provide for exceptions in the case of plants temporarily maintained for the needs of German economy or the disposition of which could depend on final decisions regarding level of industry; it shall be established independently of the detailed Plan for Reparation.]

[(b) shall liquidate effectively the plants or factories in Categories II, III and IV, nine months after the approval of the liquidation plan provided for in paragraph (a) above.]

(5) shall verify with the aid of quadripartite commissions the operations for the liquidation of war potential provided for in the preceding paragraphs.

(Agreed by four Delegations)

The Soviet Delegation understands that Mr. Molotov, the Minister for Foreign Affairs of the U.S.S.R., proposed to refer to the Special Committee for its consideration the following proposals of the Soviet Delegation:

[(6) to disband and fully eliminate by June 1st, 1947, all remaining German military formations, including auxiliary units.

(7) to disband and fully eliminate all remaining and newly formed units, staffs, guard services and other organisations, as well as training and assembly camps made up of non-German nationals which, under the decision of the Control Council, are to be dissolved and repatriated.]

The U.K. and U.S. Delegations were of the opinion that the above questions (paragraphs 6 and 7) were not referred to the Special Committee. The French Delegation considered that owing to some uncertainty in this respect, the Ministers should be requested to give instructions to the Committee.

DEMOCRATIZATION

The Control Council:

Elections

1. shall ensure quadripartite supervision and inspection of elections throughout Germany as a whole:

The U.K., U.S. and French Delegations have accepted the above text.

The Soviet Delegation proposes:

1. shall ensure throughout Germany a quadripartite supervision and inspection of elections to the all-German Parliament;

The forms of supervision and inspection shall be determined in due time by the Control Council.

Land Reform

2. shall ensure the carrying out and completion of land reform in all zones of occupation in Germany in 1947.

All Delegations have accepted the above text.

Circulation of Information

The French, U.S. and U.K. Delegations propose :

3. shall establish in all of Germany a free exchange of information and democratic ideas by all media, this exchange to be limited only by the requirements of military security, the needs of the occupation, and the necessity of preventing the resurgence of National Socialism and militarism. This exchange should not be subject to any pressure of any sort, particularly administrative or economic, on the part of the central government, or of the *Laender* governments, or any other German authority.

The Soviet Delegation proposes :

3. shall establish in Germany freedom for dissemination of information and democratic ideas, subject only to the requirements of military security as well as to the carrying out by Germany of her obligations to the Allies and the necessity of preventing the revival of Nazism and militarism. The dissemination of information and democratic ideas shall be free from administrative and economic pressure, both on the part of the Central Government and on the part of the Governments of the *Laender*.

Basic Human Rights

The U.S. and U.K. Delegations propose :

4. shall ensure that any future constitution for Germany as a whole and, through the Zone Commanders, that every state (*Land*) constitution in Germany contains specific and effective guarantees of the rights of the individual regardless of race, sex, language or creed, including freedom of religion, freedom from search, seizure and arbitrary arrest, freedom of speech, assembly and association, freedom of movement and communication, the equality of all before the law and the courts, equal rights for education and of access to all employments, and also effective guarantees for freedom of the press and radio, and for independence of the judiciary.

The Soviet and French Delegations propose :

4(a) shall ensure that any future constitution for Germany as a whole and, through the Zone Commanders, that every state (*Land*) constitution in Germany contains specific and effective guarantees of the rights of the individual regardless of race, sex, language or creed, including freedom of religion, freedom from search, seizure and arbitrary arrest, freedom of speech, assembly and association, freedom of movement and communication, the equality of all before the law

and the courts, equal rights for education and of access to all employments, and also effective guarantees for freedom of the press and radio, and for independence of the judiciary.

4(b) These fundamental democratic rights of the individual shall not be used to the detriment of the requirements of military security or against the carrying out by Germany of her obligations to the Allied Powers and for attempts to revive Nazism and militarism in any form.

The U.S. and U.K. Delegations accept the content of 4(b). They consider, however, that no fresh instructions on this question are required by the Control Council. The Control Council's responsibilities are already clearly defined. The U.K. and U.S. Delegations do not consider that a restatement of these responsibilities is necessary in this connection.

CFM Files : Lot M-88 : Box 94 : File-Germany Treaty VI

The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State

Moscow, 11th April, 1947.

DEAR MR. MARSHALL: At the meeting of the Council on the 25th March⁸ you gave it as your view that the German Peace Treaty should not be signed by a German Government. Your proposal, if I understand it correctly, is that the Allies should demand that a clause be written into the future German constitution requiring that all authority exercised under the constitution should be exercised in accordance with the terms of the Peace Treaty. By this means the whole German nation would be obliged to observe the Peace Treaty by the terms of the constitution.

You will recall that I expressed grave doubts about this proposal at the time. I felt that it was most important that the Peace Treaty should be signed on behalf of Germany. I have since been giving more thought to this question, and I feel bound to let you know that I am confirmed in the view which I expressed at the Council.

I fully appreciate the underlying aim of your proposal, and with your wish to spread the responsibility for the acceptance of the Treaty over the German people as a whole, and to avoid so far as possible a repetition of the developments which followed the signature by the German Government of the Versailles Treaty.

Nevertheless, I see no escape from the need to obtain the explicit acceptance by the German Government of certain conditions upon

⁸ For a report on the 13th Meeting of the Council of Foreign Ministers, March 25, see telegram 1013, Delsec 1345, March 25, from Moscow, p. 287.

which the Allies will have to insist in return for abandoning the supreme authority which they now exercise in Germany. Such a need is foreseen in the United States draft Treaty for the Disarmament and Demilitarisation of Germany, where it is stated in Article 3 that the acceptance by Germany of certain prohibitions shall be a condition for the termination of the Allied occupation. If the scope of this Treaty were widened, as may prove advisable, or if other similar Treaties were made to impose other restrictions on Germany, and Germany was obliged to accept those restrictions also, we should in fact have arrived at much the same situation as if Germany was required to sign a Peace Treaty.

A Peace Treaty which was signed only by the Allied Powers and not by Germany would not be binding on Germany in international law, and acceptance of the Treaty by the Germans merely as part of their constitution would not make it so. Moreover, the Germans, if they ever regain any freedom, will be able to change their constitution, unless the maintenance of the constitution, or of certain vital clauses in it, is made obligatory by some special international machinery. In that event, as I have indicated above, the net result would be virtually the same as if a German Government had been required to sign a Peace Treaty. The essential feature in either case is that the Allies would require certain specific undertakings to be given by Germany, which undertakings could only be binding on Germany if she were a party to them.

At the same time, I realise that there is much to be said for laying responsibility for the acceptance of the Peace Treaty on the German people as a whole and not merely on the German Government of the time. My own view is that there will be considerable advantage in inserting an article in the German constitution on the lines you propose, provided that this is in addition to Germany's signature and ratification of the Peace Treaty and not in substitution for it. If the constitution is adopted by democratic methods, as we intend shall be the case, such a procedure would constitute a complete protection for those individual Germans whose duty was to sign the Peace Treaty.

Similarly, it seems to me desirable that the Peace Treaty (or an agreement similar to the United States Disarmament and Demilitarisation Treaty) should lay down the minimum constitutional principles which Germany must be internationally bound to maintain.

The above considerations lead me to believe that there may not, in fact, be so wide a difference between your approach and ours as seemed to be the case. I should be grateful if you could consider my views and let me have your own, since I feel it is important that we should try to agree on this question fairly soon.

Yours sincerely,

ERNEST BEVIN

CFM Files : Lot M-88 : Box 58

*Report by the Deputies for Germany to the Council of Foreign Ministers*⁹

SECRET

Moscow, April 12, 1947.

CFM (47) (M) 125

PROCEDURE FOR THE PREPARATION OF THE GERMAN PEACE TREATY

PART I

1. The German Peace Treaty will be prepared by the Council of Foreign Ministers composed for this purpose of the members of the Council representing the Powers signatory to the Act of Military Surrender of Germany.

The Council of Foreign Ministers will consult the Governments of the Allied States enumerated in paragraph 2 and of other states mentioned in paragraph 3 on the question of the preparation of the Peace Treaty in the manner laid down in Part II of this document.¹⁰

2. The Allied States mentioned in the foregoing

⁹ This Report is a redraft by the Deputies for Germany of an earlier report, not printed, circulated to the Council as the Annex to document CFM (47) (M) 60, March 24, 1947, p. 397. This redraft had been requested by the Council at its 13th Meeting, March 25 (see telegram 1013, Delsec 1345, March 25, from Moscow, p. 287). The Report printed here was discussed by the Council at its 27th and 28th Meetings, April 12 and 14 (see telegrams 1333, Delsec 1418, April 12 and 1358, Delsec 1426, April 14, from Moscow, pp. 330 and 331). According to the Record of Decisions of the latter Council meeting, the following decision was adopted with respect to this Report:

"The agreed points of this document [CFM (47) (M) 125] were adopted. There was an exchange of views on other points in the course of which it was agreed to refer paragraph 3 of Part II back to the Deputies for consideration. The Soviet Delegation withdrew its proposal on this paragraph and joined the proposal of the French Delegation on the condition that after the words 'Allied States' shall be added the words: 'mentioned in Part I, paragraph 2.'"

The source text bears the following prefatory remark:

"Notes in the margins indicate countries which agree with the words in brackets."

During their meetings in London, November 6-22, 1947, the Deputies for Germany discussed this document and agreed upon a number of minor amendments; see the United States Daily Journal of Meetings of the Deputies, pp. 703-712. As amended by the Deputies for Germany, this document was reissued as CFM (D) (L) (47) (G) 78 revised, November 12, 1947, not printed. Differences between the two versions of the Report are indicated in the annotations that follow.

As amended in CFM (D) (L) (47) (G) 78, this Report was discussed by the Council of Foreign Ministers at its 5th through 8th Meetings in London, November 29, December 1, 2, and 3, 1947 (see telegrams 6255, Delsec 1511, November 29; 6272, Delsec 1514, December 1; 6286, Delsec 1515, December 2; 6306, Delsec 1517, December 3, from London, pp. 740, 741, 742, and 746.) Paragraphs approved or amendments agreed upon by the Council at these meetings are indicated in the annotations that follow.

¹⁰ This paragraph was approved by the Council of Foreign Ministers at its 5th Meeting, November 29.

paragraph are the Allied States which are neighbours of Germany and other Allied States which participated with their armed forces in the common struggle against Germany, namely:

FRANCE

USSR

[Albania], Australia, Belgium, the Byelorussian Soviet Socialist Republic, Brazil, Canada, China, Czechoslovakia, Denmark, Greece, India, Luxembourg, the Netherlands, New Zealand, Norway, Poland, the Ukrainian Soviet Socialist Republic, the Union of South Africa and Yugoslavia.¹¹

3. The Governments of other Allied belligerent States and of ex-enemy States who subsequently participated in the war against Germany on the side of the Allies will, at an appropriate stage in the preparation of the Peace Treaty, be afforded the opportunity to state their views on the German problem, orally or in writing, to the Deputies or to the Council of Foreign Ministers, as the latter may think appropriate.¹²

4. When the preparation of the draft Peace Treaty is in essentials completed, after due consideration has been given to the views expressed by the Allied States [and when a Central Government is formed in Germany which will be deemed adequate for the purpose of accepting the said document], the Council of Foreign Ministers, consisting of the Foreign Ministers of the Union of Soviet Socialist Republics, the United States of America, the United Kingdom, France

USSR

UK

[and China]

US

FRANCE

will convene a conference to discuss the draft Treaty.

USSR

The Conference will consist of the United States of America, the United Kingdom, the Union of Soviet Socialist Republics, France and China, and [of the following Allied States which are neighbours of Germany or which participated with their armed forces in the common struggle against Germany: Albania, Australia, Belgium, the Byelorussian Soviet Socialist Republic, Brazil, Canada, Czecho-

¹¹ In CFM (D) (L) (47) (G) 78 Revised, "[Pakistan]" was inserted between Norway and Poland as a proposal favored by France, the United Kingdom, and the United States. At its 5th Meeting, November 29, the Council of Foreign Ministers agreed to include Pakistan in the list of Allied States to be invited.

¹² Paragraph 3 was approved by the Council of Foreign Ministers at its 5th Meeting, November 29.

US slovakia, Denmark, Greece, India, Luxemburg, the Netherlands, New Zealand, Norway, Poland, the Ukrainian Soviet Socialist Republic, the Union of South Africa and Yugoslavia] [of the Allied States which are neighbours of Germany or which are in a state of war with Germany. All these States will be accorded full and equal rights as members of the conference.]*

USSR [The German Government will be given an opportunity of stating its views at the Conference.]

US [Responsible representatives of Germany will be given the opportunity to present their views to the Conference.]

UK [If at the time of the Conference there exists a German Government adequate for the purpose of accepting a peace treaty, representatives of the German Government will be given an opportunity of expressing their views at this Conference.

In any event, before a peace treaty is signed by a German Government, representatives of that Government will be given an opportunity of expressing their views on the draft peace treaty.]

US 5. When the work of the Conference is concluded and its recommendations have been considered, the Council of Foreign Ministers, consisting of the representatives of the States which signed the Act of Military Surrender of Germany will draw up the final text of the peace treaty, [on the basis of the recommendations of the peace conference which are supported by a two-thirds vote of those present and voting, taking into consideration the other recommendations which are supported by a majority of those present and voting at the Conference.]¹⁴

In this work the Council of Foreign Ministers will consult the Allied States in the manner laid down in Part II of this document.

*The U.K. and French Delegations reserve their position regarding the composition of the peace conference. [Footnote in source text.]

¹⁴At the 6th Meeting of the Council of Foreign Ministers in London, December 1, 1947, the Secretary of State amended the United States proposal in brackets to read:

"taking into consideration the recommendations of the peace conference which are supported by a two-thirds vote of those present and voting, and the other recommendations which are supported by a majority of those present and voting at the Conference."

The whole of paragraph 5, including the revised language in brackets, was approved by the Council at its 7th Meeting, December 2, 1947.

6. The final text of the Peace Treaty thus prepared will be signed by the Representatives of the States represented at the Conference.

[The peace Treaty will be signed by a German Government adequate for the acceptance of this treaty.]

[The text of the peace Treaty will be presented to the other United Nations who are in a state of war with Germany]

7. The Peace Treaty will enter into force immediately after its ratification by the Allied States which signed the Act of Military Surrender of Germany.¹⁵

With respect to each other Allied signatory the Treaty will come into force upon the date of the ratifications by that Allied signatory.¹⁵

[The Peace Treaty will also be ratified by Germany]¹⁵

[The German Constitution will contain a clause providing that all powers thereunder shall be exercised subject to and in accordance with the peace settlement agreed upon by and between the Allies.]¹⁶

PART II

1. The Council of Foreign Ministers will afford to the representatives of the Allied States full opportunity to present to the Deputies or to the Council of Foreign Ministers, as the latter may think appropriate in writing or orally, any views which they may wish to present on the German problem.

Such oral statements will be made in the presence of representatives of others of the Allied States wishing to attend. It will be open to these representatives to make additional comment in writing upon communications from representatives of other Allied States.¹⁷

¹⁵ Approved by the Council of Foreign Ministers at its 6th Meeting, December 1, 1947.

¹⁶ In CFM(D)(L)(47)(G)78 Revised, France joined the United States in favoring the sub-paragraph in brackets.

¹⁷ In the earlier draft of this Report, CFM(47)(M)60, Annex, not printed, this paragraph, in the form of a bracketed proposal by the United States and United Kingdom Delegations, read as follows:

"[Such oral statements will be made in the presence of representatives of others of the Allied States wishing to attend as observers. It will be open to representatives attending as observers to make additional comment either orally or in writing upon communications from representatives of other Allied States.]"

The Allied States mentioned in the foregoing paragraphs are the Allied States which are neighbours of Germany and other Allied States which participated with their armed forces in the common struggle against Germany namely:—

USSR
FRANCE

[Albania], Australia, Belgium, the Byelorussian Soviet Socialist Republic, Brazil, Canada, China, Czechoslovakia, Denmark, Greece, India, Luxembourg, the Netherlands, New Zealand, Norway, Poland, the Ukrainian Soviet Socialist Republic, the Union of South Africa and Yugoslavia.¹⁸

In addition representatives of States not represented on the Council will be invited to participate in the discussion and study of questions relating to the German Peace Treaty in which they have a direct interest.

2. The Council of Foreign Ministers will establish for the study of questions relating to the German Peace Treaty four permanent Committees:—

- (a) Committee on the political and constitutional structure of Germany.
- (b) Committee on territorial adjustments and related problems.
- (c) Committee on the economic organisation of Germany and reparations.
- (d) Committee on disarmament and demilitarisation.

USSR

3. [The permanent committees will consist of representatives of the Four Powers Members of the Council]

FRANCE

[The permanent committees will be composed of the Four Powers Members of the Council. They will invite the Allied States concerned in the problems under consideration to participate in the study and discussion of these problems.]

UK

[The permanent Committees will consist of representatives of the Four Powers Members of the Council and of representatives of such of the Allied States mentioned in paragraph 1 as may decide to be represented thereon. The chairmanship of each

¹⁸ In CFM(D) (L) (47) (G) 78 Revised, "[Pakistan]" was inserted between Norway and Poland as a proposal favored by France, the United Kingdom and the United States. At its 6th Meeting, December 1, the Council of Foreign Ministers agreed to include Pakistan in the list of Allied States to be consulted.

Committee will be held in rotation by representatives of the Four Powers.]¹⁹

US [The permanent committees will consist of representatives of the Four Powers Members of the Council who will exercise in rotation the chairmanship of the Committees, and also of a convenient number of representatives drawn from the Allied States mentioned in paragraph 1.]

4. The work of the Committees will be directed and co-ordinated by the Deputies. The committees will submit to the Council of Foreign Ministers or to the Deputies reports and recommendations including draft articles of the Treaty. Such reports will reflect any divergencies of view that may have arisen, [and will include the proposals presented by the Allied States who have participated in the discussions.]²⁰

FRANCE

UK

US

5. Each of the four Committees will appoint sub-committees, as and when necessary, to examine particular questions; the sub-committees will continue to operate as long as is necessary to carry out the work entrusted to them. They will report to the permanent Committees, to which they will submit their recommendations and whenever unanimous agreement has not been reached, any divergencies of view that may have been expressed.²¹

FRANCE

6. [The membership of these sub-committees will be determined in each case by the permanent Committees which will invite the Allied States concerned in the problems under consideration to be members thereof.]

UK

US

[Membership of these sub-committees will be determined in each case by the permanent Committees, which will invite a convenient number of rep-

¹⁹ In CFM(D)(L)(47)(G)78 Revised, the United Kingdom Delegation proposed the following alternative to this bracketed sub-paragraph:

"[Each permanent Committee will consist of representatives of the four Powers members of the Council, together with a maximum of ten of the Allied States mentioned in paragraph 1 of part II. These vacancies will be evenly distributed among such of those Allied States as wish to take part, by the four powers and the Allied States sitting together for this purpose. If sufficient candidates are not found in every case, it will not be necessary to make up the full number of ten. The Chairmanship of each Committee will be held in rotation by the representatives of the four powers.]"

²⁰ At its 7th Meeting, December 2, the Council of Foreign Ministers approved this paragraph, inclusive of the bracketed passage.

²¹ This paragraph was approved by the Council of Foreign Ministers at its 7th Meeting, December 2.

representatives of the Allied States mentioned in paragraph 1 to be represented thereon.]²²

USSR

[The composition of the sub-committees will be analogous to the composition of the permanent committees. The sub-committees may invite representatives of other States to present their views on questions in which they have direct interest.]

7. The Council of Foreign Ministers will establish an Information and Consultation Conference of Allied States with the following duties:

(1) To keep the Allied States regularly informed on the work of the Council of Foreign Ministers in connection with the preparation of the Peace Treaty;

(2) To communicate to the Allied States all the documentation of the Council of Foreign Ministers concerning the preparation of the Treaty (particularly, decisions and directives and also reports of committees and sub-committees, etc.) which may be of use for their information;

(3) To communicate to the Allied States with the agreement of the originating Government the memoranda, statements and other documents submitted to the Council of Foreign Ministers;

(4) To organise consultation of the representatives of the Allied States:

(a) on the questions set forth in the memoranda and oral statements of the representatives of the Allied States relating to the German problem;

(b) on information and documents communicated to the Allied States under paragraphs 1 and 2 above.

In the process of such consultation it will be open to the representatives of the Four Powers to seek the views of the representatives of the Allied States who are Members of the Conference and for the repre-

²² In CFM(D) (L) (47) (G) 78 Revised, the first sub-paragraph proposed by the French Delegation and the second sub-paragraph proposed by the American and British Delegations was deleted and replaced by the following joint French-American-British proposal:

"[The composition of the sub-committees will be determined in each case by the Permanent Committees, who will invite a convenient number of the Allied States mentioned in paragraph 1 to be members thereof, including those most closely concerned with the problems under consideration.]"

representatives of these Allied States to comment, ask questions and receive answers, in writing or orally, upon any matter treated in the information or documents brought to their knowledge.²³

USSR

[The Information and Consultation Conference will consist of representatives of the Four Powers Members of the Council and of the Allied States which are neighbours of Germany or which participated with their armed forces in the common struggle against Germany, namely: Albania, Australia, Belgium, the Byelorussian Soviet Socialist Republic, Brazil, Canada, China, Czechoslovakia, Denmark, Greece, India, Luxemburg, the Netherlands, New Zealand, Norway, Poland, the Ukrainian Soviet Socialist Republic, the Union of South Africa and Yugoslavia.]

FRANCE

[The Information and Consultation Conference will consist of representatives of the Four Powers Members of the Council and of the following Allied States:*

**Note by French Delegation.*

The French Delegation proposes that the total number of States participating in the Information and Consultation Conference should be increased only by a very small number of Allied States which would in any case include Iran.²⁴

The other Allied belligerent States and ex-enemy States which subsequently participated in the war against Germany on the side of the Allies will be kept informed of the work of the Council in the manner provided in paragraphs (2) and (3) of this Article. These States may transmit to the Conference in writing their observations on the documents communicated to them. They may also ask questions in writing upon any matter treated in these documents]**

US

[The Information and Consultation Conference will consist of the representatives of the Four Powers, Members of the Council, and of all states at

²³ All of paragraph 7 to this point was approved by the Council of Foreign Ministers at its 7th Meeting, December 2.

²⁴ In CFM (D) (L) (47) (G) 78 Revised, the British Delegation joined the French Delegation in proposing this note.

war with Germany and of Allied States which are neighbours of Germany]**

****Note by U.K. Delegation.** (Not discussed by the Deputies)²⁵

The U.K. Delegation is in sympathy with the aim of the U.S. and French proposals, but reserves its final opinion. It suggests, however, as a possible solution, that there should be established two separate Conferences:—

(1) A Consultation Conference, with membership limited to the Four Powers Members of the Council and the Allied States which are neighbours of Germany and other Allied States which participated with their armed forces in the war against Germany, and also a limited number of other Allied States, including Iran, who rendered effective assistance. This Conference would fulfil all the functions envisaged for the Information and Consultation Conference—i.e. sub-paragraphs (1) to (4) of paragraph 7 above.

(2) An Information Conference, membership of which would include the Four Powers members of the Council and all States at war with Germany who wished to participate. These states would be supplied with the information and documents communicated to the members of the Consultation Conference under sub-paragraphs (2) and (3) of paragraph 7. It would be open to such states to comment in writing upon any matter treated in the information or documents brought to their knowledge.

The chairmanship of the Conference will be held in turn by the representatives of the Four Powers. They will act in concert, in the Conference, according to the instructions which they will receive from the Ministers or the Deputies.

The Foreign Ministers will be kept informed of the proceedings of the Information and Consultation Conference by their representatives on this Conference.

740.0011 E.W. (Peace)/4-1447

The Secretary of State to the British Secretary of State for Foreign Affairs (Bevin)

Moscow, April 14, 1947.

DEAR MR. BEVIN: I have carefully considered your letter of April 11²⁶ regarding the signing of the German Peace Treaty.

I am glad that you appreciate our wish to spread responsibility for the acceptance of the Treaty over the German people as a whole, and to avoid so far as possible a repetition of the developments which followed the signature of the Versailles treaty by the German Government.

²⁵ In CFM(D)(L)(47)(G)78 Revised, the British Delegation withdrew this note.

²⁶ *Ante*, p. 450.

I agree with you that if we insert in the constitution a clause which requires the acceptance and ratification of the Peace Treaty and the constitution is adopted by the German people, we will accomplish the principal purpose I had in mind. I will not object to the Treaty being signed and ratified by the German Government in accordance with its constitutional mandate.

Faithfully yours,

[GEORGE C. MARSHALL]

[For the Secretary of State's personal report to President Truman on the status of proceedings in the closing stages of the Council's session, see telegram 1425, Kosmos 48, April 17, from Moscow, page 351.]

CFM Files : Lot M-88 : Box 58

*Report by the Deputies for Germany to the Council of
Foreign Ministers*²⁷

SECRET

Moscow, April 23, 1947.

CFM (47) (M) 148

The Deputies submit to the Council of Foreign Ministers the following statement of agreements and disagreements arrived at in discussions during the present session on items 1 and 2 of the agenda.

PART I

On the questions of demilitarization, denazification, democratization, population transfers and territorial reorganization the Deputies recommend to the Council of Foreign Ministers that agreements be referred to the Control Council as directives for action.

The United States, French and Soviet Delegations recommend that disagreements should be referred to the Control Council for information and study. The U.K. Delegation reserves its position on the question of the action to be taken on these disagreements.

I. AGREEMENTS

1. *Demilitarization*

The Control Council

(1) shall accelerate the work of destruction of German military material and the demolition of all the military establishments and

²⁷ This Report was prepared in pursuance of the decision by the Council of Foreign Ministers at its 4th Informal Meeting, April 22, 1947, 6 p.m. (see telegram 1511, Delsec 1458, April 22, from Moscow, p. 374), that the Deputies for Germany draw up a paper showing the status of the German questions discussed at the Conference. This Report was considered by the Council at its 42nd Meeting, April 23, 1947. For the actions taken by the Council at that meeting with respect to the Report, see the Record of Decisions, p. 381.

installations intended for carrying on war on land, on sea and in the air, in accordance with the programme already in progress by the Allied Control Council under directives 22 and 28 as amended, which looks forward to the completion of this work by 31st December, 1948, if possible.

(2) shall complete the plan for the liquidation of the plants constructed especially for the production of war materials (Category I) prior to July 1st, 1947.

(3) shall effectively complete the liquidation of factories in Category I before 30th June, 1948.

The U.K. Delegation states that it can accept the above date but reserves the right to report to the Control Council if difficulties arise in the completion of the task by the date established and to request an extension should this prove necessary.

(4) shall verify with the aid of quadripartite commissions the operations for the liquidation of war potential provided for in the preceding paragraphs.

2. *Denazification*

The Control Council is directed

(1) To take all appropriate measures to hasten the process of Denazification throughout Germany in accordance with Control Council Directives Nos. 24 and 38.

(2) To complete as soon as possible the removal of former active Nazis and militarists from public and semi-public office and from positions of responsibility in important private undertakings and to study the possibility of fixing a date for the completion of this process.

(3) To take all measures necessary to ensure that only those individuals are employed in a judicial capacity or as public prosecutors who are considered by reason of their political and moral qualities to be capable of assisting the development of genuine democratic institutions in Germany.

(4) To concentrate upon and to hasten the bringing to trial of war criminals, members of Nazi criminal organisations and of active supporters of the Nazi regime, without requiring the indiscriminate trial of the mass of nominal members of the Nazi Party.

(5) To take action in the near future through Zone Commanders to devolve upon the appropriate German authorities responsibility for carrying out Control Council Directives Nos. 24 and 38 by passing the necessary German legislation and to ensure through the Zone Commanders that the effect of the legislation so passed is such as to produce uniform treatment of all former Nazis and militarists corresponding to their degree of responsibility, while at the same time giving the German authorities discretion as to the precise methods by which they carry out this task.

3. *Democratisation*

The Control Council

(1) shall ensure the carrying out and completion of land reform in all zones of occupation in Germany in 1947.

(2) shall establish in all of Germany a free exchange of information and democratic ideas by all media, this exchange to be limited only by the requirements of military security, the needs of the occupation, the necessity of ensuring that Germany carries out her obligations to the Allies and the necessity of preventing the resurgence of National Socialism and militarism. This exchange should not be subject to any pressure of any sort, administrative or economic, on the part the central government or of the *Laender* Governments.

4. *Population Transfers*

(1) The Council of Foreign Ministers confirms the agreements reached by the Allied Control Council for Germany recorded in Section VII, Part 2, paragraph 5, of its Report under the title *United Nations Displaced Persons* as follows:

(a) Accredited representatives of interested nations whose citizens are still in camps and assembly centres allotted to Displaced Persons should have the right to visit these places when accompanied by officers of the occupation forces for the purpose of conferring with these persons.

(b) All propaganda directed against United Nations interests or against repatriation will be forbidden in Displaced Persons Camps.

(c) Distribution of newspapers, magazines and pamphlets published and printed in the countries of which Displaced Persons are citizens shall be allowed in Displaced Persons Camps. The exhibition of films produced in their native countries shall be permitted in Displaced Persons Assembly Centres after approval by proper Allied Control Authority Agencies. These Displaced Persons shall also be allowed unrestricted use of international communications facilities to correspond with their relatives and acquaintances in their home countries. The accredited repatriation Liaison Officers of the United Nations may carry between the Zones and their home countries letters from United Nations Displaced Persons.

(d) Organisations established for carrying on the humanitarian task of tracing missing United Nations Displaced Persons and Prisoners of War shall be continued and that all such organisations should instruct German authorities to furnish all necessary facilities required by such organisations.

(e) Arrangements should continue for the census and registration of all property and belongings of United Nations Displaced Persons and that the German authorities should be instructed to continue to give all possible assistance towards the legitimate return of this property with the minimum of delay.

(f) Arrangements should be continued for the repatriation of the remains of deceased United Nations nationals upon request of the countries concerned and that the German authorities should be in-

structed to continue to grant all necessary facilities for such purposes.

(g) Arrangements should continue for the care and maintenance by the German Authorities of the graves of United Nations nationals who died in Germany.

(2) Council of Foreign Ministers agrees upon the following principles with reference to United Nations Displaced Persons in Germany and to population transfers.

(a) Any war criminals found in Displaced Persons Camps are to be turned over under guard to the Military Command of the countries concerned upon due request and upon production of satisfactory evidence that the individuals whose transfer is requested are in fact war criminals.

(b) All "Committees", "Centres", and other similar organisations which may be found to be engaged in activities hostile to the interests of any of the Allied Powers will be immediately disbanded.

(c) The voluntary repatriation of Displaced Persons who are now in Germany will be accelerated.

(d) Control Council shall study further the whole question of the transfers of population into Germany with a view to directing to the areas best able to receive them those populations whose transfer to Germany may be decided in the future. Account shall be taken in this study of the situation existing in each Zone.

The recommendations and decisions confirmed or taken by the Council of Foreign Ministers are transmitted to the Control Council for Germany and to the Commanders-in-Chief of the occupation forces of Germany for appropriate action within their spheres of competence.

II. DISAGREED QUESTIONS

1. *Demilitarisation*

The positions of the various Delegations on the questions upon which no agreement has been reached under this heading are set out in the following paragraphs of document CFM(47)(M)132²⁸

(a) Paragraph 4: Liquidation of Factories in Categories II, III and IV.

(b) Paragraph 6: German Military Formations.

(c) Paragraph 7: Non-German Units and Services.

2. *Democratization*

The positions of the various delegations on the questions on which no agreement has been reached under this heading are set out in the following paragraphs of Documents CFM/47/M/132 and CFM/47/M/93:²⁹

²⁸ The document under reference, dated April 15, 1947, not printed, was a redraft of the Report of the Special Committee, CFM(47)(M)122, April 11, 1947, p. 446.

²⁹ *Ante*, p. 427

- (a) Paragraph 1 (CFM/47/M/132)—Supervision of Elections
- (b) Paragraph 4 (CFM/47/M/132)—Basic Human Rights
- (c) Paragraph 1, Part II (CFM/47/M/93)—Political Parties and Trade Unions
- (d) Paragraph 2, Part II (CFM/47/M/93)—Electoral Procedure
- (e) Paragraph 3, Part II (CFM/47/M/93)—Freedom of Movement
- (f) Paragraph 4, Part II (CFM/47/M/93)—Education.

3. *Transfer of Populations*

The positions of the various delegations on the questions on which no agreement has been reached under this heading are set out in the following paragraphs of Document CFM/47/M/93:

- (a) Paragraph *a*—Resettlement of DP's Outside Germany
- (b) Paragraph *b*—Administration of Displaced Persons Camps
- (c) Paragraph *c*—Special Quadripartite Investigation Committee
- (d) Paragraph *d*—Suspension of Transfers of Population
- (e) Paragraph *e*—Organization of German emigration
- (f) Paragraph *f*—Reference of Problem to International Refugee Organization
- (g) Paragraph *g*—Costs of DP Maintenance
- (h) Paragraph *h*—Redistribution of Refugees and Expellees
- (j) Paragraph *j*—Enlistment of DP's in Units and Services

4. *Territorial Reorganization*

The positions of the various delegations on the questions on which no agreement has been reached under this heading are set out in the following paragraphs of Document CFM/47/M/93—Territorial Reorganization.

- (a) Paragraph 1—Definition of administrative and territorial divisions
- (b) Paragraph 2—Future territorial changes

PART II

ECONOMIC PRINCIPLES, THE LEVEL OF POST-WAR GERMAN ECONOMY AND REPARATIONS PLAN

The position of each Delegation on all agreed and unagreed points has been taken subject to the general reservations contained in the following statement which serves as a preamble to Economic Principles, Section VII, CFM(47) (M) 74:³⁰

“The position of each Delegation with respect to each specific proposal is dependent upon reaching agreement as a whole on the related

³⁰ *Ante*, p. 409.

problems of the level of industry, reparations and the treatment of Germany as an economic unit.

"The French Delegation adds the following reservations: It cannot agree to any settlement of these three questions without prior settlement of the question of the export of coal in conformity with the demands of the French Government. The French Government repeats that it is ready to accept that Germany should be treated provisionally within its present borders as an economic unity without awaiting the determination of the future status of the Ruhr and Rhineland or prejudging the political and economic regime of those regions, and on the condition that the Saar should immediately be incorporated in the economic and monetary sphere of France.

"The Soviet Delegation declares that it approaches the consideration of economic principles in an organic connection with the question of reparations to which, as was stated by the head of the Soviet Delegation, the Soviet Government attaches paramount importance. In considering separate proposals advanced by various delegations concerning economic principles and especially with regard to reparations, the Soviet Delegation sees a series of points on which it can find a common solution of questions, only, however, having in view that it will meet reciprocity in the question of reparations to which it attaches a special importance."

I. ECONOMIC PRINCIPLES

A. *Agreed point*

1. *Common Sharing of Resources*

All delegations are agreed in principle that there should be a sharing of indigenous resources in Germany and that commodities in short supply should be allocated on a basis of uniform rations. Agricultural production shall be maximized and industry reactivated on peaceful lines as soon as possible and imports into Germany shall also be used on a common basis. (Section VII, paragraph 1, CFM(47) (M)74)

B. *Unagreed points*

The following points, numbered in accordance with Section VII of CFM(47) (M)74, are not agreed:

2. Export-Import Plan
3. Sharing of Import Deficits
4. Financial Reform
5. Subjection of Resources in Germany to German Law
6. Occupation Forces and their Requirements
7. Freedom of Movement
8. Control of the Ruhr
9. Annulment of the Bi-Zonal Agreement
10. Economic Decentralization and De-cartelization
11. Allied Control over Internal Allocations in Germany

The Deputies recommend to the Ministers that all agreed and unagreed points be referred to the Allied Control Council for informa-

tion. The Soviet Deputy proposes that the unagreed points be referred by the Ministers to the Deputies for study. The French Deputy agrees with this proposal. The United States and United Kingdom Deputies reserve their positions.

II. LEVEL OF POST-WAR GERMAN ECONOMY AND REPARATIONS PLAN

A. *Agreed point*

Reparations

The four Delegations agree to direct the Control Council to determine within three months following the completion of the Plan for Reparations and the Level of Post-war German Economy to establish the lists of the plants and the amount of equipment taken away or to be taken away within the four zones as reparations. (Section VIII, paragraph B, 1, CFM (47) (M) 74)

B. *Unagreed points*

All other points discussed in Section VIII of CFM(47)(M)74, dealing with the level of the post-war Germany economy and the reparations plan were not agreed. The Deputies note, however, that the following text on the level of the post-war German economy

“The four Delegations agree on the necessity of a revision of the plan for reparations and the level of German post-war economy.” (excerpt from Section VIII, paragraph A, 1 CFM (47) (M) 74)

includes an agreement in principle. This text is included among the unagreed points because of the number of specific reservations attached to the manner of the implementation of the principle.

The Deputies recommend to the Ministers that all agreed and unagreed points on the level of the post-war German economy and the reparations plan be referred to the Allied Control Council for information. The Deputies further recommend to the Ministers that part B, 10 of Section VIII of CFM (47) (M) 74, which is not agreed, be referred by the Ministers to the Deputies for study. The Soviet Deputy proposes that the other unagreed points be referred to the Deputies for study. The French Deputy agrees with this proposal. The United States and United Kingdom Deputies reserve their positions.

PART III

FORM AND SCOPE OF THE PROVISIONAL POLITICAL ORGANIZATION OF GERMANY (CFM (47) (M) 121)³¹

The Deputies submit to the Council of Foreign Ministers the following statement regarding the agreed and disagreed points which

³¹ *Ante*, p. 436.

resulted from the Council's discussion during the present session on the Form and Scope of the Provisional Political Organization of Germany. (CFM (47) (M) 121)

GENERAL RESERVATION ON THE DOCUMENT AS A WHOLE

All Delegations agree that any decision on the political organization of Germany is conditional upon the prior establishment of German economic unity.

A. *Central Administrative Agencies*

All Delegations agree to accept:

Paragraph 1 (a) and (b)

The French Delegation accepts these two paragraphs only on condition that agreement is reached on paragraphs 2 and 3.

Paragraph 4.

Agreement was not reached on the following paragraphs: 2, 3, 5, 6, and 8.

Paragraphs 5 and 6 were combined and paragraph 7 was omitted.

B. *Establishment of a German Advisory Council*

All Delegations agreed to accept:

Paragraph 1.—Date of the Establishment of the Council

The agreement of the French Delegation to this text is conditional on the final determination of the frontiers of Germany having been settled by that date.

Paragraph 3.—The Functions of the Council

All Delegations are agreed that "the German Advisory Council shall advise the Control Council on the general aspects of the work of the Central Administrative Agencies. This Advisory Council will also have as its task to work out within the framework of general principles laid down by the Control Council the details of a provisional constitution. The principles referred to will conform to such directives on the subject as may be issued by the Council of Foreign Ministers."

The United States Delegation makes the following statement regarding this and subsequent parts of this report. The U.S. Delegation has agreed to the preparation of a provisional constitution on the understanding that it shall be general in nature and shall contain no more than the minimum required to operate the provisional government for the short time needed for the preparation of a permanent constitution.

The Soviet Delegation in agreeing with paragraph 3 considers that the Control Council will define a more concrete form and procedure of consultation on the part of the Advisory Council.

No agreement was reached on :

Paragraph 2.—Composition of the Council

C. *Establishment of Provisional Government.*

No agreement was reached on this section.

D. *Provisional Government*

No agreement was reached on this section.

E. *The Division of Powers Between the Provisional Central Government and the "Laender" Governments.*

1. *The basic principle of the division*

No agreement was reached on this paragraph.

2. *Powers of the Central Government*

All Delegations agreed on the following texts :

Introductory paragraph :

"The Soviet, United Kingdom, United States and French Delegations agree that: The Central government shall be competent to adopt legislative and executive measures in order to ensure the unity necessary in the following fields:

"a. To ensure the political unity necessary: (The rest of this sub-paragraph was not agreed).

"b. To ensure the legal unity necessary :

"The French, United States, Soviet and United Kingdom Delegations consider that the Council of Foreign Ministers should define the extent to which the Central German Government should be responsible for ensuring legal unity. They have therefore accepted the following text: fundamental principles of criminal, civil and commercial law; copyrights, patents and trademarks; negotiable instruments, bills of lading and other documents of title of goods.

"c. To ensure the economic unity necessary :

- (1) The Soviet, French, United States and United Kingdom Delegations have agreed to place within the competence of the Central Government, customs, foreign trade, import and export control, and weights and measures."

(The subsequent subparagraphs of c. were not agreed)

"d. To ensure the financial unity necessary :

- (3) The Soviet, French, U.S. and United Kingdom Delegations consider it necessary that the question of a budget for common purposes should also be included within the competence of the Central Government."

(The preceding subparagraphs of d. were not agreed.)

The agreement on these points is subject to the general reservations of the French and U.S. Delegations mentioned in subparagraphs *e.* and *f.*

No agreement was reached on the remaining parts of subparagraphs *a.*, *c.*, and *d.*

Paragraph 3—Powers of the “Laender” Governments.

No agreement was reached on this paragraph.

The UK, Soviet and French Delegations agree that the document CFM/47/121 (Form and Scope of Provisional Political Organization of Germany) was already referred to the Deputies by a decision of the Council at the 27th Meeting. The United States Delegation is not clear that such a decision has already been made, but is ready to concur if that is the case.

PART IV

LIQUIDATION OF PRUSSIA

The Council of Foreign Ministers confirmed at its 1st Meeting on 10 March 1947 the Control Council Law on the Liquidation of Prussia.

The Deputies recommend that this decision be notified to the Control Council.

PART V

PROCEDURE FOR THE PREPARATION OF THE GERMAN PEACE TREATY (CFM/47/M/125)^{31a}

The Deputies have considered the document on the Procedure for the Preparation of the German Peace Treaty. This document contains points of agreement and disagreement. The United States, French and Soviet Deputies recommend that the Council should remit the document to the Deputies for further consideration. The United Kingdom Deputy reserved his position on this proposal.

The United Kingdom Deputy makes the reservation that agreement on parts of this document does not mean that parts of the procedure for a German peace treaty should be put into operation before there is agreement on the whole procedure.

CFM Files : Lot M-88 : Box 58

*The Council of Foreign Ministers to the Allied Control Council
for Germany*

SECRET

Moscow, May 10, 1947.

CFM (47) (M) 158

The General Secretariat of the Moscow session of the Council of Foreign Ministers has the honour to inform the Allied Control Coun-

^{31a} *Ante*, p. 452.

cil for Germany that the Council of Foreign Ministers at its 42nd meeting on April 23, 1947 approved with certain amendments the Report of the Deputies for Germany (doc. CFM/47/M/148).³² The amendments to the Report of the Deputies are set forth in Section I of the Provisional Record of Decisions of the 42nd meeting of the Council of Ministers³³ which has been agreed upon by the Secretaries of the four Delegations.

As it follows from the abovementioned document the Council of Foreign Ministers has transmitted the agreed decisions with regard to demilitarization, denazification, democratisation, transfer of population and territorial reorganization to the Control Council for Germany as a directive for its guidance and action.

At its 42nd meeting the Council of Foreign Ministers has likewise adopted a decision with regard to the return of German prisoners of war to Germany. This decision is stated in doc. CFM/47/M/153³⁴ (see Section III of the Provisional Record of Decisions of the 42nd meeting of the Council of Ministers).

At its 43rd meeting on April 24, 1947, the Council of Foreign Ministers took the following decision:

"Finding it necessary to limit the occupation forces in Germany the Council agreed to suggest that the Allied Control Council in Germany should consider this question and determine the size of armed forces of the USA, United Kingdom, France and the USSR in Germany as on September 1, 1947. The Control Council will report its decision to the Council of Foreign Ministers not later than June 1, 1947".³⁵

The General Secretariat has the honour to attach herewith the following documents: CFM/47/M/148, CFM/47/M/153 and the Provisional Record of Decisions of the Council of Ministers adopted at its 42nd meeting on April 23, 1947—two copies in Russian and French each and four copies in English. These documents have already been circulated in sufficient number to the four Delegations.

³² *Ante*, p. 461.

³³ *Ante*, p. 381.

³⁴ For the text of the document under reference here, see footnote 27, p. 382.

³⁵ The concluding phrase of the first sentence, "as on September 1, 1947", was not included in the provisional Record of Decisions of the Council's 43rd Meeting, April 24, 1947, Item IV, p. 386, which this paragraph quotes. Nor was the phrase included in this document as originally transmitted to the Allied Control Council. As a result of a request by the United States, this phrase was added as a corrigendum to this document, dated May 28, 1947.

2. Economic Affairs in the United States, British and French Zones of Occupation in Germany

740.00119 Council/4-1447 : Telegram

*The United States Military Governor for Germany (Clay) to
Major General William H. Draper at Moscow*³⁶

SECRET
PRIORITY

BERLIN, April 11, 1947.

CC-8766. For Draper. Reference your memorandum of April 9.³⁷ I cannot see why the questions raised by Robertson need to be decided in Moscow as the decisions involved cannot be carried out until after the completion of Moscow Conference. The questions require careful consideration and mutual discussion between American and British Military Government. I believe that the basic difficulties in making the bizonal economic agencies effective are more fundamental than appear on the surface and require considerable reconciliation of American and British viewpoints. I have no objection in principle to the concentration of bizonal agencies in one city, subject to being able to provide the requisite facilities and communications. I also agree that the bizonal agencies should be required to insure their efficiency. However, I do not believe that this can be done without considerable difference in present thinking. The tendency of the Germans is to an almost complete regimentation of German economy and they have considerable British sympathy for this purpose. Having been intimately connected with war time controls, I know that many thousand people would be required and these people are not available. The present German agency is much too large for broad policy actions and yet many times too small for detailed controls. My own view is that allocations are going to have to be made either on *laender* basis or broad industry basis with priorities limited to the Import Export Program and with procurement from outside sources directed to Import Export Agencies if the program is to really gain momentum. The effort now being made to direct materials by plant and to control distribution of many commodities cannot possibly succeed without months if not years of effort to establish the requisite organization. I agree as to the desirability of some political body being established for both zones subject, of course, to the consent of both governments. I have no confidence whatsoever in an advisory council and I am unwilling to establish the

³⁶ The source text, a copy included among the papers of the United States Delegation to the Moscow Session of the Council of Foreign Ministers, is initialed by Secretary of State Marshall.

³⁷ The memorandum under reference here has not been found. It apparently reviewed earlier discussions with the British regarding measures to improve the efficiency of German bi-zonal agencies. Gen. Robertson's views on this issue were summarized in his conversation with Gen. Draper on April 15; see Draper's memorandum to the Secretary of State, April 15, p. 333.

precedent of giving political responsibility to such a council which includes representatives of political parties and trade unions not responsible or elected by the German people. If we later succeed in getting quadripartite government, we may well have established a precedent for communist control. I do not see how we can establish a bizonal revision of the level of industry based on any specific figure without more study than we have as yet given to it and even this revision must be tentative until we know what is to happen to Germany as a whole. Of course, I had already agreed with Robertson to study the level of industry required for our 2 zones only and to list and publish the reparations plants above such a level of industry for evaluation and allocation. I have no objection to this although I would not be prepared to make further deliveries to USSR unless desired by our government as in the event of failure to agree on a United Germany, such deliveries should be offset by the production already taken out of Germany by the USSR. With due regard to the feeling with respect to reparations deliveries, McJunkins advises me that many of the war plants already allocated have not yet been called for by the recipient countries and that furthermore it will tax all available transport to deliver during the remainder of this calendar year the tonnage now under allocation. I believe that any foreign commitments should await Robertson's return and full discussion here in Berlin after which we can make such recommendations jointly to our governments as appear desirable. I urge that no bilateral agreements be made in Moscow until they have been studied here to determine their full implications. I am even more concerned than Robertson with obvious failure of bizonal agencies to get under way satisfactorily. However, I am sure this results from an effort to centralize far beyond the capacity and competency of any German administration which we can hope to build up now and that we can be successful only by decentralization. All major contracts to date have resulted from initiative at *land* level and have been in spite of rather than because of bizonal agency.

CLAY

740.00119 Control (Germany)/4-1547: Telegram

*Major General William H. Draper to the United States Military Governor for Germany (Clay) at Berlin*³⁸

SECRET

Moscow, April 11, 1947.

MA 51238. Personal for Clay from Draper. Delegation has suggested I cable you the following memorandum to Secretary from

³⁸ The source text was sent to the Department of State as enclosure 1 to despatch 106, April 15, 1947, from the United States Delegation at the Council of Foreign Ministers in Moscow, not printed. Enclosure 2 to the despatch just
Footnote continued on following page.

Mason and myself and that I request your comments by cable in view of importance of decisions involved:

"Mr. Bevin plans to see you soon concerning a proposal on the level-of-industry. This morning we discussed with Hall-Patch what Mr. Bevin proposed to do. According to our information he will seek an opportunity at the Council to propose Four-Power agreement on a revised level-of-industry based on a steel production of 10 million tons (11½ million tons capacity to be left in place). The British expect (and so do we) that the Soviet Delegation will immediately raise the question whether this provides for reparations from current output in accordance with the Soviet demand. The answer being "no", it is expected that the Soviet Delegation will not agree. It is also expected that France will not agree because of the steel figure.

If this is the outcome, Mr. Bevin plans to indicate that he regards himself as free to take whatever action is appropriate regarding the level-of-industry. In this connection he will seek a US-UK agreement to announce:

1) That the bizonal area will undertake a revision of the level-of-industry based on a 10 million ton production of steel (capacity of 11½ million tons to be left in place).

2) That plant and equipment will be moved as soon as the new level has been determined and the plants available for removal are listed.

3) That, in the interval, 15-20, or some larger number of plants drawn from categories II, III or IV will be allocated.

4) That the allocation of plant and equipment mentioned in (2) and (3) will be to the east as well as the west according to the Potsdam formula.

Recommendation: We agree that Four-Power agreement should be sought. We are convinced, with the British, that it will not be attained.

We think that, in this event, public announcement of a US-UK agreement should be postponed for two or three months pending the completion of the study and the listing of plants. A public announcement during the Conference or shortly thereafter, would, we believe, be too indicative of a break in relations. Russia and France should be given some opportunity of reconsidering their positions.

We should, however, agree with the British before the end of the Conference:

(1) To undertake a study of the appropriate new level-of-industry immediately;

(2) To list the plants thereby made available for allocation;

cited was the following text of a telegram from Draper to Clay, dated April 13, 1947, transmitted as telegram 257 through the Office of the United States Political Adviser at Berlin:

"Secretary and Delegation generally favor acceptance points 1, 2 and 4 of Bevin's proposal sent you in previous cable but withholding public announcement for the time being. In view this question actively under discussion, Secretary wishes to know if you would desire to participate in discussion here."

(3) To allocate. (General Draper does not agree. He believes that agreement to allocate should await the completion of the study and the listing of plants);

(4) Issue the appropriate directives to our authorities in Berlin.

We do not agree that allocation of plants outside of Category I should be undertaken before completion of the study. As soon as allocation is begun a decision will have to be made on allocations to France and Russia. This is a serious decision which should be postponed until these countries have had a chance to reconsider positions taken at this Conference.

If Mr. Bevin insists, however, on immediate allocations and if you agree with him, there are three possible positions regarding allocations to France and Russia:

(1) No allocations to these countries.

(2) Allocations to France and Russia but with the U.S. and U.K. selecting the plants if USSR and France refuse to cooperate and holding them in reserve pending economic unification.

(3) Allocation and shipments to all countries in accordance with the Potsdam formula.

Mr. Bevin, as indicated above, will support the 3rd position.

We advise the acceptance of the 2nd position though there is disagreement in the American Delegation on this matter."

740.00119 Council/4-1447

The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State

Moscow, 14th April, 1947.

DEAR MR. MARSHALL: I have had some telegrams during the past two days from Berlin which have caused me a good deal of concern. It seems that there are rather wide differences of opinion as to how our joint arrangements for the economic fusion of our Zones should work, and there has even been an indication given that it might be better to cancel these arrangements and work our own Zones separately. In view of the statements which we have both made here at the Conference table I feel that this is rather a serious matter.

I am sure that you would wish to have General Clay's advice and his account of what has been taking place in Berlin recently. Do you think that it would be possible to get him here within the next few days, so that he and Robertson could talk things over frankly between them and then report generally to yourself and me?

Yours sincerely,

ERNEST BEVIN

749.00119 Council/4-1447 : Telegram

*The United States Military Governor for Germany (Clay) to
Major General William H. Draper at Moscow*³⁹

SECRET
URGENT

[BERLIN, undated.]

Relative your radio MA-51238,⁴⁰ I cannot recommend any definite figure for steel capacity to be left in Germany. In any event, it should first be fixed to meet needs of Western Germany on a self-sustaining basis which in view of larger export program because of excess concentration of population may well be larger than required for Germany as a whole. The figure of ten million tons is pulled out of the hat as far as I am concerned. I had agreed some time ago with Robertson for a joint study to be placed before our respective governments. Also, I would not want to agree to allocate any more plants to Soviets prior to economic unification. In event Germany is separated, they should be required to give up these plants in payment for products taken into reparation. I would also doubt advisability of indirect allocations to Soviet-dominated countries if economic unity fails. Obviously, IARA would have great difficulty in handling allocations on this basis. I point out that regardless of allocation, we cannot move any more than the quantities now allocated this calendar year. I urge that no commitments be made with the British other than to study the problem with a deadline date of say 1 July for reporting to our governments. In view of my recommendation, I do not see how I can contribute to discussion and I have no desire to do so in view of my obligations here. If the Secretary desires or needs me, I am, of course, at his disposal.

[CLAY]

CFM Files : Lot M-88 : Box 95 : Saar

*Draft Memorandum of Conversation*⁴¹

SECRET

[Moscow,] April 16, 1947.

Present: Mr. Cohen, Mr. Dulles, Mr. Matthews, Dr. Mason, Mr. Murphy, General Draper, Mr. Riddleberger, Mr. Kinkleberger, Colonel Bonesteel, Mr. Jacobs.

Mr. Mason explained that he had requested the meeting in order to discuss the position of the U.S. Delegation on the action to be taken

³⁹ The source text is a copy included in a collection of papers of the United States Delegation at Moscow. Another copy of this message in the same collection is initialled by the Secretary of State.

⁴⁰ *Ante*, p. 473.

⁴¹ This draft memorandum was probably prepared by George R. Jacobs.

with respect to the transfer of the Saar in the likely event that there is no quadripartite agreement on the problem.

Mr. Kindleberger said that a tripartite decision to detach the Saar and make it part of a Financial and Customs Union with France would lay the U.S. and Britain open to obstruction and bitter criticism by the Russians and such countries as Yugoslavia and Czechoslovakia, in ECO, with respect to coal allocations, in IARA, with respect to charging the reparations account of France, and possibly in ECITO where the Russians were also members. He said that any of these countries could ask for an official communication on the transfer of the Saar to France from either the CFM or the Allied Control Council and refuse to recognize the transfer and its implications for their particular problems without such official notice.

Mr. Cohen said that he thought the problem must be divided into several parts. He felt that we should try to accomplish as much of our objectives, that is the satisfaction of French desires with respect to the Saar, as possible without risking dangerous opposition. He felt that it should be possible to treat the Saar in somewhat the same way that the Polish-administered areas of Germany were being treated. He recalled that when Mr. Byrnes invited the other zones to join with the US zone in the widest possible German economic unity in Paris last July, he stated that he would welcome the adherence of the French zone less the Saar. If the French Zone were merged with the US-UK bizonal area, therefore, some arrangements would have to be made to leave the Saar out of the trizonal union and to permit the French to administer that separately. Any action the French should decide to take subsequently with respect to regarding the resources of the Saar as part of the French economy would rest with them. The United States would have to take a position on this action, if at all, only when it occurred. For the most part it might be possible not to take an open position but to support the French in silence or abstentions. If a public statement was eventually required it could say that the arrangements made were provisional.

Mr. Dulles said that he thought we should not let fear of the Russians' criticism stop our doing anything that we had agreed to do. If we did allow ourselves to be deterred by fear of Russian criticism, we would be able to do nothing.

Mr. Kindleberger said that the occasions on which the Russians or their satellites could make damaging criticism of the U.S.-British position, would be numerous and that there was real danger that a number of international objectives, such as those of the U.S. in ECO and IARA would suffer seriously. Mr. Cohen and Mr. Dulles thought

that these problems could be met by stating the U.S. position when the need arose.

The discussion then shifted to the exact nature of our commitments to the French. Mr. Mason pointed out that his discussions with Sir Edmund Hall-Patch had given him the impression that the British did not understand that the cession of the Saar to France deprived Germany of Saar coal and its export proceeds. It was recalled that the Secretary had agreed to the immediate detachment of the Saar and its incorporation in the French financial and customs union. This, it was stated, meant that Saar coal would have to be paid for in francs.

Mr. Mason and General Draper pointed out that the cost was probably of the order of 50 million dollars a year since the Saar was exporting about 345,000 tons of coal to the French and U.S. Zones and 100,000 tons of coal a month to France. Since coal sent to the U.S. and French zones would have to be replaced by Ruhr coal diverted from exports which brought \$10 a ton and the dollar proceeds of the exports of 100,000 tons a month would accrue to France rather than to the French occupying authorities in Germany, the net loss would be about 50 million dollars a year. It was agreed that there were not any balancing items of trade which substantially reduce this figure.

Mr. Dulles said that he felt that Mr. Bevin's frequent statements to the effect that he was not authorized by his Government to incur any further obligations on the British taxpayer made it clear that Mr. Bevin would not have agreed to the cession of the Saar if he had understood any cost to the British was involved.

Mr. Cohen said that the U.S. could not agree to cession of the Saar removing this coal from part of Germany's resources at least until there was a balance of German exports and imports. General Draper agreed.

Mr. Dulles said that he felt that one of the principal favorable results of the present Conference was the manner in which we had managed to bring the French closer to ourselves and the British and that we should do whatever we could so long as it did not increase our costs in Germany to help the French to stay close to us in their position. It was agreed that Mr. Mason would inquire of Sir Edmund Hall-Patch as to the British views on this problem.

740.00119 Council/4-1447

*Memorandum by the British Military Governor for Germany
(Robertson)*⁴²

SECRET

[Moscow, April 17, 1947.]

MEMORANDUM ON THE OPERATION OF THE FUSION AGREEMENT AFTER
THE MOSCOW CONFERENCE

Presented jointly to the U.S. and U.K. Secretaries of State by Major General W. Draper on behalf of the Commander-in-Chief and Military Governor of the U.S. Zone and Lieut. General Sir Brian Robertson on behalf of the Commander-in-Chief and Military Governor of the British Zone.

SECTION "A"—OPERATION OF ECONOMIC FUSION

1. The Fusion Agreement signed in New York on the 2nd December, 1946,⁴³ shall continue to be operated fully in the spirit in which it was conceived with the object of securing the maximum success in the joint administration of the economy of the Combined Zones.

2. While it is not necessary that there should be identity of views on the future political structure of Germany, the broad principles of the division of powers between the centre and the *Laender*, supported by the U.S. and U.K. Delegations in document CFM/47/M/121,⁴⁴ Section "E", as amended during its discussion in the Council of Foreign Ministers, shall be regarded for the purposes of the operation of fusion as the accepted policy of both Governments. These principles are summarized in Annexure "A".⁴⁵ They will be regarded for the present as applicable to the division of powers between *Land* govern-

⁴²The source text is marked "SECOND DRAFT. (Not yet approved by British Secretary of State.)". Attached to the source text is a copy of a letter, dated April 17, 1947, from General Draper to General Robertson which reads as follows:

"I have received your memorandum on the operation of the fusion agreement which will be brought to General Marshall's attention immediately. I see from your note that it is a first draft and not yet approved. But since it is drawn up as if presented jointly by you and me on behalf of our respective Commander-in-Chiefs, I must point out that I am not authorized to speak for General Clay on this matter. As you know, he believes that no specific decisions should be reached concerning the management of the bizonal area until you and he have had the opportunity of discussing the questions involved and of making joint recommendations. You indicated that Mr. Bevin would probably see General Marshall on Thursday [April 17] so I wanted you to have this word immediately."

⁴³For the text of the Memorandum of Agreement under reference here, see Department of State Treaties and Other International Acts Series No. 1575 or 61 Stat. (pt. 3), 2475.

⁴⁴*Ante*, p. 436.

⁴⁵Annex A, not here printed, was an extract from Section E of document CFM(47)(M) 121.

ments on the one hand and Military Government and the Bi-Zonal Administrations on the other hand.

3. (a) The Bi-Zonal Administrations shall be concentrated in one area. The choice of location for this purpose shall be determined primarily by the speed at which an efficient concentration can be effected.

(b) The Bi-Zonal Administrations shall be accorded sufficient executive authority and shall be staffed in a manner adequate to enable them to perform their functions. While excessive staffs are undesirable, both Governments agree to provide such Allied personnel as are essential and to ensure that adequate German personnel is assembled to execute the work efficiently.

(c) The chairman of each executive committee shall devote his whole time to his work as such. He shall be vested with executive authority subject to the decisions of his executive committee.

4. (a) In accordance with the principle contained in paragraph 2. (c) of Annexure "A", the distribution of food and raw materials in short supply and the planning of industry shall be carried out centrally by the Bi-Zonal Administrations under the supervision of the appropriate Allied Control staffs.

(b) The planning of industry shall be done in a manner to ensure the best possible use of available resources, including particularly coal. This is necessary firstly to reduce as quickly as possible the expenditure being incurred by both Governments on the economy of the joint Zones and secondly in order to ensure that the export of coal is at the highest level consistent with the maintenance of a proper economy in the Combined Zones.

5. The execution of the plans for the distribution of food and raw materials in short supply and for industry shall be carried out by the administrative machinery of the *Land* Governments. Adequate measures of control shall be taken to ensure that this execution is prompt and effective to avoid the dissipation of resources and the waste of Allied money.

6. Measures shall be taken to develop greater freedom of trade between Germans in the Combined Zones and other countries, particularly by making it possible for the German exporter to negotiate contracts with potential buyers abroad subject only to essential control of foreign exchange. Financial resources available for the purchase of raw materials, etc., shall not, in the first instance, be used with the object of achieving a general improvement in the economy of the Combined Zones, but shall be used boldly to secure those things which are shown to be necessary for the rapid development of exports.

7. Prompt measures shall be taken to bring about financial reform,

if possible on an all-German basis, including the issue of a new currency.

SECTION "B"—LEVEL OF INDUSTRY AND REPARATIONS

8. Immediately after the conclusion of the Moscow Conference, a joint Declaration shall be made by U.S. and U.K. Military Government to the effect that they intend forthwith to establish a fresh level of industry for the Combined Zones and that they do not intend to agree to any lower level in the future. The basis of the new Plan shall be an annual production of 10,000,000 tons of steel and consequential increases in the level of other industries. The details of this Plan will be worked out in Berlin. The percentage increase in the permitted level of all industries need not be uniform. In some cases all restriction of level may be removed on industries at present restricted. In other cases a special quantitative restriction may be imposed. The new Plan shall be announced by the 1st July, 1947, and the final list of plant and equipment to be removed from the Combined Zones shall be issued not later than the 15th August, 1947.

9. Plants rendered surplus by this revised level of industry Plan shall be offered to the Control Council for allocation between the Western and the Eastern Powers. Consideration shall be given to the advisability of reserving from immediate allocation a margin of plants, both to allow for the possible attachment of the Saar to the French economy and also for the possibility of excessive removals from the Eastern Zone.

10. The U.S. and U.K. representatives on the Control Council and its Committees shall insist on more expeditious means of valuation and allocation than are in force at present.

11. When plants have been allocated they shall be delivered both to the Western and to the Eastern Powers.

12. All plants rendered surplus by the new level of industry Plan shall be closed immediately irrespective of whether or when they are to be delivered for reparations. Exceptions shall be made in the case of certain plants on the prohibited list which are by agreement to be retained in operation until imported supplies can be procured.

13. Consideration shall be given to means for ensuring that the U.K. receives certain plants which are most urgently required.

14. Within the level of industry fixed under this new Plan, every endeavour shall be made to build up the economy of the Combined Zones to the highest possible level. In particular steps shall be taken to ensure adequate supplies of food and also to raise the level of coal production in the Ruhr to 300,000 t.p.d. as quickly as possible.

740.00119 Council/4-1447

Paper Prepared by Major General William H. Draper

SECRET

[Moscow,] April 17, 1947.

COMMENTS ON MEMORANDUM ON THE OPERATION OF THE FUSION
AGREEMENT ⁴⁶

- Paragraph 1— General and unnecessary.
- 2— Real question involved is whether political fusion of the zones is now to supplement economic fusion. CFM/47/M/121 defined the powers of the Provisional German Government. The question is whether in effect the bizonal area is to gradually develop a provisional government rather than merely bi-zonal agencies.
- 3— No comment except that these are matters of internal administration within the bizonal area.
- 4— Very general and requires interpretation as to whether it intends further centralization.
- 5— No comment.
- 6— Adds nothing to present understanding unless word "boldly" is intended to direct greater freedom in expenditures. The British have urged large expenditures for many imports only very indirectly connected with developing exports.
- 7— This involves American position against permitting Russians to print currency in Leipzig.
- 8— Recommend against setting specific steel level until joint study made in Berlin.
- 9— Recommend against deciding this issue until reaction from Moscow Conference is clear and general situation can be evaluated better. No plants can be moved in any case until level of industry study completed and as transportation permits. Present allocations will tax transport for many months.
- 10— No comment.
- 11— Same comment as 9.
- 12— This should be discussed in Berlin as much is involved.
- 13— No comment.
- 14— No comment.

⁴⁶ The memorandum under reference is printed *supra*.

General Comment

Only real decisions involved are level based on ten million tons of steel—and East-West allocation. I question whether any memorandum is needed but only an understanding that a new level of industry will be set for the bizonal area, reparations plants listed and joint recommendation then made to the respective Governments by the two Zone Commanders.

W. H. DRAPER JR.

740.00119 Council/4-1447

*Memorandum for the Secretary of State*⁴⁷

SECRET

[Moscow,] April 17, 1947.

1. We have talked with General Robertson who has decided to return to Berlin on Saturday⁴⁸ in order to discuss bi-zonal arrangements with General Clay. Mr. Bevin hopes that he can see you tomorrow to discuss three or four questions of policy before General Robertson goes to Berlin.⁴⁹ He further hopes that you will be able to discuss the bi-zonal arrangements with General Clay and General Robertson in Berlin on your return trip and he will do the same. Under his doctor's orders he cannot fly and so presumably will not reach Berlin until you have left there. Apparently both he and General Robertson attach great importance to a memorandum agreement between you and Mr. Bevin concerning operation of our two zones following the Moscow Conference. General Robertson has been informed of General Clay's view that no formal agreement is needed at this time and that joint recommendations could be made by the two Zone Commanders to their respective governments after the level of industry has been revised for the bi-zonal areas. General Robertson is hoping to reach agreement with General Clay in Berlin on the several questions involved in order to make joint recommendations to you and Mr. Bevin.

2. In the preliminary talk with you tomorrow, Mr. Bevin will probably raise three points: First, division of powers between the central administration and the *Länder*; second, basing the new level of industry on 10,000,000 tons steel production; and, third, allocation

⁴⁷ This memorandum was prepared by Edward S. Mason and Major General Draper. The source text is initialed by the Secretary of State.

⁴⁸ April 19.

⁴⁹ Regarding the Secretary's meeting with Foreign Secretary Bevin on April 18, see telegrams 1469, Delsec 1445 and 1470, Delsec 1446, April 19, from Moscow, pp. 356 and 357.

and delivery of reparations plants to both IARA and USSR. Our comments on each of these follow:

(a) *Division of Powers.* This is covered in paragraph 2 of the attached memorandum prepared by General Robertson⁵⁰ and on which you have already received General Draper's comments.⁵¹ The agreement reached in the CFM was subject to the general U.S. reservation that the new proposed constitution provides a sufficient decentralization and was intended to define broadly the powers of the provisional German government. The British are now asking that we extend this agreement to the bi-zonal operation even though no provisional government but only bi-zonal agencies are involved. The real question is whether the two governments are prepared to authorize political as well as economic fusion of the two zones. If this is authorized, the two Zone Commanders could agree on the necessary steps to that end. We believe that the U.S. Delegation here supports the view that political fusion is necessary and should gradually be achieved in view of the failure to attain the economic unity of all four zones. We believe the British may not be ready to authorize political fusion and we believe the agreement they suggest in paragraph 2 would not be really meaningful without such authorization. Our suggestion is that the question be discussed fully but that no decision be taken until General Clay and General Robertson have made their joint recommendation.

(b) An agreement on steel production should be reached as a result of the study of the level of industry and not before it is undertaken. We do not believe there will be great difficulty in reaching agreement on this question soon after these studies are begun. Again, General Clay and General Robertson may reach a joint agreement shortly.

(c) The question of reparations deliveries to the Soviets is a high political decision. We have suggested to General Robertson the possibility of delaying this decision for 6 or 8 weeks to give time for proper evaluation after the Moscow Conference is over. The point might be made with Mr. Bevin that reparations in the form of current production have been taken illegally from the Soviet zone and that deliveries of capital equipment from the western zones should be offset by these illegal reparations from current production and so deliveries of plant held until the amount of such reparations is known.

3. It is recommended that the talks tomorrow be limited to policy discussion and that decisions await recommendations from General Clay and General Robertson.

4. The program for discussions in Berlin suggested by General Robertson would mean your staying at least a day or two in Berlin. If this is impossible for any reason we should let Mr. Bevin know promptly. We have explained that you had not answered Mr. Bevin's letter⁵² sooner as you were awaiting the result of the discussions with

⁵⁰ The memorandum prepared by General Robertson is printed *ante*, p. 479.

⁵¹ General Draper's comments are set forth in the paper printed *supra*.

⁵² *Ante*, p. 475.

General Robertson, but you might wish to make this point personally also with Mr. Bevin.

862.6362/4-2247

*Memorandum for the Secretary of State*⁵³

[Moscow,] April 17, 1947.

Attached for your signature and for dispatch on Saturday, April 19 are two letters addressed to the French Foreign Minister on the subject of coal exports from the three western zones of Germany. Also attached is the draft of M. Bidault's reply to the first of these letters.⁵⁴

The first letter contains a copy of the sliding scale of exports of coal in relation to production. The letter is identical with that being sent by Mr. Bevin, except for the inclusion of the first sentence of the second paragraph. Objection was made on the part of the British and French to the use of similar rather than identical letters, because of the possible later difficulty of deciding which letter constituted the agreement in case of need for interpretation.

M. Bidault's reply to the first letter accepts the sliding scale proposal and asks in addition that when a decision has been taken on the economic incorporation of the Saar with France, the three governments make joint notification of that decision to the European Coal Organization, inviting the latter to take account of the new situation. This formula represents a watered-down version of the original French request which invited United States support in the European Coal Organization for a maintenance of the present method of allocation after the transfer of the Saar. The French have been verbally advised that the U.S. position on the European Coal Organization is reserved.

M. Bidault's letter does not commit the United States to tripartite action on the Saar or to recognize any unilateral action on the part of France. The decision referred to is understood to be a quadripartite decision, which cannot be taken without the agreement of the Soviet Union. It does not commit us, moreover, to any particular form of transfer, such as that proposed informally earlier by the French providing for five separate stages, each of which was linked to an increase of production in the Ruhr. The manner and timing of the exclusion of Saar coal from the resources of Germany, which may reduce Ger-

⁵³ This memorandum was from Edward S. Mason and Major General Draper. The source text was sent to the Department as enclosure 1 to despatch 110, April 22, 1947, from the United States Delegation at the Council of Foreign Ministers in Moscow, not printed.

⁵⁴ The letters under reference are printed *infra*.

man exports some \$50 million annually, is still open for discussion.

It has been decided among the British, French and ourselves, subject to your approval to release the news of this agreement and the table of exports to the press as quickly as possible, in view of the fact that newspaper stories are already circulating on the subject. If you agree, a simultaneous announcement will take place from Washington, London, Paris and Berlin on Monday night in time for Tuesday newspapers. It will be mentioned that the agreement has been confirmed by the three Foreign Ministers.⁵⁵

The French have urged, and we have tentatively agreed again subject to your approval and the consent of Ambassador Smith, that the Soviet Foreign Office should be informed of the agreement prior to the public announcement. We are giving a copy of this memorandum with attachments to Ambassador Smith. Will you, if you agree, request him to advise the Soviet Government of the agreement in concert with his British and French colleagues?

862.6362/4-2247

*The Secretary of State to the French Foreign Minister (Bidault)*⁵⁶

[Moscow,] April 19th, 1947.

DEAR MONSIEUR BIDAULT: In agreement with the United Kingdom Secretary of State for Foreign Affairs I send you herewith the proposals for a sliding scale for coal exports from the three Western Zones as at present constituted which have been prepared as a result of conversations which have taken place during the past few days between your representatives and those of Mr. Bevin and myself.

In my conversation with the President of the Republic, M. Auriol,⁵⁷ I gave him assurance of the desire of my Government to make every

⁵⁵ The text of the tripartite announcement regarding the distribution of coal and coke from western Germany was released to the press on April 21, 1947; for the text, see *Germany 1947-1949*, p. 481. The text of this press statement was transmitted to the Department in telegram 1444, Delsec 1439, April 18, 1947, from Moscow, not printed, which added the following information:

"Paragraph on Saar incorporated in press release at French insistence although it does not bind the British and American Govts to anything beyond procedural notification of ECO when attachment of Saar to France is decided. It involves no decision on question of detachment of Saar, beyond positions taken in CFM, nor any position on change in ECO percentages after Saar is attached to France.

"It is generally agreed that fact of agreement being signed at Moscow should be minimized. Soviet Foreign Office is to be informed of agreement Monday [April 21] prior to public announcement." (740.00119 Council/4-1847)

⁵⁶ The source text, an unsigned copy, was transmitted to the Department as enclosure 2 to despatch 110, April 22, 1947, from Moscow, not printed. A similar letter was addressed to Foreign Minister Bidault by Foreign Secretary Bevin.

⁵⁷ For the minutes of Secretary Marshall's conversation with President Auriol on March 6, 1947, see p. 190.

effort to assist France in meeting her requirements for coal. We have now made the fullest efforts possible to meet the requirements for coal of France and the countries represented in the European Coal Organization, bearing in mind the necessity for rehabilitating the peaceful industries of Germany with the object of bringing the German economy into balance as quickly as possible in accordance with the American and British programs.

I hope to learn that you accept the proposals made at the production levels shown in the sliding scale. It is the intention that the percentages of the sliding scale shall apply for the second half of 1947. At the end of the year the position can be examined again in the light of the conditions then prevailing.

Faithfully yours,

[GEORGE C. MARSHALL]

[Enclosure]

PROJECTED SCALE OF EXPORT AND INTERNAL ALLOCATION OF COAL FOR
THE THREE WESTERN ZONES OF GERMANY, IN RELATION TO FUTURE
LEVEL OF COAL PRODUCTION

(Thousands of metric tons)			
Daily Output Ruhr-Aachen plus Saar.	Percent Allocated to Export.	Estimated Monthly Ex- port Tonnage.	Estimated Monthly Internal Tonnage.
(net merchantable coal, excluding raw brown coal, in terms of hard coal equivalent).			
280	21.0	1187	4465
290	21.5	1262	4608
300	21.5	1309	4778
310	22.0	1387	4917
320	22.5	1467	5055
330	22.5	1516	5223
340	23.0	1602	5365
350	23.5	1691	5505
360	24.0	1782	5642
370	25.0	1913	5739

- Notes:*
1. Monthly figures are for calendar months of 25 working days.
 2. Exports represent total exports (including exports to Austria, to countries belonging to the European Coal Organization and bunker coal).
 3. It is anticipated that allocations will be made quarterly with later adjustments as required. Assistance may be re-

quired from the importing countries to move the contemplated tonnages of export coal.

862.6362/4-2247

*The French Foreign Minister (Bidault) to the Secretary of State*⁵⁸

[Moscow,] April 19th, 1947.

MR. SECRETARY: I have the honor to acknowledge your letter of April 19, 1947⁵⁹ concerning the export of coal from the three Western Zones of Germany. I am happy to state that you have, to a large extent, satisfied the requests which the French Government have been putting forward for a considerable time, by fixing the volume of coal exports, according to a formula of general application, as a proportion of German production. Although still far from what we had hoped for, the figures which you give in your letter show a desire to meet us on your part and that of the United Kingdom which we appreciate, knowing the responsibilities which you have mentioned. I thank you for this communication, and take note of it.

However, in view of the difference which still exists between what we can hope for from your proposals, and the minimum vital needs of France, which I have set forth in the name of the French Government, I ask you in addition to be prepared to give us your help over the question of the Saar and its effect on our coal situation. I would ask you to be good enough, when the economic incorporation of the Saar with France has been decided upon, to agree to make a joint notification to the European Coal Organization of that decision. In making this notification, I would ask you to make clear that France will hereafter present to the European Coal Organization both the resources and the needs of France and the Saar as a whole, and invite the European Coal Organization to take account of this new situation.

I would greatly appreciate your agreement to the arrangements contained in the letters which have passed between us and which I accept.⁶⁰

Please accept [etc.]

GEORGES BIDAULT

⁵⁸The source text was transmitted to the Department as enclosure 2b to despatch 110, April 22, 1947, from Moscow, not printed. The French text of this letter was sent as enclosure 4 to the same despatch. Foreign Minister Bidault addressed a similar letter to Foreign Secretary Bevin.

⁵⁹*Supra.*

⁶⁰In a letter to Foreign Minister Bidault, dated April 19, 1947, the text of which was transmitted to the Department as enclosure 2c to despatch 110, April 22, 1947, from Moscow, Secretary Marshall stated the following:

"In answer to your letter of April 19th in reply to my letter of the same date, about the export of coal from the three Western Zones of Germany, I am happy to state that the arrangements contained in these letters have my approval."

740.00119 Council/4-2447 : Telegram

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

SECRET
PRIORITY

Moscow, April 24, 1947—5 p.m.

1541. Delsec 1467. Following is text (subject to minor changes in language reconciliation) informal understanding on method charging French reparation accounts for Saar agreed among US, French, British delegations:

US agreement limited to principle, on ground figures appropriate for negotiation Berlin.

French desire question of reparation charge for Saar be raised in ACA as further test Soviet intentions. Question tripartite action in case Russian rejection left entirely open, though British sought commitment in favor of such action. For your information British motivation believed to be primarily heavy overcharge category B account in IARA due to receipt ships and desire to have large amount charged to French.

Instructions and US preferences among alternatives in understanding to OMGUS on implementation in ACA will be transmitted via War shortly.

"1. The charge will be calculated in respect of (a) capital equipment in the Saar which would have been removed as reparation if the Saar had remained an integral part of the economy of Germany; (b) additional capital equipment retained in Germany in order to maintain the economy of Germany at the determined level despite the loss of the Saar.

"2. The determination of 1 (a) will be made either as a lump sum representing the reparation value of the plants if available and claimed by France which may be spread over an appropriate period; or a percentage of the value of each branch of capital equipment allocated to IARA, the percentage to be fixed in accordance with the ratio of industrial plant in the Saar to industrial plant in the remainder of the western zones.

"3. The determination of 1 (b) will be made by calculating the capital value, as reparation, of plant retained in the western zones to compensate for the loss of the net surplus, if any, of the balance of commodity and other appropriate items in the balance of payments of the Saar expressed in 1938 values on the assumption of postwar German economy.

"If 1 (a) is determined as a percentage, the amount under 1 (b) shall be converted into a percentage.

"4. As an interim measure, pending final calculation, of the figures under 2 and 3 above by the Control Council, the debit on French reparation account will be assumed to be (75 million reichsmarks, British)

(40 million reichsmarks to be spread over—months or—percent French).

"5. In the allocation of capital equipment between east and west in Berlin, account should be taken of the receipt by IARA of the value of the Saar as reparation, as calculated in accordance with paragraphs 1-4 above. The shares between east and west should be adjusted accordingly, in the course of successive allocations, as may be agreed by the Control Council.

"6. The US, UK and French members of the Control Council will be instructed forthwith to submit proposals for the charge to IARA (France) of the reparation value of the Saar.

"7. The assembly of IARA should determine the method by which and rate at which the charge should be brought to France's category B account in IARA.

"8. The delegates to IARA of the US, UK and France will be instructed in due course to submit to the IARA assembly proposals for the charge of the reparation value of the Saar, calculated in accordance with the above principles, to France's category B reparation account."

Sent Department as 1541, repeated Berlin for OMGUS as 328, Brussels for Dorr as 22.

SMITH

740.00119 Council/4-2447

*The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State*⁶¹

Moscow, 24th April, 1947.

DEAR MR. MARSHALL: You will remember that we had a discussion on April 18th with General Robertson and General Draper about future arrangements in the bi-zonal area in Germany.⁶² We agreed that as a result of our talk that General Robertson would go to Berlin to continue the discussion of the whole matter with General Clay, in order that they might make joint recommendations including specific language on one point.

I do not know what information you may have received from General Clay about the talks, but I have heard from my people in Berlin that certain difficulties have arisen and that the discussions are not going perhaps as smoothly as was intended.

⁶¹ A copy of the following letter, dated April 24, 1947, from Secretary Marshall's Special Assistant Marshall S. Carter to Pierson Dixon of the United Kingdom Delegation, is attached to the source text:

"Please inform Mr. Bevin that his letter to Secretary Marshall on the future arrangements for the bizonal area in Germany was received at 7:00 p.m. this date and will be brought to the Secretary's attention while he is enroute to Berlin."

⁶² See telegrams 1469, Delsec 1445 and 1470, Delsec 1446, April 19, from Moscow, pp. 356 and 357.

I attach, as you know, the greatest importance to making a real success of our fusion arrangements as soon as we possibly can, and I am sure that you share this view. As Foreign Secretary, I am now responsible for all aspects of British policy in Germany, the former Control Office for Germany having now disappeared. I trust that you and I can reach a satisfactory arrangement on the basis of the four points set out in the agreed memorandum of our conversation on April 18th.

In the circumstances I very much hope that on your way through Berlin you will be able to spare the time to go into the whole position. General Robertson will, of course, be at your entire disposal in case he can be of any assistance to you.⁶³

I feel that with so much at stake, it is most important that the two D.M.Gs. should reach an agreement very speedily with our backing on the lines which have already been discussed between you and me.

Yours sincerely,

ERNEST BEVIN

3. Requests by Allied Governments for Participation in the German Peace Settlement

740.00119 Council/2-147

The Acting Secretary of State to the Iranian Ambassador (Ala) ⁶⁴

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of Iran and has the honor to refer to his letter No. 2127 of February 1, 1947 ⁶⁵ transmitting the request of the Iranian Government to participate in preliminary discussions of the peace treaty with Germany and to ascertain the procedure by which the Iranian Government and its nationals might obtain redress for damages attributable to and claims against Germany.

The Council of Foreign Ministers at its meeting in New York during December, 1946 found it necessary to limit participation in the preliminary discussions of the German peace treaty to neighboring Allied states and to those Allied states which directly participated with armed forces in the common struggle against Germany. Subsequently, the Foreign Ministers' Deputies during their recent meeting

⁶³ A marginal handwritten notation opposite this paragraph in the source text reads as follows: "Secy did not see him." Regarding Secretary Marshall's meeting with General Clay in Berlin on April 25, see telegram 1006, April 27, 1947, from Berlin, and footnote 15, p. 909.

⁶⁴ The text of this note was transmitted to Tehran in telegram 126, March 17, 1947, which added that a similar reply was being sent to Iran by the United Kingdom and that France was considering the Iranian request and the United States reply (740.0011 EW (Peace)/2-347).

⁶⁵ Not printed, but see telegram 87, February 3, from Tehran, p. 20.

in London considered the requests of certain states, including Iran, which did not come within the categories indicated above but which had expressed their desire to participate, and agreed to refer those requests to the Council of Foreign Ministers at its meeting in Moscow.

This Government has consistently favored as wide a participation as possible by interested powers in discussions concerning the peace treaty with Germany. The Department of State is particularly conscious of the assurances contained in the note delivered by the United States Minister to the Iranian Minister of Foreign Affairs on September 3, 1943⁶⁶ and in the letter of the Secretary of State to His Excellency on July 30, 1946,⁶⁷ with regard to the attitude of the United States in respect to Iran's participation in the peace settlements with Germany and Japan. While the Council of Foreign Ministers and their Deputies have engaged in preliminary conversations pertaining to the peace settlement, the question of holding a peace conference has not yet been decided. The Government of the United States agrees that Iran should be allowed to participate in the making of the treaties for Germany and Japan. The United States will make its position in this respect known to the other powers represented on the Council of Foreign Ministers in Moscow, but the final decision will depend upon the agreement not of the United States alone, but of all the powers represented on the Council.

With regard to the procedure by which the Iranian Government and its nationals might obtain redress for damages attributable to and claims against Germany, the attention of the Iranian Government is invited to Section IV of the Protocol signed by the heads of the Governments of the United States, United Kingdom, and the Union of Soviet Socialist Republics on August 1, 1945, a copy of which is attached hereto as Annex A.⁶⁸ Accordingly, the Government of the United States, being one of the three powers with zones of occupation in western Germany, is prepared to consider the question of claims of the Iranian Government and its nationals against Germany. In order to give proper consideration to this question and to arrive at an equitable settlement, it is necessary that the Iranian Government submit a statement of claims and losses of the Government or its nationals against Germany and a statement of German external assets subject to its jurisdiction. There is attached hereto, as Annex B,⁶⁹ a statement which was employed in determining the reparation share of the United

⁶⁶ For the text of the note under reference here, see telegram 438, August 26, 1943, to Tehran, *Foreign Relations*, 1943, vol. iv, p. 435.

⁶⁷ Not printed.

⁶⁸ Annex A is not printed here. For the text of the Report on the Tripartite Conference of Berlin, under reference here, see *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. II, pp. 1499 ff.

⁶⁹ Not printed.

Nations entitled to receive reparation from the western zones of Germany and from German external assets in those countries which remained neutral during the war. It is requested that the Iranian Government's statement of damages and claims be made on the basis of Annex B. There is also attached hereto, as Annex C,^{69a} a statement of information requested from the same group of countries concerning German external assets subject to their jurisdiction immediately before the date of the entry of the respective countries into the war or their occupation by the enemy. It is requested that the Iranian Government submit, in approximately the form suggested in Annex C, full information concerning German external assets subject to its jurisdiction. Upon receipt of the requested information, the Government of the United States, in conjunction with the Governments of France and the United Kingdom, will give immediate consideration to the request of the Iranian Government for settlement of its claims against Germany.

WASHINGTON, March 17, 1947.

740.0011 Peace EW/3-1747 : Telegram

*The Ambassador in Mexico (Thurston) to the Secretary of State*⁷⁰

RESTRICTED

MEXICO CITY, March 17, 1947—7 p.m.

302. 1. On March 10 Foreign Minister called me his office for purpose delivering another memo regarding Mexican contention it should participate conversations regarding treaties of peace with Germany and Austria.⁷¹ Despatch 2987, March 10⁷² reporting this presumably has reached Department.

2. On March 15 Foreign Office issued press release taking cognizance press reports describing developments Moscow which implied

^{69a} Not printed.

⁷⁰ The text of this telegram was retransmitted in Department telegram 594, Moscow 15, March 20, to Moscow, not printed.

⁷¹ The text of the Mexican memorandum, dated March 8, 1947, was transmitted to the Department as an enclosure to the despatch under reference here, neither printed. Foreign Minister Torres Bodet informed Ambassador Thurston that identical memoranda were being delivered to the British, French, and Soviet Ambassadors. (740.0011 EW (Peace)/3-1047)

The position of the Mexican Government with regard to Mexico's participation in a German peace settlement was the subject of yet another memorandum, dated March 25, 1947, delivered by the Mexican Ambassador in the Soviet Union to Ambassador Smith in Moscow. The text of the March 25 memorandum was transmitted to the Department as an enclosure to despatch 95, March 31, from the Delegation of the United States to the Council of Foreign Ministers at Moscow, neither printed (740.00119 Council/3-3147). The Mexican Ambassador was assured by Ambassador Smith that the problem of the participation of Mexico and other Allied States in the German peace-making would be given consideration by the Council of Foreign Ministers.

⁷² Not printed.

Albania being set off against Mexico with respect participation German-Austrian peace arrangements. This reported airgram 285,^{72a} which will leave this evening by air courier.

3. Today Senor Torres Bodet called me Foreign Office and described at considerable length strong conviction entertained by Mexican Government it should take the place in German-Austrian arrangements it has solicited, and that in event failure gain its point it must make clear-cut statement informing Mexican public of its efforts and reasons for failure, with specific mention of country or countries responsible therefor. He then requested I endeavor obtain Department's consent to publication by Mexican Government at opportune time that portion Embassy's third person note dated March 7 based on Department's instruction 867, February 27,⁷³ which reads as follows:

"The Government of the US agrees that Mexico should be allowed to participate in the making of the treaties for Germany and Austria; and will make its position in this respect known to the other powers represented on the Council of Foreign Ministers".⁷⁴

4. Minister expressed concern lest Mexico be confronted by *fait accompli* of exclusion, and that this development might be presented to world as common decision of four states now conferring at Moscow. He made it clear that having obtained support of Mexico, [apparent omission] view of US and being about obtain similar support from France, should this development occur, Mexico will clearly point out state that opposed its participation. With respect this point, he inquired whether we would be willing endeavor induce British Foreign Office reply Mexican memoranda this subject. He is disposed believe their failure reply due less reluctance go counter Soviet viewpoint than inertia produced by other more pressing problems.⁷⁵

5. Torres Bodet stated feels lack direct information regarding developments Moscow may work against Mexico's interests so far as its

^{72a} Not printed.

⁷³ The substance of the instruction under reference here was included in the note of March 6, 1947, from the Acting Secretary of State to the Mexican Ambassador, p. 195.

⁷⁴ Telegram 343, April 2, to Mexico City, not printed, stated that the Department had no objection to the publication by the Mexican Government of a portion of the instruction under reference here provided reference to the treaty with Austria was deleted (740.0011 EW Peace/3-1747).

⁷⁵ In an *aide-mémoire* of March 19, 1947, to the Department of State, not printed, the British Embassy stated that it appeared that the Mexican Government was demanding a place among the eighteen or nineteen Allied states which would be consulted by the Council of Foreign Ministers in the preparation of a German peace treaty. The British Embassy explained that it had been the position of the United Kingdom Government that a hearing should be given to "minor Allies such as Mexico 'at an appropriate stage'" and that to go beyond this in regard to Mexico would lead to similar concessions elsewhere and involve further squabbles over procedure (740.0011 EW Peace/3-1947). In delivering this *aide-mémoire* to the Department, a British Embassy official stated that his Government was raising the question with the United States Delegation in Moscow.

claim is concerned. He does not wish impair Mexican position by premature statement that might offend Russians, for example, or give them excuse say Mexico had acted precipitately, nor does he wish withhold publication statement numbered paragraph 3 until an adverse decision has been announced with appearance of unanimity. For this reason he stated he would appreciate any information we might feel disposed to furnish that would indicate when the decision regarding Mexico has been reached.

THURSTON

740.00119 Council/4-147

*The Chinese Ambassador in the Soviet Union (Foo) to the Secretary of State*⁷⁶

Moscow, March 24th, 1947.

YOUR EXCELLENCY: Under instructions of the Ministry of Foreign Affairs I have the honour to communicate to Your Excellency the following stand of the Chinese Government concerning the preparation of the peace settlements for Germany and Austria:

The Chinese Government is of the view that according to the Potsdam Agreement the Powers signatory to the terms of German surrender are only entrusted to draw up a peace treaty for Germany and the convocation of the Peace Conference must be a matter to be agreed by all Members of the Council of the Foreign Ministers.

The Chinese Government, therefore, finds it necessary to call the attention of the four Ministers now meeting in Moscow that any definite agreement on the subject of the Peace Conference must have concurrence of the Chinese Minister of Foreign Affairs as it was done in the Moscow Conference of December 1945 in regard to the procedure for peace settlements for Italy, Roumania, Hungary, Bulgaria and Finland. Any decision otherwise arrived at would have no authority under the terms of reference of the Council of Foreign Ministers.

I avail myself [etc.]

FOO PING-SHEUNG

⁷⁶ The source text was transmitted to the Department as an enclosure to despatch 96, April 1, 1947, from the United States Delegation to the Council of Foreign Ministers at Moscow, not printed. That same despatch also transmitted a copy of Secretary Marshall's reply of March 27 which read in part as follows:

"In reply, I am happy to inform you that in the meeting of the Council of Foreign Ministers at Moscow on March 25, 1947 the United States Government took the position that the Council, with China as a member, should issue the invitations to other states to participate in the peace conference with respect to Germany. Since the treaty with Austria is not a "peace treaty", no consideration has been given to the question of a conference in this regard. The proposal of the United States Government is, of course, subject to agreement among the four Ministers participating in the Conference of Foreign Ministers."

For the report on the Council meeting on March 25, see telegram 1013, Delsec 1345, March 25, from Moscow, p. 287.

740.0011 EW Peace/3-2647 : Telegram

*The Ambassador in Italy (Dunn) to the Secretary of State at Moscow*⁷⁷

SECRET

ROME, March 26, 1947—6 p.m.

26. For Secretary Marshall. Count Sforza disturbed by report received from Italian Ambassador Brosio to effect that Italy will not be afforded real opportunity to present its case at German peace treaty discussions and that notwithstanding vital importance Italo-German economic and political relations Italy will be relegated to same category as Bulgaria, Rumania, Yugoslavia and other Balkan countries whose relationships with Germany he described as being of secondary importance.⁷⁸ See also Emtel 27, March 26 repeated Department as 640.⁷⁹ Stressing that this was not a matter of prestige but of hard realism he has asked that his views be brought personally to your attention in the hope that you would insist that Italy be given opportunity directly to participate in negotiations.

Sent Moscow 26, repeated Department 639.

DUNN

740.00119 Council/3-2747 : Telegram

The Acting Secretary of State to the Secretary of State at Moscow

SECRET

WASHINGTON, March 27, 1947—7 p.m.

URGENT

693. Secdel 1386. Personal from Acheson. This Govt has assured Mexican Govt of its agreement that Mexico should be allowed participate in making treaties for Germany and Austria, and that this Govt will make its position in this respect known to other powers represented on Council Foreign Ministers. Your Kosmos 10, Mar. 24.⁷⁹ Actual language referred to Austrian treaty, which was not qualified as "peace" treaty.

Mexican insistence has been entirely on participation in making treaty with Germany.

Unless recent events may have diminished possibilities completing treaty with Austria at Moscow we would be prepared to approach

⁷⁷ Repeated to the Department of State as telegram 639.

⁷⁸ In a communication to the members of the Council of Foreign Ministers meeting in Moscow, a copy of which was transmitted to the Department of State by the Italian Embassy on March 15, 1947, the Italian Foreign Minister had requested Italian participation not only in the final German peace conference but also in earlier work in the preparation of a German peace settlement (740.0011 EW Peace/3-1547).

⁷⁹ Not printed.

Mexican Govt along following lines but hesitate to do so if chances for concluding treaty are not good.

It would be explained to Mexican Govt that when our assurances were given it was anticipated there might be a conference dealing with Austria but that since then situation had changed and it now looked as if Austrian treaty might be completed, signed in Moscow and circulated for signature or adherence by other countries. We could then say that if any other procedure were adopted it would cause delay in termination of occupation of Austria and delay in withdrawal foreign troops along lines of communication in Rumania and Hungary. We would further explain great importance Austrian Govt attaches to early conclusion treaty which is not "a peace treaty", and that there has been no demand for a conference on this subject except from one other state. Mexican Govt's attention would be called to your continued insistence that conference for German treaty include all states "at war" and to your specific references to Mexico in this connection.

If you approve approach can be made to Mexico as soon as warranted by prospects for conclusion of Austrian treaty.⁸⁰

ACHESON

740.00119 Council/4-247 : Telegram

The Secretary of State to the Ambassador in Italy (Dunn)

SECRET

Moscow, April 2, 1947—1 p. m.

19. Delsec 1381. For the Ambassador from the Secretary. Tentative agreement has been reached which will permit Italy as an ex-enemy state which subsequently participated with its own forces in the war against Germany to participate (reurtel 26, March 26⁸¹) in some form in the preparation of the German peace treaty. Under this arrangement Italy will be afforded at an appropriate stage in the preparation of the peace treaty the opportunity to present its views on the German problems orally or in writing to the Council of Foreign Ministers or to the Deputies.

In addition, it is our view Italy would be included under the formula proposed by the US that all states at war with Germany should be associated with the proposed "information and consultation conference". That conference (or committee) will afford a forum where under member states will be given an opportunity to present their views and to consult on the progress of work in preparing the peace settlement. The "conference" would be set up immediately.

⁸⁰ Telegram 1110, Delsec 1373, March 31, from Moscow, not printed, approved an immediate approach to the Mexican Government along the lines proposed in this telegram (740.00119 Council/3-3147).

⁸¹ *Ante*, p. 496.

I have also urged that all states at war with Germany should be accorded full and equal rights to participate as members in the peace conference itself. As you well know, however, agreement on this in the CFM will be difficult to obtain and may not be reached at this meeting.

Please assure Count Sforza of my sympathetic interest in his government's desire to participate appropriately in the preparation of the German peace settlement.⁸³

Sent Rome 19; repeated Department 1146.

[MARSHALL]

740.0011 EW Peace/4-947

*The United States Embassy in Cuba to the Cuban Ministry of State*⁸⁴

SECRET

No. 199

The Embassy of the United States of America presents its compliments to the Ministry of State of the Republic of Cuba and has the honor to inform the Ministry in the following sense:

The Delegation of the United States of America to the Conference of Foreign Ministers at Moscow has received, through the Secretary General of the Conference, a telegram from His Excellency Dr. Rafael Pérez y González Muñoz, Minister of State of the Republic of Cuba, with reference to the desire of the Government of Cuba to share in the formulation of a peace settlement with Germany.⁸⁵

⁸³ Telegram 41, April 11, from Rome to Moscow, repeated to the Department of State as 789, not printed, reported that Foreign Minister Sforza was most grateful for the information contained in this telegram (740.0011 EW (Peace)/4-1147).

⁸⁴ The source text was transmitted to the Department of State as an enclosure to despatch 3041, April 9, 1947, from Habana, not printed.

This note was delivered to the Cuban Ministry of State in pursuance of instructions contained in telegram 1130, Delsec 1378, April 1, 1947, sent to Habana as telegram 1, not printed (740.00119 Council/4-147). According to despatch 3041, and telegram 182, April 9, from Habana, not printed, the Cuban Minister of State expressed verbally his appreciation for the friendly and understanding attitude of the Secretary of State. The Cuban Minister of State referred to the reported possibility of Mexico's being invited to participate in the drafting of a German peace treaty, and he expressed the hope that Cuba would not be treated less favorably (740.00119 Council/4-947). Telegram 174, April 16, 1947, to Habana, not printed, instructed that the Cuban Government be informed that it would be accorded as favorable treatment as Mexico in the position taken by the United States with respect to participation in the German peace settlement (740.00119 Council/4-947).

⁸⁵ The communication under reference is not printed. The Cuban Government's request for participation in the German peace settlement was subsequently set forth in a letter of April 4, 1947, from the Cuban Legation in Moscow to the Council of Foreign Ministers, circulated to the Council as document CFM (47) (M) 107, April 7, 1947, not printed.

The Delegate of the United States, during the course of a meeting of the Council of Foreign Ministers on March 26,⁸⁶ stated the position of the United States Government as continuously supporting the participation, in the settlement of peace with Germany, of those states which helped in bringing about victory, and remarked that the United States Delegation desired recognition for their loyal cooperation in the war be given to its friends of the Western Hemisphere. The position of the Government of the United States is, of course, dependent on agreement among the four Ministers in the Council of Foreign Ministers.

The Embassy avails itself of this opportunity to renew to the Ministry of State the assurances of its highest consideration.

HABANA, April 3, 1947.

CFM Files : Lot M-88 : Box 96 : Germany-Treaty VII

The Australian Chargé in the Soviet Union (Deschamps) to the Secretary of State

Moscow, 21st April 1947.

DEAR MR. MARSHALL: In your letter of 3rd April⁸⁷ you were kind enough to ask me to assure my Government of your continued interest in its views on the subject of the procedure to be followed in the preparation of the German settlement. I have now been asked to convey to you a personal message from the Minister for External Affairs, Dr. Evatt, the text of which is the following :

"While I appreciate your efforts for wider participation by middle and smaller nations in German peace negotiations, there are certain fundamental aspects of settlement to which I feel it my duty to call your attention.

"It would appear from proposals which both United States and United Kingdom Delegations have put forward for procedure that there has been a misinterpretation of the special responsibilities of the Four Powers in regard to the German settlement. Australia always loyally accepted the leadership of the great powers in time of war and I have often stated that there were important respects in which that leadership would also be loyally accepted in post-war years. Nevertheless, it has never been my understanding that the Four Powers would carry their insistence on leadership so far as to take upon themselves the responsibility for making the peace. This was never intended in the Potsdam Agreement. May I respectfully remind you of the statement made by Mr. Byrnes on this point in a broadcast on 5th October 1946 :

⁸⁶ For the report on this Council meeting, see telegram 1030, Delsec 1353, March 26, from Moscow, p. 292.

⁸⁷ Not printed.

'At Berlin it certainly was never intended that the three powers present or the five powers constituting the Council should take unto themselves the making of a final peace. The Berlin Declaration setting up the Council begins with the statement: "The conference reached the following agreement for the establishment of a Council of Foreign Ministers to do necessary preparatory work for the peace settlements." The Council was not to make the peace settlement but to do necessary preparatory work for peace settlement.' It is clear, therefore, that any special responsibilities which the Four Powers may have in regard to the peace settlement refer only to preparation. As you know, we have never accepted as either just or democratic the subsequent procedure laid down for the peace treaties with Italy and the satellite enemies at the conference of Foreign Ministers at Moscow in December 1945. This was based on a misinterpretation of Potsdam and its failure was fully proved by the experience of the Paris Conference when it was found that a prior agreement by members of the Council of Foreign Ministers not to accept any amendment to a proposal on which they had previously reached agreement made it impossible for many constructive proposals and amendments to be accepted. It was further proved by the manner in which many recommendations of the Paris Conference were altered or rejected by the Council of Foreign Ministers when drawing up the final texts of the treaties.

"The need for improvement on the methods adopted at Paris has been admitted by all Four Powers, notably at the Deputies' meetings in London last January and February. But improvements now under consideration in Moscow appear to me to perpetuate the misinterpretation of the true functions of the Council of Foreign Ministers as a preparatory body only. At its best, the procedure under consideration treats the middle and smaller active belligerents as mere subordinates or consultants, a very different role to that which they were repeatedly led to expect when their assistance in war was required. Moreover, the peace conference with Germany is only to be permitted to make recommendations which the Council of Foreign Ministers is free to amend or reject at will.

"In view of this, I should like to make the following positive suggestions:

"I. The United Kingdom and the United States should endeavour to depart from the pattern which Council of Foreign Ministers' meetings have taken, namely, preliminary assertions of principle that there will be firmness about the rights of active belligerents to participation in the peace-making, but ultimate compromises due to the fact that Russia, largely supported by France, does everything possible to prevent such participation. I am convinced that if Russia was firmly told the procedure which had to be adopted, she would ultimately yield. The pattern tends to perpetuate itself because the Russians rely upon representatives of other countries yielding to pressure of fatigue and particularly to the fear of a so-called unsuccessful conference. A compromise reached under such circumstances involves sacrifices of the rights of belligerents.

"II. The fundamental necessity is an attempt to call an unfettered conference of active belligerents and allow that body to assume final responsibility for the peace settlement. If that were agreed on, the conference could itself give authority to an executive consisting of the major powers and other selected countries to take charge of preparatory and drafting work. A suitable occasion for calling the first meeting of such a conference might be the next meeting of the General Assembly. Having appointed an executive and the necessary committees, which could remain in continuous session, the conference could adjourn and then meet again as required.

"III. The Paris Conference was largely prejudiced by prior recommendations of the Council of Foreign Ministers in regard to voting procedure. This, in turn, led to a long struggle at Paris over voting. Voting procedure could be excluded altogether from consideration at a peace conference because *ex-hypothesi* the peace settlement when made requires unanimity. Unanimity, however, is not to be reached at Council of Foreign Ministers' level prior to the conference but at the conference itself. In my view, there is a danger that the latest United States proposals on voting will merely reproduce the friction and misunderstanding of the Paris Conference.

"IV. It is absolutely essential that there should be no agreement among the Council of Foreign Ministers that they will adhere to the terms of any draft unless all agree to an alteration. The fact is that no treaty in relation to Germany will be enduring if it is brought about by exclusive and undemocratic methods, such as were applied at the Paris Conference, and which are in danger of being perpetuated in the latest proposals on procedure".

Yours sincerely,

NOËL DESCHAMPS

CFM Files : Lot M-88 : Box 96 : Germany-Treaty VII

*The Secretary of State to the Australian Minister for
External Affairs (Evatt)*

The Secretary of State acknowledges the personal message of Dr. Evatt⁸⁸ and is giving it careful consideration. The Secretary regrets that Dr. Evatt believes that there is danger that the latest United States proposals on voting will merely reproduce the friction and misunderstanding of the Paris Conference. The Secretary has grave doubt that it will be possible, as Dr. Evatt suggests, to induce the Soviet Union to depart completely from the pattern of having the preliminary text of the treaty prepared by the Council of Foreign Ministers and for that reason has endeavored to secure for the other Allied

⁸⁸ *Supra.*

States a more active participation in the preparation of the preliminary text. As Dr. Evatt is undoubtedly aware, the United States has given aggressive support to the desire of Australia and other Allied States to participate in the actual drafting of the peace settlement and has joined with Mr. Bevin in this effort.

Moscow, April 24, 1947.

4. Draft Treaty for the Re-Establishment of an Independent and Democratic Austria

740.00119 Council/2-2047

*The Acting Secretary of State to Archduke Otto
of Hapsburg-Lorraine*

[WASHINGTON,] March 13, 1947.

MY DEAR ARCHDUKE OTTO: I have your letters of February 20, 1947⁸⁹ addressed to the Secretary of State and to me regarding the clause reaffirming the Austrian law of April 3, 1919 concerning the House of Hapsburg-Lorraine which was accepted by the Deputies of the Council of Foreign Ministers for inclusion in the Austrian Treaty. This clause, along with others discussed by the Deputies, will be referred to the Council of Foreign Ministers at its forthcoming meeting in Moscow.

The final treaty, as you know, will represent an agreement obtained by compromise on the part of all occupying powers and the Austrian Government. The Government of the United States accepted the clause reaffirming the Austrian law of 1919 in order to prevent antagonisms and the interference in Austrian internal affairs which might arise from any attempt to restore the monarchy or fears of such an attempt. Such fears, it was felt, would be occasioned by failure to recognize the Austrian constitutional provisions which make a restoration at present impossible. Since this action was based on existing Austrian statutes, I cannot agree with your statement that the clause provisionally agreed upon is a violation of any international agreement or that it constitutes an unwarranted interference in Austrian domestic affairs.⁹⁰

I readily acknowledge the anti-Nazi record of you and your brothers and your contributions to the Allied victory. I am confident, however,

⁸⁹ *Ante*, p. 175.

⁹⁰ A brief letter from Matthew J. Connelly, Secretary to President Truman, to Archduke Otto, dated March 27, 1947, and incorporating much of the substance of the first two paragraphs of the Acting Secretary's letter printed here, was prepared by the Department of State to reply to Archduke Otto's letter of February 20 to President Truman. Regarding the latter letter, see footnote 37, p. 175.

that you realize both the historic and current factors which make undesirable any effort by the occupying powers, in prescribing the general form of democratic government for Austria, to render ineffective the Austrian law of 1919.

Sincerely yours,

DEAN ACHESON

760F.6315/3-1647 : Telegram

*The Acting United States High Commissioner for Austria (Keyes) to the United States High Commissioner for Austria (Clark) at Moscow*⁹¹

SECRET

VIENNA, 16 March 1947.

PRIORITY

P 6899. Austrian-Czechoslovak negotiations were held this week in Vienna on 6 frontier rectifications outlined in Czech memorandum presented to CFM London,⁹² together with a new seventh point concerning proposed power station near Lipno.

Above first stage of negotiations was completed March 14 after 4 days of satisfactory discussion of mutually agreeable atmosphere. Results are incorporated in protocol of that date which Austrian and Czech negotiators will now submit to their respective governments. Copy being sent to you by courier plane.⁹³

Tentative agreement was reached on all points presented to CFM except on the cession of territory:

- (1) South of the Danube and
- (2) West of the March, at the junction of Danube and March.

Austrian cabinet decided that while it wished to meet Czech desires to a reasonable extent, it could not agree cession of these fairly large areas of Austrian territory. Czechs then suggested alternative cession of much smaller area at river junction. Austrians said they would prefer not to cede territory, for one reason because that would cut them off from access to the proposed Danube Oder Canal, but would be glad to have experts study every possible way in which the technical needs of Czechs for canal construction and maintenances be met on Austrian territory without changing sovereignty. Both delegations now con-

⁹¹ The source text, an information copy, which was transmitted to the Department of State through the War Department as message CM IN 2960, 17 March 1947, has been collated with the copy of the telegram in the Vienna Legation Files—1947, 715 Boundaries.

⁹² The frontier rectifications proposed by the Czechoslovak Delegation at the meetings of the Deputies for Austria at London are described in telegram 627, Delsec 1155, January 29, 1947, from London, p. 116.

⁹³ The protocol on the Czechoslovak-Austrian negotiations, dated March 14, 1947, was transmitted to the Department of State as an enclosure to despatch 2765, March 18, 1947, from Vienna, not printed (760F.6315/3-1847).

template doing this, subject to yield of Czech Government on protocol of March 14.

Latter includes statement by Austrian Delegation that is proceeding in effort to meet Czech desires on assumption that while negotiations continue on remaining points Czech Government will refrain from raising them for international consideration, in particular in connection with the Austrian Treaty Conference, and that if Czech Government does so raise them, all six points should be considered as a whole and Austrian Government would not be bound on the concessions it had made on the four points already tentatively settled.

Decision of Czech Government whether to continue negotiations or raise question at Moscow is now being awaited. Meanwhile Chief Czech Negotiator, Fischer (Fisa) has left Vienna to go to Prague and thence to Moscow.⁹⁴

[KEYES]

Vienna Legation Files—1947 : 710 Treaty

The Acting United States High Commissioner for Austria (Keyes) to the United States High Commissioner for Austria (Clark) at Moscow

SECRET
PRIORITY

VIENNA, March 17, 1947—10 a.m.

P-6905. For Clark. Austrian government is becoming increasingly uneasy as time continues to pass without an Austrian Delegation being invited to Moscow. They fear that current drafting of the treaty may crystallize before any views or information they might later give could be taken into consideration. They are also worried by absence of any official information regarding current proposals. Gruber has therefore seen Koptelov with reference to the suggestion of the Deputies in London that an Austrian Delegation stand by for Moscow, and has asked whether the Soviet government will not arrange immediately for the presence of one or more Austrian delegates in Moscow

⁹⁴ Telegram 157, February 23, 1949, from Vienna, not printed, reported as follows on the failure of the negotiations to be resumed:

"No further developments on Czech-Austrian frontier changes have occurred since bilateral negotiations broke down in spring 1947. Negotiators signed March 14, 1947, outlining respective positions on six points raised in Czech memorandum of January, 1947 to Deputies. While protocol registered qualified Austrian agreement to several Czech proposals, Austrian opposition was adamant to request for cession territory south of Danube and between Danube and Morava desired for expansion Bratislava and for outlet Oder-Danube canal. According to Austrian Foreign Office, Czechs have not pursued matter since that time." (760F.6315/2-2349)

to stand by there instead of in Vienna. Meanwhile he hopes the Deputies meeting in Moscow will express a desire for this.⁹⁵

KEYES

Vienna Legation Files-1947: 710 Treaty

*Memorandum by the United States High Commissioner for Austria
(Clark) to the Secretary of State*

SECRET

[Moscow,] March 20, 1947.

SUBJECT: CHIEF ISSUES OUTSTANDING TO DATE ON AUSTRIAN TREATY⁹⁶

POLITICAL CLAUSES

1. *Signing or Adherence by Invited States*

The issue is raised in paragraph 1 of the Preamble whether the invited States should be entitled to sign or to adhere to the Treaty.

US Position: The invited States should be entitled to sign while other United Nation States may adhere. On this basis the invited States should be named either in the Preamble or in a signatory clause at the end of the Treaty. If the invited States are not named in the Preamble, it should be clearly indicated there that the designation "Allied and Associated Powers" includes the invited States named at the conclusion of the Treaty as being entitled to sign.

UK Position: The invited States should be designated by name in the Preamble as signatory powers. The UK expressed the view on March 18 that the invited States should be given the right to comment on the terms of the Treaty as agreed to by the CFM.

French and Soviet Position: The signatory powers should consist only of the Four Powers and Austria.

Recommendation: The US Position should be upheld in order to obtain for the invited States a more significant part in connection with the Treaty, to accord them due recognition for their share in the war, and to associate them explicitly with the observance of the provisions of the Treaty.

2. *Responsibility for Participation in the War*

The issue whether Austria was responsible for participation in the war emerges in connection with paragraph 3 of the Preamble, which

⁹⁵ At its 11th Meeting, March 21, 1947, the Council of Foreign Ministers agreed to a proposal by Secretary Marshall that the Austrian Government be invited to send representatives to Moscow to be available for consultation with respect to the Austrian Treaty; for a summary report on that Council meeting, see telegram 927, Delsec 1330, March 21, from Moscow, p. 270.

⁹⁶ For the text of the Draft Treaty for the Re-Establishment of an Independent and Democratic Austria, see document CFM(47)(M)82, March 29, 1947, p. 516.

states "Austria cannot avoid certain [responsibility—responsibilities—consequences] ⁹⁷ arising from participation in the war."

US and UK Position: Although Germany made use of Austrian territory, manpower, and material resources in carrying on the war against the United Nations, Austria, having been annexed by force, was not a political entity at the time the war began and was never free to make a decision on the question of participation in the war. The present Austrian State should therefore not be charged with a responsibility on the basis of which Austria might be considered virtually an ex-enemy State subject to punitive treatment. The word "consequences" is the preferable alternative among the bracketed expressions in as much as it suggests that Austria will inevitably bear certain effects of the war without being held responsible for a decision to participate in the war.

Soviet Position: The word "responsibility" should be used in this clause. The Soviet Delegation refused at London and again at Moscow on March 18 to accept either "consequences" or "responsibilities". As their attitude in this question indicates, the Soviets tend to regard Austria in the same category as ex-enemy States and accordingly consider that Austria bears a responsibility for participation in the war "on the side" of Germany.

French Position: The French prefer the word "responsibilities", which they proposed, but are willing to accept "consequences".

Recommendation: The US should continue to try to obtain adoption of "consequences" since it is acceptable to three of the Four Powers. While it may be necessary to reach a compromise on the word "responsibilities", the US should agree to "responsibility" only as a last resort.

3. *Preservation of Austrian Independence*

The issue in Article 2 is whether there shall be included in the Treaty clauses requiring commitments on the part of both the signatory States and Austria herself to safeguard Austria's independence and territorial integrity.

US Position: The US Delegation proposed a clause in the first paragraph of Article 2 by which the Allied and Associated Powers declare that they shall respect the independence and territorial integrity of Austria. The US joined with the French in working out a guarantee clause in the second paragraph which would require the Allied and Associated Powers to oppose any action that may threaten the political or economic independence or the territorial integrity of Austria, and in event of such threat to consult with one another and with the appropriate organs of the United Nations with regard to appropriate action.

⁹⁷ Brackets appear in the original.

The US Delegation also proposed a clause in the third paragraph which would oblige Austria to acknowledge the external responsibilities attaching to the reestablishment of independence and to abstain from any act which will threaten her political or economic independence or her territorial integrity.

UK Position: The UK has felt that all three paragraphs are unnecessary because of the functions of the United Nations and the obligations assumed under the United Nations Charter to assure the independence and territorial integrity of all member States. The UK assumes that Austria will be a member of the United Nations shortly after the entry into force of this Treaty. At Moscow, the UK, however, proposed a clause for Paragraph 2 reading:

“In the event of a threat to the territorial integrity of Austria, the Allied and Associated Powers will after consulting together take action through the appropriate organs of the United Nations.”

In an effort to meet the views of the French, the UK Delegation are willing to insert in the above proposal after the word “Austria” the phrase “or failure to observe the provisions of Article 4”. The UK are prepared to accept paragraph 1 in order to obtain unanimity but regard the proposed paragraph 3 as unnecessary.

French Position: The French wish to neutralize Austria permanently and keep it from having close ties with any other country. An original French proposal would have obliged the signatory States to give “full assistance and support” if a threat to Austria’s independence arises. The French Delegation believe that the first paragraph is unnecessary but are willing to accept it in order to obtain unanimity; regard the new British proposal for the second paragraph as inadequate because of the omission of “political or economic independence” and because of its weaker obligation on the signatory powers; and accept the US proposal for the third paragraph.

Soviet Position: The entire Article is unnecessary, both in original and in revised form. The obligations assumed under the United Nations are greater than those which will be undertaken through this Article by Austria and other signatory States. If Austrian independence is threatened, Austria itself or any other signatory power could bring the matter before the Security Council and any measures taken to protect Austria would be taken in accordance with the United Nations Charter rather than the Treaty.

Recommendation: The deadlock over this issue appears hopeless. It is my personal opinion that the provisions in these paragraphs are not essential to the Treaty in view of the security functions of the United Nations and the obligations assumed under the United Nations Charter by the States signatory to the Austrian Treaty. The United States

position in this question should therefore be abandoned, and it may be that a concession can be obtained at the same time from the Soviets with respect to another Article.

The Deputies agreed on March 20, to refer the following Article, in the form indicated below, to the Council of Foreign Ministers.

ARTICLE 2

Preservation of Austria's Independence

[1. The Allied and Associated Powers declare that they shall respect the independence and territorial integrity of Austria as established under the present Treaty.⁽¹⁾]

[2. The Allied and Associated Powers shall oppose any action, in any form whatsoever, that may threaten the political or economic independence or the territorial integrity of Austria, and in event of such threat will consult with one another and with the appropriate organs of the United Nations with regard to appropriate action.⁽²⁾]

[In the event of any threat to the territorial integrity of Austria, the Allied and Associated Powers will after consulting together take action through the appropriate organs of the United Nations.⁽³⁾]

[3. Austria on her part fully acknowledges the external responsibilities attaching to the reestablishment of national independence and undertakes to abstain from any act that will threaten her political or economic independence or her territorial integrity.⁽⁴⁾]

⁽¹⁾ US proposal. UK and French Delegations will accept this paragraph to obtain unanimity.

⁽²⁾ French and US proposal.

⁽³⁾ UK proposal.

⁽⁴⁾ US proposal which is supported by the French Delegation. UK and Soviet Delegations consider this paragraph unnecessary.

4. *Prohibition of Pan German Propaganda*

The issue developed in connection with the requirements laid on Austria in Article 4 for the purpose of preventing a future *Anschluss*.

Soviet Position: At the suggestion of the Soviet Delegation, the Article was amended by a bracketed phrase which would compel Austria to prevent the existence or activity of any organizations having as their aim propaganda in favor of union with Germany "as well as pan-German propaganda in any form whatsoever." The Soviet Delegation have indicated that they attributed to the phrase "pan-German" a broader significance than is generally accepted in Western countries, applying it to cultural as well as political matters. Mr. Kisilev, for example, illustrated "pan-German" propaganda by calling attention to an article published at Linz in the US Zone of Austria which stated that Austria was the inheritor and beneficiary of the best in German culture.

U.S. Position: The US Delegation object strongly to the Soviet amendment in view of the experience of the US Commissioner for Austria with Soviet protests against freedom of speech and the press,

and in view of the interpretation given to "pan-German" at London by the Soviet Delegation. If the phrase "pan-German propaganda" were accepted in this context it might provide a basis for interference in Austrian affairs and restrictions on the freedom of expression in Austria. US Delegation has advanced at Moscow a counter-proposal as follows:

"Austria further undertakes to prevent within her territory any act likely, directly or indirectly, to promote such union and shall prevent the existence, resurgence and activities of any organizations having as their aim political or economic union with Germany and pan-German propaganda in any form whatsoever in favor of *Anschluss* with Germany."

UK Position: Same as the U.S.

French Position: The French believe that pan-German propaganda is dangerous in itself and therefore support the Soviet proposal.

Recommendation: The US must not accept the language of the Soviet proposal because of the danger that this might be considered acknowledgment of the sweeping scope given to the term "pan-German propaganda" by the Soviets in the discussions of the Austrian Treaty. The US should make no concession in this matter beyond the counter-proposal indicated above.

5. *The Austrian-Yugoslav Frontier*

The issue in Article 5 is whether Austria shall have her pre-*Anschluss* boundaries or whether account shall be taken of the Yugoslav claim to an area comprising 1,273 square miles in southern Carinthia and 123 square miles in Styria. This claim was advanced in memoranda presented to the Deputies on January 22, 1947. The area claimed in Carinthia is considerably larger than the Klagenfurt plebiscite area of 1920.

US, UK and French Position: The US, UK and French Delegations have supported a clause establishing the frontiers of Austria as they existed on January 1, 1938. The Yugoslav claim is regarded as unjustified for the following reasons: (1) the pre-*Anschluss* boundary between Austria and Yugoslavia was determined on the basis of a free plebiscite in 1920 in the Klagenfurt area; (2) the census statistics of 1910 and 1934 indicate a predominantly German-speaking element in these areas; (3) the boundaries as determined in 1920 were generally regarded during the interwar period as fair and reasonable; (4) the adverse effect which the seizure of the claimed territory would have on Austrian chances for survival as an independent and democratic state.

Soviet Position: The Soviet Delegation have recommended at London and at Moscow that the Council of Foreign Ministers create a spe-

cial committee to study the claim of Yugoslavia and to prepare appropriate recommendations. It is uncertain whether this action of the Soviets represents more than a gesture of support in behalf of a loyal ally or whether they will not finally abandon this position in favor of agreement with the other members of the Council.

Recommendation: The US must continue to oppose any revision of the 1937 frontier between Austria and Yugoslavia.

6. *Naturalization and Residence of Germans in Austria*

The issue is whether to include a clause such as Article 6 disqualifying all or certain categories of politically unreliable Germans from naturalization by Austria and permanent residence in Austria.

US Position: The US Delegation prefer to omit this Article, believing that the matter of Austrian nationality should be left for Austria to determine on the basis of existing law. But the US Delegation propose as a compromise to include provisions which would deny Austrian nationality to certain German nationals as undesirable individuals; which would annul the naturalization of such German nationals who may have been naturalized after March 1, 1933; and which would prevent the immigration into and permanent residence in Austria of such German nationals.

UK Position: The UK Delegation consider this Article unnecessary and wish to leave the matter for Austria to decide.

Soviet Position: The Soviet Delegation propose to deny naturalization and permanent residence in Austria to all German nationals, to annul the naturalization of all German nationals accomplished subsequent to March 1, 1933, and to prevent the immigration into or permanent residence in Austria of German nationals—with transference of domicile to Germany of all non-naturalized Germans and all Germans naturalized since March 1, 1933.

French Position: The French Delegation favor inclusion of Article 6 provided that its scope is limited to certain categories of German nationals.

Recommendation: The US should continue its opposition to the sweeping Soviet prohibition laid on all German nationals, and continue to advance a proposal for a limited prohibition—preferably to affect the category of German nationals “who have been classified as ‘major offenders’ or ‘offenders’ under Directive No. 38 of the Allied Control Council for Germany, or who have been classified as ‘implicated persons’ or ‘less implicated persons’ under the Austrian Law of June 24, 1946, as amended, and who have not been exonerated and rehabilitated according to law.” This definition makes use of the accumulated experience of military administration in Germany and Austria, and is more realistic than the formalistic category of Germans “who have been members of the Nazi Party”.

7. *The Use of Fascist Terminology*

The issue whether to use "Fascist" or "Nazi" terminology in reference to prohibited persons, organizations and influences appears in Articles 9, 10, and 18.

US, UK and French Position: The US, UK and French Delegations wish to use only the word "Nazi" because of its special applicability to Austria during the period of National Socialist domination from 1938 to 1945. They believe, moreover, that it would be exceedingly difficult to ascertain which organizations and elements in pre-*Anschluss* and present-day Austria might be fairly and unquestionably recognized as Fascist. These Delegations are also concerned about the use made of the word "Fascist" by the Soviet press and radio, in which it appears to apply to any person or organization in opposition to Russian Communism. Upon the suggestion of the UK Delegation an attempt has been made to resolve this issue in Article 9 by a re-draft of the Article on the basis of language in Section A, paragraph 3 (iii) of the Potsdam agreement, thereby avoiding use of the word "Fascist". Such a revision has been approved by the US, UK, and French Delegations.

Soviet Position: The Soviet Delegation believe that the word "Nazi" is too limited in scope and that the broad generic term "Fascist" should be used to refer not only to German and Austrian National Socialism, but also to what the Soviets describe as Austrian Fascism. They apply the latter term to the administrations of Dollfuss and Schuschnigg and related political tendencies in Austria from 1933 to 1938. The Soviet Delegation have reserved their position as to the revised Article 9 pending consultation among themselves. If the Soviets accept this version, it remains uncertain, however, whether they have agreed to abandon "Fascist" terminology elsewhere in the Treaty.

Recommendation: The US should hold out for the exclusive use of the term "Nazi". In the denazification legislation of both Germany and Austria there are very numerous references to "Nazi" and "National Socialist" and "National Socialism". These are the terms which have always been used in Austria and Germany to characterize the Hitler movement, and they are the terms now regularly used. Nowhere in the German or Austrian Denazification Laws do the words "Fascist" or "Fascism" appear. When the Soviet Delegation describe Austrian Fascism, and it is personified in Dollfuss and Schuschnigg, they are thinking for purposes of present-day Austrian politics under the Austrian Peoples Party which the USSR looks upon with great disfavor because it is an anti-Communist and Western-oriented democratic political party.

8. *Obligation to Enforce Legislation Approved by the Allied Commission for Austria*

The Chief issue in Article 10 is whether Austria should be obliged strictly to enforce for an indefinite period the laws and orders promulgated by the Austrian Government since May 1, 1945 and approved by the Allied Commission for Austria.

The Soviet Position: The Soviet Delegation proposed that Austria should be subject to such an obligation. They had in mind legislation directed at the liquidation of the previous regime in Austria and the reestablishment of a democratic system. They were especially preoccupied with the Austrian Denazification law as amended, which they wish to keep in force without change even in matters of detail.

US, UK and French Position: The US, UK and French Delegations oppose a rigid imposition which would make impossible any future change in the legislation of the occupation period and propose a statement obliging Austria to give effect to "the principles contained in" the laws and orders promulgated by the Austrian Government and Parliament since May 1, 1945, and approved by the Allied Commission for Austria. The Austrian Government takes a view of this issue in accordance with the position of the US, UK and France. In an effort to find a more definite expression than "the principles contained in", the US proposed on March 10 the substitution of the phrase "the program contained in".

Recommendation: The US must hold out for the more flexible obligation on Austria represented by the US, UK and French proposal. If the Soviet proposal is accepted, this Article will more readily permit the Soviets to find pretexts for intervention in Austrian affairs for an indefinite period whenever they consider the letter of the law from the occupation period is not being observed.

9. *War Criminals*

The issue in Article 11 is whether to require Austria for an indefinite period to surrender to United Nations Governments upon their request and without presentation of satisfactory evidence persons designated as war criminals and collaborators by United Nations Governments.

US and UK Position: The US and UK Delegations have strongly supported a joint proposal requiring the presentation of evidence considered satisfactory by the Heads of Missions in Vienna before Austria should surrender requested persons charged as war criminals or collaborators. This proposal also limits the submission of requests to a period within 90 days after the coming into force of the Treaty and would not require Austria to produce witnesses for the trial of such persons.

Soviet and French Position: The Soviet and French Delegations oppose the above position with a joint proposal for incorporation in the Austrian Treaty the identical language of the War Crimes Article taken from the Italian and satellite treaties. This proposed clause would compel Austria to surrender alleged war criminals and collaborators upon designation by United Nation's Governments and would impose no time limit on the duration of this obligation.

Recommendation: The US must continue to support the principles contained in the joint US-UK proposal. Acceptance of the Joint Soviet-French proposal would permit the Soviets to continue to demand surrender of claimed Soviet nationals who, in many cases, have been neither Soviet nationals nor collaborators. When the Allied Powers are no longer in occupation of Austria, the Austrian Government would probably become subject to irresistible pressure under the provisions of such an Article as advocated by the Soviet and French Delegations, and the protection of elementary human rights for many persons under Austrian jurisdiction would be endangered.

10. *Period for Withdrawal of Allied Forces*

The issue in Article 33 is whether the Allied Commission for Austria should terminate on the entry of the Treaty into force or at such time thereafter as the Allied Forces are withdrawn.

US Position: The Allied Commission should cease to operate on the effective date of the Treaty, while Allied troops would be withdrawn within a subsequent period of 90 days. If the Allied Commission continues to exist beyond the entry into force of the Treaty, Austria would not be a sovereign independent state as the Treaty provides. The problem of the relations of the Allied troops and the Austrian Government during the period of withdrawal might be dealt with by regulations drawn up by the Allied Commission before its cessation.

UK Position: The UK Delegation originally concurred in the US proposal for termination of the Allied Commission and proposed to accord to the Allied Forces during the period of withdrawal the immunities they enjoyed before the effective date of the Treaty. By an alternative suggestion of the UK, the Treaty would provide for the cessation of the Allied Commission upon the entry into force of the Treaty but a separate protocol, to be signed at the same time as the Treaty, would require the Four Powers to withdraw their forces within a subsequent period of 90 days. This proposal would presuppose that ratification and entry into force of the Treaty would not occur until this period of 90 days had expired. This proposal has the merit of accomplishing the same objective as the US and the Soviets desire without resort to regulations of questionable legality and without infringement on Austrian sovereignty.

French Position: The French Delegation agree with the US as to the date for the termination of the Allied Commission and propose to solve the problem of the status of Allied Forces during the period of withdrawal by provision in the Treaty for immunities and for the establishment of an Allied Liquidation Commission under the four Heads of Mission at Vienna.

Soviet Position: The Soviets believe that none of the foregoing proposals are sufficient and that the Allied Commission should not cease to operate until Allied Forces have been withdrawn not later than 90 days after the Treaty becomes effective. They would avoid the creation of a new legal situation by extending the Control Agreement of June 28, 1946 and the Agreement on the Zones of Occupation and the Administration of Vienna to the period of withdrawal. They have called attention especially to the possibility of applying Article 8 of the Control Agreement on Immunities at this time.

Recommendation: The US should support the new UK proposal for a separate protocol on withdrawal since it avoids the difficulties inherent in the US and Soviets' positions and may more likely meet with Soviet approval than the French solution of this problem.

740.00119 EW/3-2647

*Archduke Otto of Hapsburg-Lorraine to the Acting Secretary of State*⁹⁸

WASHINGTON, March 26, 1947.

DEAR MR. SECRETARY: I acknowledge the receipt of your letter of March 13th,⁹⁹ replying to my letters of February 20th.¹

I note from your letter, that the decision taken by the Deputy Foreign Ministers in London is from the American point of view not a matter of principle or general policy, but based on an estimate of momentary political expediency.

Nevertheless, I take the liberty to draw your attention to the following considerations:

⁹⁸ On April 16, 1947, Acting Secretary Acheson acknowledged receipt of this letter and assured the Archduke that his comments were receiving "attentive consideration of appropriate officers of the Department of State." (740.0011 EW Peace/3-2647) A copy of this letter was sent to the American Delegation at the Council of Foreign Ministers at Moscow by Acting Secretary Acheson on April 17, 1947.

⁹⁹ *Ante*, p. 502.

¹ *Ante*, p. 175.

1—You state in your letter: "Since this action was based on existing Austrian statutes, I cannot agree with your statement, that the clause provisionally agreed upon . . . constitutes an unwarranted interference in Austrian domestic affairs." The fact is, that according to the Austrian constitution, any existing domestic statute may be revised by the Austrian people. Thus the laws of Austria, including the so-called Habsburg law, are Austrian domestic affairs. By this decision of the Deputy Foreign Ministers, however, a domestic affair of Austria, which is and will remain among the inalienable rights of the Austrian people is now treated, without warrant of law, as an international question to be decided without consulting the people of Austria.

2—You state, that one of the reasons for the decision is fear of interference into Austrian domestic affairs. May I remark, that as above noted, the action taken in London constitutes the gravest interference in the domestic affairs of Austria and that the annulment of this action alone will remove an unwarranted interference in Austrian domestic affairs.

There is a basic distinction between feaſance and nonfeaſance. The diſtinction between asking that no action ſhould be taken in the matter and demanding that the occupying powers ſhould remove from the ſtatute books certain Austrian ſtatutes is abſolute. I refer to paragraph three of your letter. In this connection I wiſh to ſtate clearly and emphatically that I do not wiſh one ſingle Austrian law to be altered by the occupying powers. I would not think of requeſting from the occupying powers the abrogation of any Austrian law. I do however conſider that to decree by international action that one law among thouſands ſhall be inalterable is a violation of the inalienable rights of the Austrian people.

It is obvious, Mr. Secretary, that at the preſent time no one would aſpire to a leading poſition in Austria from personal ambition. Thus my energetic proteſt againſt the action which was drafted in London is on behalf of thoſe thouſands of Austrian Monarchiſts, who have ſuffered and died in the German priſons and concentration camps or in the reſiſtance movement for the principles in which they believe. It is alſo becauſe of the rights of my people which I have the duty to defend.

Do you not agree with me, Mr. Secretary, in one cardinal point: Juſt now, when all parties ſtanding againſt Communism have to be rallied in Central and Eaſtern Europe, is it not neceſſary to ſtrengthen, inſtead of weakening, the one political movement ſtanding like a rock againſt Naziism and Communism, and having a conſiſtent record of moſt ſincere pro-American feelings and action.

Believe me [etc.]

OTTO OF AUSTRIA

760F.6315/3-2847: Telegram

*The Chargé in Czechoslovakia (Bruins) to the Secretary of State*²

CONFIDENTIAL

PRAHA, March 28, 1947.

282. Official of Czechoslovak Foreign Ministry states that Czechoslovak-Austrian negotiations concerning frontier rectification have thus far made no definite progress. Preliminary conversations indicate it may be possible to reach agreement on most of proposed frontier changes. However, Austrians have so far been adamant on ceding territory opposite Bratislava and it is precisely this territory to which Czechs attach most importance.³ Austrians naturally wish to avoid impression they are being treated as a conquered country and Czechs intend to respect this desire. Czechs are still hopeful that bilateral negotiations between the two countries will be brought to a successful conclusion but if this is not possible they will once more bring the question before the Council of Foreign Ministers.

Sent Department as 282; repeated to Vienna as 15.

BRUINS

CFM Files: Lot M-88: Box 58

*Report of the Deputies for Austria to the Council of
Foreign Ministers*

SECRET

Moscow, March 29, 1947.

CFM (47) (M) 82

DRAFT TREATY FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND
DEMOCRATIC AUSTRIA

[*Editor's Note:* The text printed here incorporates the additions contained in document CFM(47) (M)130, April 15, 1947, and the corrigendum thereto.

The Deputies for Austria began the preparation of a draft Austrian treaty during their meetings in London from January 14 to February 25, 1947. A preliminary text (not printed) was included by the

² This message was repeated to the United States Delegation at the Council of Foreign Ministers as telegram 750, Secdel 1405, April 1, 1947, to Moscow.

³ In telegram 360, April 11, 1947, from Praha, not printed, Ambassador Steinhardt reported on a conversation with Czechoslovak Acting Foreign Minister Vladimir Clementis in part as follows:

"As to the desire expressed by Czechoslovakian Government for minor frontier rectification by an exchange of territory with Austria, Clementis said the Big Four powers had replied in the affirmative to an inquiry as to whether the Allied Control Commission would approve agreement if arrived at by Czechoslovakian and Austrian Governments, but he had been informed confidentially that General Clark advised Austrian Government not to enter into agreement proposed by Czechoslovakian Government and to which Austrian Government giving serious consideration." (760C.60F/4-1147)

Deputies in their Report to the Council of Foreign Ministers, CFM (D) (47) (A) 102, February 25, 1947, page 134. On March 11, following the opening of the Moscow Session of the Council of Foreign Ministers, the Deputies for Austria resumed work on the draft treaty. Following submission of their Report to the Council on March 29, the Deputies continued consideration of articles on which agreement had not yet been reached. The Council of Foreign Ministers discussed the draft Austrian treaty at the following meetings: 30th, April 16, 31st, April 17, 32nd, April 17, 34th, April 18, 35th, April 19, 36th, April 19, 37th, April 20, 39th, April 21, 42nd, April 23, 43rd, April 24, 2nd Informal, April 21, 3rd Informal, April 22, and 4th Informal, April 22. For the records of decision and the reports on these meetings, see pages 344-390 *passim*.

The text printed here is that which was referred to the Council by the Deputies on March 29 together with the addenda of April 15. Disagreed articles are indicated by brackets as in the source text. Unless otherwise indicated, the footnotes here printed appear in the source text. The original footnote enumeration has been retained. Footnotes supplied by the editor continue seriatim from the preceding document. Portions of this text deleted by the Council of Foreign Ministers in the course of their consideration are indicated by cancelled type. Revisions and additions to the text adopted by the Council are printed in italic type. Appropriate annotations identify the new texts of articles brought before the Council during its deliberations on the treaty. Certain minor linguistic changes adopted by the Draft Committee of the Deputies for Austria and recorded on a copy of CFM (47) (M) 82 filed in Lot M-88, Box 74, "Austrian Treaty Corrected to End of Moscow Conference," are also indicated here.]

PREAMBLE

1. The Union of Soviet Socialist Republics, ~~the United States of America~~, the United Kingdom of Great Britain and Northern Ireland, *the United States of America* and France, (1) hereinafter referred to as

(1) ~~The United Kingdom and United States Delegations wish to enumerate here as further signatory Powers all or certain of the following States: Australia, Belgium, the Byelorussian Soviet Socialist Republic, Brazil, Canada, China, Czechoslovakia, Denmark, Greece, India, Luxembourg, the Netherlands, New Zealand, Norway, Poland, the Ukrainian Soviet Socialist Republic, the Union of South Africa, the People's Federal Republic of Yugoslavia.~~

"the Allied and Associated Powers" (2) of the one part and Austria of

(2) ~~"Allied and Associated Powers" or any other phrase agreed by the Ministers.~~

the other part;

2. Whereas on March 13, 1938, Hitlerite Germany annexed Austria by force and incorporated ~~her~~ *its* territory in the German Reich;

3. Whereas, following this annexation, Austria, as an integral part of Hitlerite Germany, participated in the war against the Allied and Associated Powers and other United Nations, and whereas Germany made use for this purpose of Austrian territory, troops and material resources and Austria cannot avoid certain [responsibility—responsibilities—consequences]⁽³⁾ arising from this participation in the war;

⁽³⁾ Soviet Delegation proposes the word "responsibility"; United States and United Kingdom Delegations propose the word "consequences"; French Delegation prefers the word "responsibilities" but would accept "consequences."

4. Whereas in the Moscow Declaration of November 1, 1943, the Governments of the Union of Soviet Socialist Republics, the United Kingdom and the United States of America and the United Kingdom declared that they regarded the annexation of Austria by Germany on March 13, 1938, as null and void and affirmed their wish to see Austria re-established as a free and independent State and the French Committee of National Liberation made a similar declaration on November 16, 1943;

5. Whereas as a result of the Allied victory Austria was liberated from the domination of Hitlerite Germany;

6. Whereas the Allied and Associated Powers, and Austria, taking into account the importance of the efforts which the Austrian people themselves have made and will have to continue to make for the restoration and democratic reconstruction of their country, desire to conclude a treaty re-establishing Austria as a free, independent and democratic State, thus contributing to the restoration of peace in Europe;

7. Whereas the Allied and Associated Powers desire by means of the present Treaty to settle in accordance with the principles of justice all questions which are still outstanding in connection with the events referred to above including the annexation of Austria by Hitlerite Germany and participation in the war of *Austria* as an integral part of Germany; and

8. Whereas the *Allied and Associated Powers Union of Soviet Socialist Republics, the United States of America, the United Kingdom of Great Britain and Northern Ireland, and France* ⁽⁴⁾ of the one

⁽⁴⁾ The United Kingdom and United States Delegations propose that if the Ministers decide to include other States as signatories to the Treaty in the first paragraph of the preamble, the phrase "Allied and Associated Powers" (or such other phrase as may be agreed by the Ministers) should replace the reference to the Four Powers in this paragraph.

part, and Austria of the other part, are accordingly desirous for these purposes of concluding the present Treaty to serve as the basis of

friendly relations between them ~~thereby enabling and to enable~~ the Allied and Associated Powers ~~Union of Soviet Socialist Republics,~~ the United States of America, the United Kingdom of Great Britain and Northern Ireland, and France ⁽¹⁾ to support Austria's candidature for admission to the United Nations Organisation;

9. Now ~~Have~~ therefore the Governments of the Allied and Associated Powers and of Austria have appointed the undersigned Plenipotentiaries who, after presentation of their full powers, found in good and due form, have agreed on the following provisions:

PART I. POLITICAL and Territorial CLAUSES

SECTION I

ARTICLE 1

Re-establishment of Austria as a Free and Independent State

The Allied and Associated Powers recognise that Austria is re-established as a sovereign, independent and democratic State.

ARTICLE 2

Preservation of Austria's Independence (1)

(1) Soviet Delegation considers this article unnecessary.

[1. The Allied and Associated Powers declare that they will respect the independence and territorial integrity of Austria as established under the present Treaty. (2)]

(2) United States proposal. United Kingdom and French Delegations will accept this paragraph in order to obtain agreement. *U.S. Delegation considered this paragraph necessary in CFM.*

[2. The Allied and Associated Powers shall oppose any action, in any form whatsoever, that may threaten the political or economic independence or the territorial integrity of Austria, and in event of such threat will consult with one another and with the appropriate organs of the United Nations with regard to appropriate action. (3)]

(3) French and United States proposal. *U.S. willing to withdraw this paragraph if other delegations agree but French continue to adhere to this paragraph. (CFM)*

[2. In the event of any threat to the territorial integrity of Austria the Allied and Associated Powers will after consulting together take action through the appropriate organs of the United Nations. (4)]

(4) Alternative text proposed by United Kingdom Delegation. *UK Delegation withdraws this paragraph in CFM.*

[3. Austria on her part fully acknowledges the external responsibilities attaching to the re-establishment of national independence and

undertakes to abstain from any act that will threaten her political or economic independence or her territorial integrity.⁽⁵⁾]

⁽⁵⁾ United States proposal, supported by French Delegation. United Kingdom Delegation considers this paragraph unnecessary. *United States Delegation withdrew this paragraph in CFM.*

ARTICLE 3

Recognition by Germany of Austrian Independence

The Allied and Associated Powers will incorporate in the German Peace Treaty provisions for securing from Germany the recognition of Austria's sovereignty and independence and the renunciation by Germany of all territorial and political claims in respect of Austria and Austrian territory.

ARTICLE 4

Prohibition of Anschluss

1. The Allied and Associated Powers declare that political or economic union between Austria and Germany is prohibited. Austria fully recognises ~~her~~ *its* responsibilities in this matter and shall not enter into political or economic union with Germany in any form whatsoever.

2. In order to prevent such union Austria shall not conclude any agreement with Germany, nor do any act, nor take any measures likely, directly or indirectly, to promote political or economic union with Germany, or to impair *its* ~~her~~ {territorial integrity or ⁽¹⁾} political

⁽¹⁾ ~~United States and French proposal.~~

or economic independence. Austria further undertakes to prevent within ~~her~~ *its* territory any act likely, directly or indirectly, to promote such union and shall prevent the existence, resurgence and activities of any organisations having as their aim political or economic union with Germany and *pan-German* propaganda in favour of union with Germany [~~as well as pan-German propaganda in any form whatsoever~~⁽²⁾].

⁽²⁾ ~~United States and U.K. Delegations object to the words in brackets.~~

ARTICLE 5

Frontiers of Austria

[The frontiers of Austria shall be those existing on January 1, 1938]⁽¹⁾ ⁽²⁾

⁽¹⁾ United Kingdom, United States and French proposal.

⁽²⁾ The Soviet Delegation supports the territorial claims of Yugoslavia against Austria set out in memoranda of the Yugoslav Government presented to the Deputies on January 22, 1947. (Soviet proposal for footnote April 21.)

ARTICLE 6

Naturalization and Residence of Germans in Austria

1. The Government of Austria undertakes not to grant naturalization to German nationals {who have been members of the Nazi Party.}(²)

2. All acts of naturalization of German nationals {who have been members of the Nazi Party}(²) which took place after March 1, 1933 shall be annulled by the Government of Austria: *within a period of one year from the coming into force of the present Treaty.*

3. The Government of Austria undertakes not to permit the immigration into Austria for permanent residence or the permanent residence in Austria of German nationals {with the exception of such cases as may be justified by legitimate interests.}(²)

4. All persons referred to in paragraphs 2 and 3 must transfer their domicile to Germany on the conditions and within a period to be fixed by agreement between the Government of Austria and the Control Council for Germany.

5. The Government of Austria shall take the necessary steps to ensure that the fulfillment of the present provisions is completed within a period of one year (³) from the coming into force of the present Treaty.}(¹)

(¹) French proposal with which the Soviet Delegation agrees, subject to deletion of words in brackets.

(²) The Soviet Delegation proposes to delete the words in brackets.

(³) The French Delegation considers that this period should apply only to paragraph 2.

1. Austria undertakes not to grant naturalization to German nationals who have been classified as "major offenders" or "offenders" pursuant to Directive No. 38 of the Control Council for Germany, or who have been classified as "implicated persons" or "less implicated persons" under the Austrian Constitutional Law of May 8, 1945 on the Prohibition of the NSDAP, as amended, and who have not been rehabilitated or exonerated pursuant to that Directive or that Law.

2. The naturalization by Austria of any German nationals falling within the classes referred to in paragraph 1 of this Article which took place after March 1, 1933 shall be annulled by the Government of Austria.

3. Austria undertakes not to permit the entry for the purpose of permanent residence or the permanent residence in Austria of German nationals falling within the classes referred to in paragraph 1 of this Article.

4. Austria shall require German nationals falling within the provisions of paragraphs 2 and 3 of this Article to transfer their domicile

to Germany on the conditions and within the period to be fixed by agreement between the Government of Austria and the Control Council for Germany.†⁽⁴⁾

⁽⁴⁾ U.S. and U.K. Delegations prefer to omit this Article but are prepared to include the above text if the other Delegations insist on including provisions on this subject.

SECTION II

ARTICLE 7

Human Rights

1. Austria shall take all measures necessary to secure to all persons under Austrian jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights, and of the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.

2. Austria further undertakes that the laws in force in Austria shall not, either in their content or in their application, discriminate or entail any discrimination between persons of Austrian nationality on the ground of their race, sex, language or religion, whether in reference to their persons, property, business, professional or financial interests, status, political or civil rights or any other matter.

ARTICLE 8

Democratic Institutions

Austria shall have a democratic government based on elections by secret ballot and shall guarantee to all citizens free, equal and universal suffrage and the right to be elected to public office without discrimination as to race, sex, language, religion or political opinion.

ARTICLE 9

Dissolution of Nazi Organizations

Austria shall complete the measures already begun by the enactment of appropriate legislation approved by the Allied Commission for Austria to destroy the National Socialist Party and its affiliated and supervised organizations, including political, military and paramilitary organizations, on Austrian territory and Austria shall also continue the efforts to eliminate from Austrian political, economic and cultural life all traces of Nazism, to ensure that the above-mentioned organizations are not revived in any form, and to prevent all Nazi and militarist activity and propaganda in Austria.

ARTICLE 10

Special Clauses on Legislation

1. Austria undertakes to maintain and continue to implement [the principles contained in (1)] the laws and orders promulgated by

(1) U.S. and French proposal, which the U.K. Delegation could accept but considers that Article could be simplified by the omission of the words "to maintain and continue . . . democratic system, and".

the Austrian Government and Parliament since May 1, 1945, and approved by the Allied Commission for Austria, aimed at liquidation of the remnants of the Nazi regime and at the re-establishment of the democratic system, and to complete the legislative and administrative measures already taken or begun since May 1, 1945, to codify and give effect to the principles set out in Articles 7, 8 and 9 of the present Treaty and insofar as she has not yet done so to repeal or amend all legislative and administrative measures adopted between March 5, 1933 and April 30, 1945, which conflict with the principles set forth in Articles 7, 8 and 9.

2. Austria further undertakes to maintain the law of April 3, 1919, concerning the House of Hapsburg-Lorraine.

SECTION III

ARTICLE 11

War Criminals

[1. Austria shall take all necessary steps to ensure the apprehension and surrender for trial of:

a) Persons accused of having committed, ordered, or abetted war crimes and crimes against peace or humanity;

b) Nationals of any Allied or Associated Power accused of having violated their national law by treason or collaboration with the enemy during the war.

2. At the request of the United Nations Government concerned Austria shall likewise make available as witnesses persons within its jurisdiction, whose evidence is required for trial of the persons referred to in paragraph 1 of this Article.

3. Any disagreement concerning the application of the provisions of paragraphs 1 and 2 of this Article shall be referred by any of the Governments concerned to the Heads of the Diplomatic Missions in Vienna of the Soviet Union, of the United Kingdom, of the United States of America and of France, who will reach agreement with regard to the difficulty (1)].

(1) French and Soviet proposal.

[Austria shall take all necessary steps, upon the presentation of evidence considered satisfactory by the Heads of Diplomatic Missions in Vienna, of the Soviet Union, of the United Kingdom, of the United States of America and France to ensure the apprehension and surrender for trial of:

(a) Persons accused of having committed, ordered or abetted war crimes and crimes against peace or humanity.

(b) Nationals of the contracting United Nations accused of having violated their national law by treason or collaboration with the enemy during the war.

2. Requests for the handing over of persons claimed as accused shall be made within 90 days after the coming into force of the present Treaty.

3. Any disagreement concerning the interpretation or execution of paragraph 1 of this Article shall be referred by any of the Governments concerned to the Four Heads of Mission in Vienna.⁽²⁾]

(2) U.S. and U.K. proposal.

ARTICLE 11⁴

War Criminals

1. Austria shall take all necessary steps to ensure the apprehension and surrender for trial of prisoners falling within the categories specified in sub-paragraphs (a) and (b) below upon production to the Heads of Diplomatic Missions in Vienna of the Soviet Union, of the United Kingdom, of the United States and of France, of satisfactory evidence that the persons whose surrender is requested are in fact offenders within these categories:

(a) Persons accused of having committed, ordered or abetted war crimes and crimes against peace or humanity;

(b) Nationals of any Allied or Associated Power accused of having violated their national law by treason or collaboration with the enemy during the war.

2. Requests for the handing over of persons claimed as accused shall be made within six months from the coming into force of the present treaty.

3. At the request of the United Nations Government concerned, Austria shall likewise make available as witnesses persons within Austrian jurisdiction, whose evidence is required for trial of the persons referred to in paragraph 1 of this Article.

⁴ This redraft of Article 11 was prepared by the Deputies for Austria and approved by the Council of Foreign Ministers at its 39th Meeting, April 21, 1947. [Footnote supplied by the editor.]

4. Any disagreement concerning the application of the provisions of this Article shall be referred by any of the Governments concerned to the four Heads of Mission in Vienna.

SECTION IV

ARTICLE 12

Recognition of Peace Treaties

Austria undertakes to recognize the full force of the Treaties of Peace with Italy, Roumania, Bulgaria, Hungary and Finland and other agreements or arrangements which have been or will be reached by the Allied and Associated Powers in respect of Germany and Japan for the restoration of peace.

ARTICLE 13

Liquidation of League of Nations

Austria undertakes to accept any arrangements which have been or may be agreed for the liquidation of the League of Nations, the Permanent Court of International Justice and the International Institute of Agriculture at Rome.

ARTICLE 14

Bilateral Treaties

1. Each Allied or Associated Power will notify Austria, within a period of six months from the coming into force of the present Treaty, which of its bilateral treaties concluded with Austria before March 13, 1938 it desires to keep in force or revive. Any provisions not in conformity with the present Treaty shall, however, be deleted from the above-mentioned treaties.

2. All such treaties so notified shall be registered with the Secretariat of the United Nations in accordance with Article 102 of the Charter of the United Nations.

3. All such treaties not so notified shall be regarded as abrogated.

ARTICLE 15

Restoration of Archives

1. The Powers in occupation of Germany shall transfer to the ~~Austrian~~ Government of Austria all administrative archives (files, registers, plans and documents of any kind) now held in Germany which are necessary for the re-establishment of administrative machinery in Austria.

2. Austria shall return all administrative archives (files, registers, plans and documents of any kind) now held in Austria which are

necessary for the re-establishment of administrative machinery in Germany.

ARTICLE 16

[Transfer of Displaced Persons from Austria

Austria shall, within a period of six months after the coming into force of the present treaty, complete the transfer of displaced persons and for this purpose undertakes:

a) to render full cooperation to official representatives of the Allied and Associated Powers concerned with respect to repatriation of their nationals; to permit free access to camps and other places where displaced persons are located, and to provide the necessary means of transportation for the transfer of the repatriates to their native countries; to prohibit in camps for displaced persons any propaganda hostile to the interests of the Allies or any of the Allied Powers, and also any activities designed to induce the displaced persons not to return to their native countries; not to permit the re-establishment of dissolved, or the formation of new "committees", "centres", and other organizations engaged in activities hostile to the interests of any of the Allied Powers; to prohibit the recruiting of displaced persons into military or para-military organizations such as security detachments and guard detachments.

b) to enter into direct bilateral negotiations with the governments of the neighbouring countries concerned in order to settle all questions pertaining to the transfer from Austria of displaced persons whose presence constitutes a threat to good-neighbour relations between Austria and the neighbouring countries.]⁽¹⁾

⁽¹⁾ Soviet proposal. French Delegation considers that the substance of paragraph (a) might be re-examined when the Foreign Ministers have taken a final decision on the similar proposals which have been raised in connection with the displaced persons and demographic problems in Germany.

[Displaced Persons and Refugees

1. Austria shall apply to refugees and displaced persons within her territory the principles of the Resolution regarding Refugees and Displaced Persons adopted by the General Assembly of the United Nations on February 12, 1946, set forth in Annex VI. Austria undertakes to grant to such refugees and displaced persons the same rights in all respects as those normally accorded to non-Austrians who have been legally admitted into Austria.

2. Austria undertakes to assist, with respect to the resettlement elsewhere of such refugees and displaced persons, any international organizations having responsibilities with respect to the general problem of refugees and displaced persons.]⁽²⁾

⁽²⁾ U.K. proposal which U.S. and French Delegations accept.

ARTICLE 16 BIS

Transfer of Persons of German Origin
(*Reichsdeutsche and Volksdeutsche*)

[1. Austria undertakes, within a period of six months from the coming into force of the present Treaty, to complete the transfer from Austria of persons of German origin (*Reichsdeutsche* and *Volksdeutsche*) who have found themselves on Austrian territory as the result of the hostilities.

2. The Control Council for Germany shall undertake the measures necessary for the settlement on German territory of the persons transferred from Austria in accordance with paragraph 1 above.](⁽¹⁾)

(1) Soviet proposal.

[Austria undertakes to cooperate with the Control Council for Germany in carrying out such plans as may be formulated by it with a view to completing the transfer of *Reichsdeutsche* and *Volksdeutsche* remaining in her territory and due for removal to Germany under existing inter-Allied agreements (including those made by the Control Council for Germany); with the exception of such persons as come within the categories approved for exemption by the Allied Commission for Austria](⁽²⁾)

(2) U.S. and U.K. proposal, with which French Delegation agrees.

ARTICLE 16 BIS ⁵*Transfer of Persons of German Origin*
(*Reichsdeutsche and Volksdeutsche*)

1. Austria undertakes to complete, within the period determined by the Control Council for Germany, the transfer from Austria of German nationals (*Reichsdeutsche*) who are subject to transfer to Germany in accordance with existing inter-Allied agreements, including decisions of the Control Council for Germany.

2. Austria also undertakes to co-operate in carrying out the plans made or to be made by the Control Council for Germany for the transfer to Germany of *Volksdeutsche* whose transfer is provided for by existing inter-Allied agreements, including decisions of the Control Council for Germany.

3. The provisions of this Article shall not apply to persons who fall within the categories of exemption approved by the Allied Commission for Austria.

Note: In this connection the Soviet Delegation draws the attention of the Council of Foreign Ministers to the need for issuing appropriate

⁵ The redraft of Article 16 bis was prepared by the Deputies for Austria and approved by the Council of Foreign Ministers at its 39th Meeting, April 21, 1947. The note that follows the text of the article was not intended to be included in the treaty text. [Footnote supplied by the editor.]

instructions to the Control Council for Germany to provide for the resettlement in Germany of the persons to be transferred from Austria in accordance with this paragraph.

PART II. MILITARY AND AIR CLAUSES

SECTION I

ARTICLE 17

Limitation of Austrian Armed Forces

1. The maintenance of land and air armaments and fortifications shall be closely restricted to meeting tasks of an internal character and local defence of frontiers. In accordance with the foregoing Austria is authorised to have armed forces consisting of not more than:—

(a) A land army, including frontier guards, anti-aircraft troops, gendarmerie and river gendarmerie with a total strength of 53,000.

(b) An air force of 90 aircraft including reserves, of which not more than 70 may be combat types of aircraft, with a total personnel strength of 5,000. Austria shall not possess aircraft designed primarily as bombers with internal bomb carrying facilities.

(c) These strengths shall in each case include combat, service and overhead personnel.

2. *Austria undertakes not to re-establish any military installations or fortifications which were destroyed in accordance with the instructions of the Allied Commission for Austria.**

2. 3. The number and size of aerodromes should correspond strictly to the tasks of the Austrian air force and to the requirements of civil aviation.

[2. 4. The Austrian armed forces, enumerated in paragraph 1 above, will be armed with weapons and technical equipment of national manufacture.](¹)

(¹) Soviet proposal.

ARTICLE 18

Prohibition of Service in the Austrian Armed Forces of Former Members of Nazi and Other Organisations

The following shall in no case be permitted to serve in the Austrian Armed Forces listed in Article 17 of the present treaty:—

1. Persons not of Austrian nationality.

2. Austrian nationals who had been German nationals at any time before March 13, 1938.

* This new paragraph, adopted by the Council of Foreign Ministers at its 37th Meeting, April 20, had previously been adopted by the Council at its 32nd Meeting, April 17, as the revised text for Article 24. [Footnote supplied by the editor.]

3. Austrian nationals who served in the rank of Colonel or in any higher rank in the German Armed Forces during the period from March 13, 1938, to May 8, 1945.

4. Austrian nationals within any of the categories defined below with the exception of such persons as shall have been exonerated by the appropriate body in accordance with Austrian law: any persons who at any time belonged to:

(a) The National Socialist Party ("N.S.D.A.P."), the "S.S.," "S.A." and "S.D." organisations, and the Secret State Police ("Gestapo"),

(b) The National Socialist ("N.S.") Soldiers' Association or the National Socialist ("N.S.") Officers' Association, or were

(c) Leaders in the National Socialist Flyers Corps ("N.S.F.K.") or the National Socialist Motor Corps ("N.S.K.K."), of rank not lower than "Untersturmführer" or its equivalent or functionaries in any Formations, Organisations or other affiliated Associations of rank not lower than that equivalent to "Ortsgruppenleiter",

(d) Authors of printed works of any kind or of scenarios placed by the competent commissions set up by the Austrian Government in the category of prohibited works because of their Nazi character, or were

(e) Leaders of industrial commercial and financial undertakings who, according to the official and authenticated reports of existing industrial, commercial and financial associations, trade unions and party organisations, are found by the competent commission to have co-operated actively in the achievement of the aims of the N.S.D.A.P. and affiliated organisations, supported the principles of National Socialism, spread propaganda for them or financed National Socialist organisations or their activities and thereby damaged the interests of an independent and democratic Austria.

Any person who has been accepted as a member of the N.S.D.A.P. ("Parteimitglied") or who has been accepted as a party candidate and has acquired the provisional right to wear the party badge shall be deemed to belong to the N.S.D.A.P.

ARTICLE 19

Prohibition of Military Training

Personnel not included in the Austrian land army or air force shall not receive any form of military training, or military air training, as defined in Annex I.

ARTICLE 20

Publication of Military Budget and Strength of the Armed Forces

[At the beginning of each budgetary year, Austria shall publish the budgetary expenditure for military purposes as well as the strength of her armed forces, during the current year.](¹)

(1) French and Soviet proposal.

SECTION II

ARTICLE 21

Prohibition of Special Weapons

Austria shall not possess, construct or experiment with—(i) Any atomic weapon, ~~or~~ (ii) any other major weapon adaptable now or in the future to mass destruction and defined as such by the appropriate organ of the United Nations, ~~(iii)~~ (iii) any self-propelled or guided missile or apparatus connected with their discharge or control, ~~(iii)~~ (iv) sea mines, ~~(iv)~~ (v) torpedoes capable of being manned, ~~(v)~~ (vi) submarines or other submersible craft, ~~(vi)~~ (vii) motor torpedo boats, ~~(vii)~~ (viii) specialised types of assault craft, ~~(viii)~~ (ix) guns with a range of more than 30 kilometres, ~~(ix)~~ (x) asphyxiating, vesicant or poisonous materials or biological substances in quantities greater than, or of types other than are required for legitimate civil purposes, or any apparatus designed to produce, project or spread such materials or substances for war purposes.

The Allied and Associated Powers reserve the right to add to this Article prohibitions ~~on~~ of any weapons which may be evolved as a result of scientific development.

ARTICLE 22

See Annex III (to Article 27)

ARTICLE 23

See Annex IV (to Article 27)

ARTICLE 24

Restrictions on Construction of New Fortifications

[Austria shall not build along her State frontier any new permanent fortifications or military installations, consisting of concrete pillboxes of any type, protected accommodation for personnel, observation points or any other constructions in which any type of guns or machine-guns could be placed, and shall not Austria undertakes not to re-establish any military installations or fortifications which were destroyed in accordance with the instructions of the Allied Commission for Austria.]⁽¹⁾ 7

(1) Soviet proposal, which the United States and United Kingdom Delegations oppose.

ARTICLE 25

Prohibition of Excess War Material

Austria shall not retain, produce, or otherwise acquire, or maintain facilities for the manufacture of, war material in excess of that

⁷ At its 37th Meeting, April 20, the Council of Foreign Ministers agreed to include this revised text as a part of Article 17. [Footnote supplied by the editor.]

required for the maintenance of the armed forces permitted under Article 17 of the present Treaty.

ARTICLE 26

Disposal of War Material of Allied and German Origin

1. All war material of Allied origin in Austria shall be placed at the disposal of the Allied and Associated Power concerned according to the instructions given by that Power.

Within one year from the coming into force of the present Treaty Austria shall render unusable for any military purpose or destroy:

all excess war material of German or other non-Allied origin; in so far as they relate to modern war material, all German and Japanese drawings, including existing blueprints, prototypes, experimental models and plans and all war materials prohibited by Article 21 of the present Treaty;

all specialised installations, including research and production equipment, prohibited by Article 21 [and 27]⁽¹⁾ which are not

⁽¹⁾ French proposal, with which the Soviet Delegation agrees. The U.S. and U.K. Delegations oppose this proposal.

convertible for authorised research, development or construction or which are in excess of those necessary for the military requirements defined in Articles 17 and 25 of the present Treaty.

2. Within six months from the coming into force of the present Treaty Austria shall provide the Governments of the Soviet Union, of the United States of America, of the United Kingdom, and of France with a list of the war material and installations enumerated in paragraph 1.

3. Austria shall renounce all rights to the above-mentioned war material.

[4. Austria shall not manufacture, acquire or possess, either publicly or privately, or by any other means, any war material of German or non-Austrian origin or design.

This does not forbid the use of such restricted quantities of war materials of German or other non-Allied origin or design remaining in Austria after the Second World War as may be required for the creation of the Armed Forces authorized by Article 17 of the present Treaty]⁽²⁾

⁽²⁾ Soviet proposal.

[Austria shall not manufacture any war material of German design]⁽³⁾

⁽³⁾ U.S. proposal, with which the French and U.K. Delegations agree.

5. A definition and list of war material for the purposes of the present Treaty are contained in Annex II.

ARTICLE 27

Prevention of German Rearmament

1. Austria shall cooperate fully with the Allied and Associated Powers in order to ensure that Germany is unable to take steps outside German territory towards rearmament.

[2. Austria undertakes to abide by the limitations and prohibitions listed in Annexes III, IV and V of the present Treaty] ⁽¹⁾.

⁽¹⁾ French proposal with which the Soviet Delegation agrees. The U.S. and U.K. Delegations oppose the inclusion of this paragraph and its annexes. However, the U.K. Delegation made the following reservation, that in the event of Ministers deciding to include limitations of this nature in the Treaty the U.K. Delegation could, subject to the imposition of a specific time limit on the restrictions, accept the following paragraphs:—

Annex III, paras. I (b), II, III.

Annex IV, paras. I, III (a), (c), and (e), and could, subject to modifications, accept the following paragraphs of these Annexes:—

Annex III, para. I (c).

Annex IV, paras. II (a) and (d).

Annex V.

3. Austria shall not employ or train in military or civil aviation or in the experimentation, design, production or maintenance of war material:—

Persons who are, or were at any time previous to March 13, 1938, nationals of Germany

[or Austrian nationals precluded from serving in the Armed Forces under Article 18] ⁽²⁾

⁽²⁾ French proposal, with which the Soviet and U.S. Delegations agree:

[or persons who are not Austrian nationals] ⁽³⁾

⁽³⁾ Soviet proposal, which the French, U.K. and U.S. Delegations oppose:

ARTICLE 28

Prohibition of German and Japanese Civil Aircraft

Austria shall not acquire or manufacture civil aircraft which are of German or Japanese design or which embody major assemblies of German or Japanese manufacture or design.

ARTICLE 29

See Annex V [Article 27]

ARTICLE 30

Duration of Limitations

Each of the military and air clauses of the present Treaty shall remain in force until modified in whole or in part by agreement between the Allied and Associated Powers and Austria or after Austria becomes a member of the United Nations by agreement between the Security Council and Austria.

SECTION IV

ARTICLE 31

Prisoners of War

1. Austrians who are now prisoners of war shall be repatriated as soon as possible in accordance with arrangements to be agreed upon by the individual Powers detaining them and Austria.

2. All costs, including maintenance costs, incurred in moving Austrians who are now prisoners of war from their respective assembly points, as chosen by the Government of the Allied or Associated Power concerned, to the point of their entry into Austrian territory, shall be borne by the Austrian Government.

ARTICLE 32

Commission of Military Experts

[1. A Commission of Military Experts, charged with controlling the execution of the military clauses, shall be appointed under the authority of the diplomatic representatives of the Soviet Union, the United States of America, the United Kingdom and France, in Vienna.

2. This Commission shall effect, throughout Austrian territory, such inspections, investigations and researches as will be necessary to carry out its mission, and the Austrian Government shall afford the Commission all the information and assistance which it may require in the fulfillment of its tasks.

3. Any dispute concerning the interpretation of execution of the military clauses of the present Treaty shall be referred to the diplomatic representatives acting under Article 56, whose competency shall be extended in respect of the execution of these clauses, beyond the period of 18 months.

4. The activity of the Control Commission shall cease after a decision of the four Governments has established that the military clauses of the present Treaty have been executed.] ⁽¹⁾

(1) French proposal, which the U.S., U.K. and Soviet Delegations oppose.

ARTICLE 33

*Withdrawal of Allied Forces*⁸

1. The Agreement on the Machinery of Control in Austria of July 26, 1946, shall terminate on the coming into force of the present treaty.

⁸ No text for this article was included in CFM (47) (M) 82. A text was subsequently prepared by the Deputies for Austria and was adopted by the Council of Foreign Ministers at its 39th Meeting, April 21, 1947. [Footnote supplied by the editor.]

2. On the coming into force of the present treaty, the Inter-Allied Government Authority (Kommandatura) existing under paragraph 4 of the Agreement on Zones of Occupation in Austria and the Administration of the City of Vienna of July 9, 1945, shall cease to exercise any functions with respect to the administration of the City of Vienna. The Agreement on Zones of Occupation in Austria shall terminate upon the completion of the withdrawal from Austria of the forces of the Allied and Associated Powers and in any case at the expiration of ninety days from the coming into force of the present treaty.

3. The Forces of the Allied and Associated Powers and members of the Allied Commission for Austria shall be withdrawn from Austria as soon as possible and in any case within ninety days from the coming into force of the present treaty.

4. The Government of Austria shall accord to the forces of the Allied and Associated Powers and the members of the Allied Commission for Austria pending their withdrawal from Austria the same rights, immunities and facilities as they enjoyed before the coming into force of the present treaty.

5. The Allied and Associated Powers undertake to return to the Government of Austria within the specified period of ninety days:

a. All currency which was made available free of cost to the Allied and Associated Powers for the purpose of the occupation and remains unexpended at the time of the completion of withdrawal;

b. All Austrian property requisitioned by Allied forces or the Allied Commission and which is still in their possession.⁽¹⁾ The

⁽¹⁾ The Soviet Delegation, while accepting paragraph 5 (a), reserves its position on paragraph 5 (b) until agreement is reached on Article 35.

obligations under these subparagraphs will be applied without prejudice to the provisions of Article 35 of the present treaty.

PART IV. CLAIMS ARISING OUT OF THE WAR

SECTION I

ARTICLE 34

Reparations

[The Allied and Associated Powers declare that they will advance no claims for reparation from Austria on their own behalf or on behalf of their nationals arising directly out of the war or out of actions taken because of the existence of a state of war in Europe after Sep-

tember 1, 1939, whether or not the Allied or Associated Power was at war with Germany at the time.]⁽¹⁾

⁽¹⁾ U.K. and U.S. proposal. Soviet delegation suggests to consider the proposal of the Yugoslav delegation, set out in documents CFM(D) (47) (A)10 and 75 of January 21 and February 17, 1947, relating to its reparation claims against Austria. French Delegation agrees in principle with the U.K. and U.S. proposal, provided that Ministers accept the principle involved, but reserve the right to make minor drafting changes.

ARTICLE 35⁹

German Assets in Austria

[1. Austria recognizes the validity of the decision of the Berlin Conference of August 2, 1945, regarding German external assets and the right of the Soviet Union, the United Kingdom, the United States and France to dispose of all German assets in Austria as German reparations. Austria undertakes to take all necessary measures to facilitate the transfer of such assets (in accordance with the terms of this Article and the provisions of Annex VII)⁽²⁾] ⁽¹⁾

⁽¹⁾ United Kingdom, United States and French proposal.

⁽²⁾ The French Delegation does not consider the inclusion of the words in brackets [*parenthesis!*] necessary.

[Austria recognizes that the Soviet Union, the United Kingdom, the United States and France have the right to all German assets in Austria transferred to the said States in their respective Zones in Austria under the decision of the Berlin Conference of the Heads of the three Governments of August 2, 1945, and undertakes to take all necessary measures to facilitate the transfer of such assets.]⁽³⁾

⁽³⁾ Soviet alternative proposal.

⁹ At the 33rd Meeting of the Council of Foreign Ministers, April 18, 1947, Secretary Marshall presented a new proposal for this article. Circulated to the Council as document CFM(47) (M)141, April 18, this proposal read as follows:

"1. Austria recognizes that the United States, United Kingdom, Soviet Union, and France have the right to dispose of all German assets in Austria according to the provisions of the Berlin Protocol of August 2, 1945, on German reparations. Austria shall take all measures necessary to facilitate the transfer to the four Powers of all properties in Austria which are German assets.

"2. German assets are defined as property, rights and interests beneficially owned on May 8, 1945, by the German Government or German Nationals which were:

(a) Owned by the German Government or German Nationals on March 12, 1938;

(b) Acquired after March 12, 1938, by the German Government or by persons who on March 12, 1938, were German Nationals, if such assets were acquired without force or duress.

"3. All assets so transferred shall be subject to the provisions of Austrian law, except that no such assets shall be subject to nationalization by Austria for a period of _____ from the coming into force of the treaty.

"4. The area of Eastern Austria referred to in the Berlin Protocol is defined as the Soviet Zone of Occupation in Austria and the Soviet Sector in the city of Vienna."

[Footnote supplied by the editor.]

[2. (a) For the purpose of this Article, German assets are defined as all property, rights and interests which were owned by Germany or German nationals on May 8, 1945, provided that such property, rights or interests:

(i) were not acquired by Germany or German nationals either as a result of force or duress whether the transaction was ostensibly legal in form or not, or by the application of Nazi laws imposed on Austria since March 12, 1938,

(ii) were neither Austrian State property, rights or interests which passed to Germany as a result of the annexation of Austria by Germany, nor state property which became such after March 12, 1938, and which was and continues to be used for the purpose of normal governmental administration;

(iii) do not constitute an interest which any of the United Nations or their nationals or other non-Germans have in any such property, rights or interests, either in their own right or through corporations;

(iv) [shall not include creditor claims of Germany or German nationals arising out of contracts and other obligations entered into, and rights acquired, since March 12, 1938.]⁽⁴⁾

(*) The United States Delegation reserves its position on this sub-paragraph.

(b) If the owner of any property, rights or interests acquired by Germany or German nationals in the manner specified in paragraph 2(a) (i) above received any compensation therefor, the Government of Austria shall, as a condition of the return of such property, rights or interests to the owner, require the repayment or return of the compensation effectively received. Such compensation shall constitute a German asset for the purpose of this Article.

(c) As used in this Article German nationals means

(i) individuals having German nationality on May 8, 1945, other than those who acquired such nationality as a result of the incorporation after March 12, 1938, of any territory into the German Reich; or those who were permitted to reside freely in the territory of any of the Allied or Associated Powers during the period when that Power was at war with Germany before May 8, 1945.

(ii) corporations having *siège social* within the boundaries of Germany as they were on March 12, 1938.]⁽⁵⁾

(*) United Kingdom and United States proposal.

[2. All German assets in Austria shall become the property of the Four Powers, namely:

(a) those which were German prior to March 13, 1938;

(b) those transferred to Germany, German nationals or societies after March 12, 1938, on the basis of sale and pur-

chase from either Austrian owners or from firms or nationals of the States which were former Allies of Germany, and also from neutral States, the United Nations and their nationals, except where transfer of the property was effected as a result of direct forcible action;

(c) any right acquired by German firms or private persons after March 12, 1938 for the development of natural resources of the country, and all enterprises which emerged or were developed after this period on the basis of German investments, State, communal and other property, belonging to the Austrian State or Austrian nationals, transferred to Germany or German nationals, without any compensation by way of merging State, credit and other institutions or by way of Aryanisation, shall be returned to the owners who owned it before the *Anschluss*. Voluntary transfer and increase of capital as a result of German investments will, in this case, form an exception.](⁽⁶⁾)

(⁽⁶⁾) Alternative Soviet proposal.

[2. (a) For the purpose of this Article, German assets in Austria shall include all property, rights and interests belonging, on May 8, 1945, to Germany or to German nationals, and which :

(i) belonged to Germany or to German nationals on March 13, 1938;

(ii) were transferred to Germany or to German nationals after March 31, 1938, provided that such transfers were not effected by force or duress or by way of Aryanisation, and that they are not subject to invalidation under the provisions of Article 42 of the present Treaty.

(b) The property, rights and interests of the Austrian State transferred to the German State or to German nationals as a result of the annexation of Austria shall not be considered German assets.

(c) For the purpose of this Article, the term "German nationals" means :

(i) individuals having German nationality on May 8, 1945, other than those who acquired such nationality as a result of the incorporation after March 12, 1938, of any territory into the German Reich.

(ii) corporations or associations having *siège social* within the frontiers of Germany as they existed on March 12, 1938, to the extent that the shares of such corporations or associations actually belong to German nationals.](⁽⁷⁾)

(⁽⁷⁾) French alternative proposal.

[3. All former German assets which became property of the States referred to in paragraph 1 shall not be subject to requisition, confiscation or compulsory alienation in general without the consent of the owner State.](⁽⁸⁾)

(⁽⁸⁾) Soviet proposal.

[3. A German asset transferred by way of reparation shall carry with it all rights attaching to such asset and be subject to all claims enforceable against it under Austrian law. Such asset and the enjoyment thereof shall be subject in all respects to Austrian law.](⁹)

(⁹) United Kingdom and United States alternative proposal.

[3. A German asset transferred by way of reparation shall carry with it all rights attaching to such asset and be subject to all claims enforceable against it under Austrian law. Such asset and the enjoyment thereof shall be subject in all respects to Austrian law.

However, Austria undertakes not to requisition or nationalize such assets and not to order their forced alienation in any form during a period of 18 months from the coming into force of the present Treaty and, after that period, without full and adequate compensation, the amount and nature of which shall be fixed by agreement between the interested Allied or Associated Power and Austria or, if such agreement is not reached, by an arbitrator designated and acting in conformity with the provisions of Article 50 of the present Treaty.](¹⁰)

(¹⁰) French alternative proposal.

[4. Disputes which may arise out of the implementation of the provisions of this Article shall be settled on the basis of bilateral negotiations between the parties concerned].(¹¹)

(¹¹) Soviet proposal.

The United Kingdom Delegation would prefer a method of settling disputes similar to that provided in Section 3 of the Annex to CFM(D) (47) (A) 60, but failing agreement on this, would accept settlement of Article 57.

The French Delegation considers that disputes arising in connection with the implementation of this article shall be settled under the provisions of Article 57, except as otherwise provided in paragraph 3.

The United States Delegation opposes this provision. It considers the inclusion of special provisions relating to the settlement of dispute arising under this Article as unnecessary, since the procedure agreed on in Article 57 is suitable and adequate.

SECTION II

ARTICLE 36

Restitution by Austria

1. Austria accepts the principles of the United Nations Declaration of January 5, 1943, and shall return, in the shortest possible time, property removed from the territory of any of the United Nations.

2. The obligation to make restitution applies to all identifiable property at present in Austria which was removed by force or duress by any of the Axis Powers from the territory of any of the United Nations, irrespective of any subsequent transactions by which the present holder of any such property has secured possession.

3. The Austrian Government shall return the property referred to in this article {in good order ⁽¹⁾} and, in this connexion, shall bear all costs in Austria relating to labour, materials and transport.

~~(1) The United States Delegation proposes to delete these words.~~

4. The Austrian Government shall co-operate with the United Nations in, and shall provide at its own expense all necessary facilities for, the search for and restitution of property liable to restitution under this article.

5. The Austrian Government shall take the necessary measures to effect the return of property covered by this Article held in any third country by persons subject to Austrian jurisdiction.

6. Claims for the restitution of property shall be presented to the Austrian Government by the Government of any country from whose territory the property was removed {it being understood that rolling stock shall be regarded as having been removed from the territory to which it originally belonged ⁽²⁾}. The period during which such

~~(2) The United Kingdom and United States propose to delete these words, and to deal with the question of rolling stock in a separate Article, the proposed text of which is to be found in Article 36 bis.~~

claims may be presented shall be nine months from the coming into force of the present Treaty.

7. The burden of identifying the property and of proving ownership shall rest on the claimant Government and the burden of proving the property was not removed by force or duress shall rest on the Austrian Government.

8. {The Government entitled to restitution and the Austrian Government may conclude agreements which will replace the provisions of the present Article} ⁽³⁾. *This bilateral procedure will apply*

~~(3) The United States Delegation cannot accept this provision.~~

particularly to the restitution of rolling stock, in regard to which the Allied and Associated Powers recognize that restitution should be arranged so as to effect a minimum dislocation to Austria's essential transport requirements.

9. [If, in particular cases, it is impossible for Austria to make restitution of objects of artistic, historical or archaeological value, belonging to the cultural heritage of the United Nations from whose territory such objects were removed to Austria by force or duress by German forces, authorities or nationals, Austria shall transfer to the United Nations concerned objects of the same kind as, and of approximately equivalent value to, the objects removed, in so far as such objects are obtainable in Austria.] ⁽⁴⁾

(4) Soviet proposal.

ARTICLE 36 BIS

Rolling-stock

1. The Austrian Government shall make restitution of all Allied rolling-stock. Claims for such restitution shall be presented to the Austrian Government by the Government of the territory to which it originally belonged.

2. The obligation to effect restitution of Allied rolling-stock shall be unconditional on Austria. Nevertheless, the Allied Governments declare that they are prepared to enter into agreements with Austria with a view to effecting the restitution of rolling-stock with the minimum dislocation to Austria's essential transport requirements.

3. The Austrian Government shall be responsible for putting all repairable rolling-stock into a sufficient state of repair to be returned to its owners, and in this connexion shall bear all costs in Austria relating to labour, materials and transport.

4. The Allied and Associated Powers undertake to return to Austria All Austrian rolling-stock in their territories.-(¹)

5. All rolling-stock identifiable as having been of Austrian ownership on 12 March, 1938, and any rolling-stock constructed in Austria since 8 May, 1945, shall be recognised to be of Austrian ownership and shall be restored to Austria. The Austrian Government shall be entitled to regard as Austrian all German rolling-stock situated in Austria on the following dates:—

- | | |
|--------------------|------------------------------------|
| (a) locomotives | : August 6, 1946 |
| (b) Wagons | : August 20, 1946 |
| (c) Coaching stock | : August 13, 1946-(²) |

(¹) U.K. and U.S. proposal. Soviet and French Delegations do not consider that the inclusion of paragraphs 1-3 in the Treaty is necessary, and are strongly opposed to paragraph 4.

(²) U.K. proposal. The U.K. Delegation attaches great importance to the inclusion of a provision covering Austria's essential rolling-stock needs.

The French and U.S. Delegations cannot accept this draft, but are willing to consider the inclusion of a provision in the Treaty dealing with Austrian rolling-stock needs.

The Soviet Delegation opposes the inclusion of this provision in the Treaty as contradicting the Berlin decisions on German external assets.

ARTICLE 37

Restitution to Austria of Property removed to United Nations Territory by Axis Forces

[The Allied and Associated Powers will extend to Austria the same treatment they extend to United Nations with respect to the return of identifiable property removed from Austria after March 12, 1938 by force or duress exerted by Axis Government or their agencies.-(¹)

(¹) United States proposal, to which the U.K. and French Delegation do not object.

The Soviet Delegation sees no reason for the inclusion of this Article.

ARTICLE 38

Austrian Property in Germany and Renunciation of Claims by Austria on Germany

1. From the date of the coming into force of the present Treaty the property in Germany of the Austrian Government or of Austrian nationals, [including property formerly belonging to them and of which they have been deprived by acts of force or duress by Germany or by German nationals]⁽¹⁾, shall be returned to its owners. This

⁽¹⁾ The Soviet Delegation is opposed to the inclusion of the words in brackets. provision shall not apply to the property of war criminals or persons who have been subjected to the penalties of denazification measures; such property shall be placed at the disposal of the Austrian Government if it has not been subjected to blocking or confiscation in accordance with the laws or ordinances in force in Germany after May 8, 1945.

[2. Identifiable property of Austria and of Austrian nationals removed by force or duress from Austrian territory to Germany by German forces or authorities after March 12, 1938, shall be eligible for restitution.]⁽²⁾

⁽²⁾ Proposal of French, U.S. and U.K. Delegations. Soviet Delegation does not consider the inclusion of this paragraph necessary.

~~[3. The restoration and restitution of Austrian property in Germany shall be effected in accordance with measures determined by the Powers in occupation of Germany for the restitution and restoration of United Nations property in Germany.]⁽³⁾~~

~~⁽³⁾ U.K. Proposal.~~

[The restoration and restitution of Austrian property in Germany shall be effected in accordance with measures which will be determined by the Powers in occupation of Germany].⁽⁴⁾

⁽⁴⁾ U.S. and French Proposal.

[The restoration of Austrian property in Germany shall be effected in accordance with measures which will be determined by the Powers in occupation of Germany in their zones of occupation].⁽⁵⁾

⁽⁵⁾ Soviet Proposal.

[4. Without prejudice to these and to any other dispositions in favour of Austria and Austrian nationals by the Powers occupying Germany, Austria waives on its own behalf and on behalf of Austrian nationals all claims against Germany and German nationals outstanding on May 8, 1945, except those arising out of contracts and other obligations entered into, and rights acquired, before March 13, 1938].⁽⁶⁾ [This waiver shall be deemed to include debts, all claims in

⁽⁶⁾ French, Soviet and U.K. Proposal.

respect of transactions effected by Germany during the period of annexation of Austria and all claims in respect of loss or damage suffered during the said period, particularly in respect of the German public debt held by the Austrian Government or its nationals and of currency withdrawn at the time of the monetary conversion. Such currency shall be destroyed upon the coming into force of the present Treaty].⁽⁷⁾

⁽⁷⁾ French Proposal supported by Soviet Delegation.

[This waiver shall be deemed to include debts incurred during the war and all claims for loss or damage arising during the war].⁽⁸⁾

⁽⁸⁾ U.K. Proposal, alternative to the previous sentence.

[Without prejudice to these and to any other dispositions in favour of Austria and Austrian nationals by the Powers occupying Germany, Austria waives on its own behalf and on behalf of Austrian nationals all claims against the former German government and its agencies and all German enterprises engaged in the manufacture of arms and implements of war as defined in Annex II of the present Treaty, arising after September 1, 1939 and outstanding on May 8, 1945, except those arising out of contracts and other obligations entered into, and rights acquired, before September 1, 1939. This renunciation shall be deemed to include debts and all claims for loss or damage arising during the war].⁽⁹⁾

⁽⁹⁾ U.S. Proposal for paragraph 4.

SECTION III

ARTICLE 39

Renunciation by Austria of Claims Against the Allies

1. Austria waives all claims of any description against the Allied and Associated Powers on behalf of the Austrian Government or Austrian nationals arising directly out of the war in Europe after September 1, 1939 or out of actions taken because of the existence of a state of war in Europe after that date whether or not the Allied or Associated Power was at war with Germany at the time. This renunciation of claims includes the following:

a) Claims for losses or damages sustained as a consequence of acts of forces or authorities of Allied or Associated Powers;

b) Claims arising from the presence, operations or actions of forces or authorities of Allied or Associated Powers in Austrian territory;

c) Claims with respect to the decrees or orders of Prize Courts of Allied or Associated Powers, Austria agreeing to accept as valid and binding all decrees and orders of such Prize Courts on or after September 1, 1939, concerning ships or goods belonging to Austrian nationals or concerning the payment of costs;

d) Claims arising out of the exercise or purported exercise of belligerent rights;

~~e) Claims arising out of the acquisition of scientific, industrial or technological information between September 1, 1939, and the date of entry into force of the present Treaty and claims arising out of any disclosure or use of the information so acquired.~~ (1)

(1) U.S. proposal: Soviet, French and U.K. Delegations did not consider that the inclusion of this subparagraph was necessary.

2. The provisions of this Article shall bar, completely and finally, all claims of the nature referred to herein, which shall henceforward be extinguished, whoever may be the parties in interest. The Austrian Government agrees to make equitable compensation in schillings to persons who furnished supplies or services on requisition to the forces of Allied or Associated Powers in Austrian territory and in satisfaction of non-combat damage claims against the forces of the Allied or Associated Powers arising in Austrian territory.

3. Austria likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Austrian Government or Austrian nationals against any of the United Nations whose diplomatic relations with Germany were broken off between September 1, 1939 and January 1, 1945 and which took action in cooperation with the Allied and Associated Powers.

4. ~~{The Austrian Government shall assume full responsibility for Allied military currency of denominations of five schillings and under issued in Austria by the Allied military authorities, including all such currency in circulation at the coming into force of the present Treaty.}~~(2)

(2) U.K. proposal: Supported by the U.S. Delegation.

Notes issued by the Allied Military Authorities of denominations higher than five schillings shall be destroyed and no claims may be made in this connection against any of the Allied and Associated Powers.

~~{The Austrian Government shall assume full responsibility for all Allied military currency issued in Austria by the Allied military authorities, including all such currency in circulation at the coming into force of the present Treaty.}~~ (3)

(3) French proposal: Supported by the Soviet Delegation.

5. The waiver of claims by Austria under paragraph 1 of this Article includes any claims arising out of actions taken by any of the Allied and Associated Powers with respect to ships belonging to Austrian nationals between September 1, 1939, and the coming into force of the present Treaty as well as any claims and debts arising out of the Conventions on prisoners of war now in force.

6. [The provisions of this Article shall not be regarded as waiving

any claim Austria or its nationals may have to property under Article 35.]⁽⁴⁾

(4) U.S. proposal. Opposed by U.K., Soviet and French Delegations.

ARTICLE 40

This article was combined with Article 38.

ARTICLE 41

German Claims Against Austria

[The Allied and Associated Powers undertake to support the inclusion in the German Peace Treaty of a waiver by Germany of all economic and financial claims against Austria or Austrian nationals outstanding on May 8, 1945 or arising out of the reestablishment of Austrian independence and of such waiver as may be appropriate of claims of German nationals against Austria or Austrian nationals].⁽¹⁾

(1) US and UK proposal supported by the French Delegation. Soviet Delegation considers it premature to discuss this question.

ARTICLE 42

United Nations Property in Austria

[1. Insofar as Austria has not already done so, Austria shall restore all legal rights and interests in Austria of the United Nations and their nationals as they existed on September 1, 1939, and shall return all property in Austria of the United Nations and their nationals as it now exists.

Austria undertakes that in all cases where the property, rights or interests in Austria of United Nations nationals have been alienated or otherwise prejudiced as a result of the annexation of Austria by Germany and of German economic penetration in Austria after March 12, 1938, all transfers, acts of alienation or prejudice relating to the said property, rights or interests shall be nullified. The burden of proving ownership of the said property, rights and interests, on March 12, 1938, shall rest on the United Nations or their nationals and the burden of proving that they have not been alienated as a result of the annexation of Austria by Germany and of German economic penetration in Austria shall rest on the Austrian Government.

The foregoing provisions shall apply equally to the property, rights and interests of United Nations and their nationals, whether these are held directly or indirectly.]⁽¹⁾

(1) French and U.K. proposal. The Soviet Delegation agrees to accept only the first paragraph of this proposal, provided the words "on September 1, 1939", be amended to read "on the day hostilities started between Germany and the United Nation concerned".

[1. Insofar as such action has not already been taken, Austria shall restore all legal rights and interests in Austria of the United Nations

and their nationals as they existed on March 13, 1938, unless these have been voluntarily transferred, and shall return all property in Austria of the United Nations and their nationals as it now exists.](²)

(²) U.S. proposal.

2. The Austrian Government undertakes that all property, rights and interests passing under this Article shall be restored free of all encumbrances and charges of any kind to which they may have become subject as a result of the war with Germany and without the imposition of any charges by the Austrian Government in connection with their return. The Austrian Government shall nullify all measures, [including seizures, sequestration or control](³) [of seizures,

(³) U.K., French and U.S. proposal.

sequestration or control](⁴) taken against United Nations property

(⁴) Soviet proposal.

between [March 13, 1938](⁵) [the day of commencement of hostilities

(⁵) U.K., French and U.S. proposal.

between Germany and the United Nation concerned](⁶) and the

(⁶) Soviet proposal.

coming into force of the present Treaty. In cases where the property has not been returned within six months from the coming into force of the present Treaty, application shall be made to the Austrian authorities not later than twelve months from the coming into force of the Treaty except in cases in which the claimant is able to show that he could not file his application within this period.

3. The Austrian Government shall invalidate transfers involving property, rights and interests of any description belonging to United Nations nationals, where such transfers resulted from force [or duress](⁷) exerted by Axis Governments or their agencies between

(⁷) The Soviet Delegation objects to the inclusion of these words.

[March 13, 1938](⁸) [the beginning of hostilities between Germany

(⁸) U.K., U.S. and French proposal.

and the United Nation concerned](⁹) and May 8, 1945.

(⁹) Soviet proposal.

[4. (a) The Austrian Government shall be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where, as a result of the war, a United Nations national has suffered a loss by reason of injury or damage to property in Austria, he shall receive from the Austrian Government compensation in Schillings to the extent of two-thirds of the sum necessary, at the date of payment, to purchase similar property or to

make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded to Austrian nationals.

(b) United Nations nationals who hold, directly or indirectly, ownership interests in corporations or associations which are not United Nations nationals within the meaning of paragraph 8(a) of this Article, but which have suffered a loss by reason of injury or damage to property in Austria, shall receive compensation in accordance with sub-paragraph (a) above. This compensation shall be calculated on the basis of the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interests of such nationals in the corporation or association bear to the capital thereof.

(c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Austria but shall be subject to the foreign exchange control regulations which may be in force in Austria from time to time.](¹⁰)

(¹⁰) French proposal.

[4. In cases in which the Austrian Government provides compensation for losses suffered by reason of injury or damage to property in Austria which occurred during the German occupation of Austria or during the war, United Nations nationals shall in no event receive less favourable treatment than that accorded to Austrian nationals; and in such cases United Nations nationals who hold, directly or indirectly, ownership interests in corporations or associations which are not United Nations nationals within the meaning of paragraph 8 (a) of this Article shall receive compensation based on the total loss or damage suffered by the corporations or associations and bearing the same proportion to such loss or damage as the beneficial interest of such nationals bears to the capital of the corporation or association.](¹¹)

(¹¹) Alternative U.S. and Soviet proposal for (a), (b) and (c).

[4. The Austrian Government undertakes to enter into agreements with each of the United Nations concerned in regard to the property in Austria, dealt with in this Article, of their nationals which cannot be returned or which has suffered injury or damage as a result of the war with Germany. These agreements shall be concluded in the shortest possible time and Austria undertakes therein to give to the nationals of each of the United Nations concerned treatment no less favourable than is, or has been, granted in the territory of that United Nation to Austrian property, and, in no event, less favourable treatment than that accorded by the Austrian Government to Austrian nationals.

Nothing in the foregoing shall require Austria to make payments in foreign currencies in respect of loss, injury or damage to property.]⁽¹²⁾

⁽¹²⁾ Alternative U.K. proposal for (a), (b) and (c).

4. (d) The Austrian Government shall accord to United Nations nationals the same treatment in the allocation of materials for the repair or rehabilitation of their property in Austria ~~including property covered by Article 35~~⁽¹³⁾ and in the allocation of foreign exchange for the importation of such materials as applies to Austrian nationals.

~~⁽¹³⁾ Addition by Soviet Delegation: U.K., U.S. and French Delegations do not consider these words necessary.~~

5. All reasonable expenses incurred in Austria in establishing claims, including the assessment of loss or damage, shall be borne by the Austrian Government.

6. United Nations nationals and their property shall be exempted from any exceptional taxes, levies or imposts ~~and other charges~~⁽¹⁴⁾ imposed on their capital assets in Austria by the Austrian Government or any Austrian authority between the date of the surrender of the German armed forces and the coming into force of the present Treaty for the specific purpose of meeting charges arising out of the war or of meeting the costs of occupying forces. Any sums which have been so paid [or exacted]⁽¹⁴⁾ shall be refunded. [The Austrian Government shall exempt the property of United Nations nationals from any exceptional taxes, levies, imposts and other charges that it may institute in the future to cover costs of a similar nature. The provisions of this Article shall also apply to property covered by Article 35.]⁽¹⁴⁾

~~⁽¹⁴⁾ Additions by Soviet Delegation, which U.S. and U.K. Delegations oppose.~~

7. The owner of the property concerned and the Austrian Government may agree upon arrangements in lieu of the provisions of this Article.

8. As used in this Article:

(a) "United Nations nationals" means individuals who are nationals of any of the United Nations, or corporations or associations organized under the laws of any of the United Nations, at the coming into force of the present Treaty, provided that the said individuals, corporations or associations also had this status on May 8, 1945.

The term "United Nations nationals" also includes all individuals, corporations or associations which, under the laws in force in Austria during the war, have been treated as enemy [or as under enemy control.]⁽¹⁵⁾

~~⁽¹⁵⁾ Addition by U.S. and U.K. Delegations which the Soviet and French Delegations consider unnecessary.~~

[Only those United Nations nationals who possessed United Nations nationality prior to the date on which their property suffered damage

in Austria shall, however, be entitled to compensation in accordance with paragraph 4 of this Article.]⁽¹⁶⁾

(16) Addition by the French Delegation opposed by the U.S. Delegation.

(b) "Owner" means the United Nation, or the United Nations national, as defined in sub-paragraph (a) above, who is entitled to the property in question, and includes a successor of the owner, provided that the successor is also a United Nation, or a United Nations national as defined in sub-paragraph (a). If the successor has purchased the property in its damaged state, the transferor shall retain his rights to compensation under this Article, without prejudice to obligations between the transferor and the purchaser under domestic law.

(c) "Property" means all movable or immovable property, whether tangible or intangible, including industrial, literary and artistic property, as well as all rights or interests of any kind in property.

9. [The provisions of this Article do not apply to transfers of property, rights or interests of United Nations or United Nations nationals in Austria made in accordance with laws and enactments which were in force as Austrian Law on June 28, 1946.]⁽¹⁷⁾

(17) Soviet proposal opposed by the U.S. and U.K. Delegations.

10. The Austrian Government recognizes that the Brioni Agreement of August 10, 1942, is null and void. It undertakes to participate with the other signatories of the Rome Agreement of May 29, 1923, in any negotiations having the purpose of introducing into its provisions the modifications necessary to ensure the equitable settlement of the annuities which it provides.

ARTICLE 43

Application of Austrian Law to United Nations Property, Rights and Interests in Austria

[Subject to any other provisions in the present Treaty affecting the treatment of property in Austria, all property, rights and interests in Austria of the United Nations and their nationals, equally with Austrian-owned property, shall receive the full protection of Austrian law and be subject to the provisions of Austrian law.]⁽¹⁾

(1) French, United States and United Kingdom proposal. The Soviet Delegation see no reason for the inclusion of this Article.

ARTICLE 44

Property, Rights and Interests of Minority Groups in Austria

1. Insofar as such action has not already been taken, Austria undertakes that, in all cases where property, legal rights or interests in Austria have since March 13, 1938, been the subject of [measures of sequestration, confiscation or control]⁽¹⁾ [transfer under duress, acts

(1) Soviet proposal, which the French Delegation is prepared to accept.

of confiscation, dispossession or spoliation] ⁽²⁾ on account of the racial

⁽²⁾ U.S. and U.K. proposal, which the French Delegation is prepared to accept. origin or religion of the owner, the said property shall be returned and the said legal rights and interests shall be restored together with their accessories. Where return or restoration is impossible, compensation shall be granted for losses incurred by reason of such measures to the same extent as is, or may be, given to Austrian nationals generally in respect of war damage.

2. [All property, rights and interests in Austria of persons, organizations or communities which, individually or as members of groups, were the object of racial, religious or other Nazi measures or persecution, and remaining heirless or unclaimed for six months from the coming into force of the present Treaty, shall be transferred by the Austrian Government to organizations in Austria representative of such persons, organizations or communities. The property transferred shall be used by such organizations for the purposes of relief and rehabilitation of surviving members of such groups, organizations and communities in Austria. Such transfer shall be effected within twelve months from the coming into force of the present Treaty and shall include property, rights and interests required to be restored under paragraph 1 of this Article] ⁽³⁾

⁽³⁾ Soviet proposal:

2. [Austria agrees to take under its control all property, legal rights and interests in Austria of persons, organizations or communities which, individually or as members of groups, were the object of racial, religious or other Nazi measures of persecution where, in the case of persons, such property, rights and interests remain heirless or unclaimed for six months after the coming into force of the present Treaty, or where in the case of organizations and communities such organizations or communities have ceased substantially to exist. Austria shall transfer such property, rights and interests to appropriate agencies or organizations to be designated by the four Heads of Missions in Vienna ~~in consultation~~ *by agreement* with the Austrian Government to be used for the relief and rehabilitation of victims of persecution by the Axis Powers, it being understood that these provisions do not require Austria to make payments in foreign exchange or other transfers to foreign countries which would constitute a burden on the Austrian economy. Such transfer shall be effected within eighteen months from the coming into force of the present Treaty and shall include property, rights and interests required to be restored under paragraph 1 of this Article] ⁽⁴⁾

⁽⁴⁾ U.S., U.K., and French proposal:

ARTICLE 45

Austrian Property in the territory of the Allied and Associated Powers (1)

(1) Soviet Delegation reserves its position and considers that no final decision can be reached until after the Yugoslav Delegation has been heard.

1. The Allied and Associated Powers declare their intention to return Austrian property, rights and interests as they now exist in their territories or to transfer the proceeds arising out of the liquidation, disposal or realisation of such property, rights or interests (after all lawful claims and charges have been met) where these have been liquidated, disposed of or otherwise realised.

2. The Allied and Associated Powers undertake to make agreements with the Austrian Government, in the shortest possible time, to give effect to this declaration. Each Allied and Associated Power shall, in the agreement which it makes with Austria, accord to Austria and Austrian nationals treatment similar to that which it accords to United Nations and United Nations nationals in similar circumstances, including any provisions for the payment of compensation for war loss and damage to property. (2)

(2) U.K. proposal.

1. Each of the United Nations signatory to the present Treaty agrees to return to the Austrian Government and to its nationals all property, rights and interests which are within its territory and belong to Austria or to Austrian nationals and which have not been the subject of measures of liquidation or disposal by the said United Nation prior to the coming into force of the present Treaty. It also agrees, in cases where the property has been the subject of measures of liquidation or disposal, to return to the Austrian Government and to its nationals the net proceeds of such property after deducting taxes and charges of all kinds. The Governments of the United Nations signatory to the present Treaty shall use their influence to induce other Powers to adopt similar measures.

2. The United Nations signatory to the present Treaty and entitled to German reparations renounce, in respect of Austrian property, the right to avail themselves of the provisions relating to the allocation or liquidation for their benefit of German assets in neutral or ex-enemy countries.

3. Shall be deemed Austrian property under the present Article, property belonging to the Austrian Government or its nationals on March 13, 1938, on condition that the said nationals have resumed Austrian nationality, and property that has been acquired from them by force or duress by the German Government or by German nationals since March 13, 1938. If property has been transferred after that date to a person who was an Austrian national on March 13, 1938, and who has resumed Austrian nationality, such property shall be

deemed Austrian if the transfer has been legally effected in accordance with the law of the country where the property is located and, in the case of ex-enemy countries, if such transfer is not liable to invalidation under the terms of the peace treaties.](³)

(³) French proposal:

[1. With respect to the return of Austrian property, rights and interests, the Allied and Associated Powers declare that they will accord to Austria and Austrian nationals the same treatment as that accorded to United Nations and United Nations nationals. Subject to the foregoing, each of the Allied or Associated Powers:—

(a) will return all property, rights and interests at present in its territory belonging to Austria or Austrian nationals or which belonged to Austria or Austrian nationals when taken under custodial control which have not, prior to the date of the coming into force of the present treaty, been liquidated or disposed of by it, and

(b) in case such property, rights or interests have been liquidated or disposed of, will return the proceeds thereof as of the date of such liquidation or disposition, subject to such taxes, liens, administrative charges, creditor's claims, and other like charges, ordinarily imposed upon properties of nationals of United Nations.

2. The Allied and Associated Powers will apply the provisions of paragraph 1 to Austrian property outside their territories but which is under their control other than Austrian property in Germany, the return of which is subject to the provisions of Article They will use their good offices to persuade other governments to do likewise.](⁴)

(⁴) U.S. proposal:

ARTICLE 45¹⁰

Austrian Property in the Territory of the Allied and Associated Powers

1. The Allied and Associated Powers declare their intention to return Austrian property, rights and interests as they now exist in their territories or the proceeds arising out of the liquidation, disposal or realization of such property, rights or interests, subject to accrued taxes, expenses of administration, creditor claims and other like charges, where such property, rights or interests have been liquidated, disposed of or otherwise realized. The Allied and Associated Powers will be prepared to conclude agreements with the Government of Austria for this purpose.

¹⁰ On the basis of a redraft of article 45 prepared by the Deputies for Austria, the Council of Foreign Ministers, at its 39th Meeting, April 21, 1947, worked out the text printed here. Paragraph 1 was adopted by the Council, but a decision on paragraph 2 was deferred. [Footnote supplied by the editor.]

2. Notwithstanding the foregoing provisions, the People's Federal Republic of Yugoslavia shall have the right to seize, retain or liquidate Austrian property, rights and interests which at the coming into force of the present Treaty are within Yugoslav territory and also to apply the proceeds thereof to such purposes as it may desire within the limits of its claims and those of its nationals against Austria or Austrian nationals, including debts, other than claims fully satisfied under other Articles of the present Treaty. The Government of Austria undertakes to compensate Austrian nationals whose property is taken under this paragraph.

Note: US and UK Delegations can accept paragraph 2 only if the US-UK proposal for Article 34 is accepted by all Delegations. Soviet Delegation considers paragraph 2 has no connection whatsoever with Article 34 and should be considered separately.

ARTICLE 46

This Article was combined with Article 38.

ARTICLE 47

This Article has been withdrawn.

ARTICLE 48

Debts ⁽¹⁾

⁽¹⁾ The Soviet Delegation reserves the right to propose an addition to this article.

1. [The annexation of Austria by Germany shall not be deemed to have affected the obligations of the Austrian Government in respect of external loans issued prior to March 13, 1938. The Allied and Associated Powers recognise that the Government of Austria has no obligation in respect of German Government securities freely accepted by the holders thereof in exchange for securities of the Government of Austria.] ⁽²⁾.

⁽²⁾ United Kingdom, United States and French proposal. The Soviet Delegation reserves its position on this paragraph.

2. [The Allied and Associated Powers recognise that interest payments and similar charges on Austrian Government securities falling due after March 12, 1938, and before May 8, 1945, constitute a claim on Germany and not on Austria.] ⁽³⁾.¹¹

⁽³⁾ United Kingdom, United States and Soviet proposal. The French Delegation is opposed to the inclusion of this paragraph.

¹¹ On April 19, 1947, the French Delegation submitted the following proposal for this paragraph:

"As regards payment of interest and similar charges on Austrian Government securities falling due between March 13, 1938 and May 6, 1945, the Allied and Associated Powers declare their intention to negotiate with Austria Agreements to fix conditions of payment which take into account the financial position of Austria."

[Footnote supplied by the editor.]

3. [All provisions of loan agreements concluded by the Government of Austria before March 12, 1938, insofar as those provisions grant to the creditors security upon the public revenues or the right of control over government finances and over the activities of the credit institutions of Austria shall be considered as terminated from the coming into force of the present Treaty.]⁽⁴⁾

(4) Soviet proposal.

3. [The Allied and Associated Powers declare their intention not to avail themselves of the provisions of loan agreements made by the Government of Austria before March 13th 1938, insofar as those provisions granted to the creditors a right of control over the government finances of Austria.]⁽⁵⁾

(5) Alternative French proposal, supported by the United States Delegation

4. The existence of the state of war between the Allied and Associated Powers and Germany shall not, in itself, be regarded as affecting the obligation to pay pecuniary debts arising out of obligations and contracts which existed, and rights which were acquired, before the existence of the state of war, which became payable prior to the coming into force of the present Treaty, and which are due by the Government or nationals of Austria to the Government or nationals of one of the Allied and Associated Powers or are due by the Government or nationals of one of the Allied and Associated Powers to the Government or nationals of Austria.

5. Except as otherwise expressly provided in the present Treaty, nothing therein shall be construed as impairing debtor-creditor relationships arising out of contracts concluded at any time prior to September 1, 1939, by either the Government of Austria or persons who were nationals of Austria on March 12, 1938.

ARTICLE 48 BIS

[Austria acknowledges as a debt payable by her monetary loans and also the value of all supplies and services delivered to the Austrian Government by any of the Allied or Associated Powers between May 8, 1945, and the coming into force of the present Treaty.]⁽¹⁾

(1) Soviet proposal.

[The Governments of the Allied and Associated Powers waive all claims against the Government or nationals of Austria which they or any of them may have for the value of imported supplies delivered by them or any of them for civilian consumption in Austria between May 8, 1945 and the coming into force of the present Treaty, other than supplies delivered under commercial contracts, trade agreements or credit arrangements.]⁽²⁾

(2) United States proposal, supported by the United Kingdom and French Delegations.

PART VI. GENERAL ECONOMIC RELATIONS

ARTICLE 49

1. Pending the conclusion of commercial treaties or agreements between individual United Nations and Austria, the Austrian Government shall, during a period of eighteen months from the coming into force of the present Treaty, grant the following treatment to each of the United Nations which, in fact, reciprocally grants similar treatment in like matters to Austria:—

(a) In all that concerns duties and charges on importation or exportation, the internal taxation of imported goods and all regulations pertaining thereto, the United Nations shall be granted unconditional most-favoured-nation treatment;

(b) In all other respects, Austria shall make no arbitrary discrimination against goods originating in or destined for any territory of any of the United Nations as compared with like goods originating in or destined for territory of any other United Nations or of any other foreign country;

(c) United Nations nationals, including juridical persons, shall be granted national and most-favoured-nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Austria. These provisions shall not apply to commercial aviation;

(d) Austria shall grant no exclusive or discriminatory rights to any country with regard to the operation of commercial aircraft in international traffic, shall afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Austrian territory including the right to land for refuelling and repair, and, with regard to the operation of commercial aircraft in international traffic, shall grant on a reciprocal and non-discriminatory basis to all United Nations the right to fly over Austrian territory without landing. These provisions shall not affect the interests of the national defence of Austria.

2. The foregoing undertakings by Austria shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Austria prior to March 13, 1938; the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that State.

[3. For a period of 18 months after the coming into force of the present Treaty, Austria agrees to take appropriate measures to prevent, in international trade, business practices which restrain competition, limit access to markets, or foster monopolistic controls, and which are employed by or are made effective by a combination, agreement or other arrangement among public or private commercial enterprises. Notwithstanding the foregoing, this undertaking shall not be construed to preclude practices necessary to implement inter-

governmental agreements which are not in violation of the preceding paragraphs of this Article.](¹)

(¹) U.S. proposal: Soviet, French and U.K. Delegations are not in favor of including paragraph 3.

ARTICLE 49 BIS

[Contracts between Austria and Germany]

All contracts concluded between Austria or Austrian nationals and Germany or German nationals which grant to Germany, to German enterprises or to German nationals economic advantages, and in particular those which involve a long term obligation for the delivery of goods or services, or for the determination of prices or of preferential terms of payment, shall be deemed to have been dissolved on May 8, 1945.

Nevertheless, the Austrian Government may, with the approval of the Heads of the Diplomatic Missions at Vienna of the United States, France, the United Kingdom and the Soviet Union, maintain any such contract in force for a period of 18 months from the coming into force of the present Treaty.](¹)

(¹) French proposal which has not been discussed by the Deputies.

ARTICLE 49 BIS ¹²

Contracts between Austria and Germany

The Government of Austria with the agreement of the Heads of the Diplomatic Missions in Vienna of the Soviet Union, of the United Kingdom, of the United States of America and of France, may take action with a view to terminating contractual relations between Austrian nationals and Germany or German nationals existing on May 8, 1945 which created conditions of undue economic dependence by Austria on Germany, or which were harmful to the Austrian economy and involved long-term obligations for the delivery of goods or services or for the determination of prices or of preferential terms of payment.](¹)

[(¹)] The Soviet Delegation reserves its position on this Article until a decision on Article 35 is reached.

PART VII

ARTICLE 50

Settlement of Disputes

1. Any disputes which may arise in giving effect to Articles (on Restitution) and (United Nations Property in Austria) and Annexes

¹² This draft article was agreed upon by the United States, United Kingdom, and French Delegations. It was presented to Council of Foreign Ministers by the Deputies for Austria at the Council's 39th Meeting, April 21. The Council took no final action on the article as the Soviet Delegation continued to reserve its position. [Footnote supplied by the editor.]

(Judgments)⁽¹⁾ of the present Treaty shall be referred to a

(¹) The United Kingdom, French and United States Delegations do not necessarily consider this list to be complete.

Conciliation Commission consisting of one representative of the Government of the United Nation concerned and one representative of the Government of Austria. If, within three months after the dispute has been referred to the Conciliation Commission no agreement has been reached, either Government may ask for the addition to the Commission of a third member selected by mutual agreement of the two Governments from nationals of a third country. Should the two Governments fail to agree within two months on the selection of a third member of the Commission, either Government may request the Heads of the Diplomatic Missions in Vienna of the U.S.S.R., of the United States, of the United Kingdom, and of France to make the appointment. If the Heads of Mission are unable to agree within a period of one month the appointment of this third member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

2. When any Conciliation Commission is established under paragraph 1 above, it shall have jurisdiction over all disputes which may thereafter arise between the United Nation concerned and Austria in the application or interpretation of the Articles and Annexes enumerated in paragraph 1 of this Article; and shall perform the functions attributed to it by those provisions.

3. Each Conciliation Commission shall determine its own procedure, adopting rules conforming to justice and equity.

4. Each Government shall pay the salary of the member of the Conciliation Commission whom it appoints and of any agent whom it may designate to represent it before the Commission. The salary of the third member shall be fixed by special agreement between the Governments concerned and this salary, together with the common expenses of each Commission, shall be paid in equal shares by the two Governments.

5. The parties undertake that their authorities shall furnish directly to the Conciliation Commission all assistance which may be within their power.

6. The decision of the majority of the members of the Commission shall be the decision of the Commission, and shall be accepted by the parties as definitive and binding.

PART VIII. MISCELLANEOUS ECONOMIC PROVISIONS (1)

(1) The French Delegation reserve the right to suggest consideration of a provision regarding nullity of the consequences of the *Anschluss*.

ARTICLE 51

Patents

[Austrian patent law shall be amended in order to limit the study preliminary to registration to a simple survey of the definition of the new characteristics of the projects.

Any kind of technical centralisation by any means and any form of preliminary appeal to opposition are prohibited.] (2)

(2) French proposal. Opposed by the U.S., U.K. and Soviet Delegations.

ARTICLE 52

Transit Facilities

Austria shall facilitate as far as possible railway traffic in transit through its territory at reasonable rates and shall negotiate with neighbouring States all reciprocal agreements necessary for this purpose.

ARTICLE 52 BIS

{The Allied and Associated Powers undertake to support inclusion in the settlement in relation to Germany of provisions to facilitate transit and communication without customs duties or charges between Salzburg and Lofer (Tirol) across the Reichenhall-Steinpass.} (1)

(1) U.S. proposal supported by U.K. and French Delegations. Soviet Delegation considers this Article unnecessary.

ARTICLE 53

Scope of Application

Articles (on Restitution, Restoration of United Nations Property and General Economic Relations) and Annex (on Judgments) of the present Treaty shall apply to the Allied and Associated Powers and to those of the United Nations which had that status on May 8, 1945, and whose diplomatic relations with Germany have been broken off during the period between September 1, 1939 and January 1, 1945.

ARTICLE 54

Force of Annexes

The provisions of Annexes VIII, IX, X shall, as in the case of the other Annexes, have force and effect as integral parts of the present Treaty.

PART IX. CLAUSE RELATING TO THE DANUBE

ARTICLE 55

Navigation on the Danube shall be free and open for the nationals, vessels of commerce and goods of all States on a footing of equality in regard to port and navigation charges and conditions for merchant shipping. The foregoing shall not apply to traffic between ports of the same State.

PART X. FINAL CLAUSES

ARTICLE 56

Heads of Mission

1. For a period not to exceed eighteen months from the coming into force of the present Treaty, the Heads of the Diplomatic Missions in Vienna, of the Soviet Union, of the United Kingdom, of the United States of America and of France, acting in concert, will represent the Allied and Associated Powers in dealing with the Austrian Government in all matters concerning the execution and interpretation of the present Treaty.

2. The Four Heads of Mission will give the Austrian Government such guidance, technical advice and clarification as may be necessary to ensure the rapid and efficient execution of the present Treaty both in letter and in spirit.

3. The Austrian Government shall afford the said Four Heads of Mission all necessary information and any assistance which they may require in the fulfilment of the tasks devolving on them under the present Treaty.

ARTICLE 57

Interpretation of the Treaty

1. Except where another procedure is specifically provided under any Article of the present Treaty, any dispute concerning the interpretation or execution of the Treaty which is not settled by direct diplomatic negotiations shall be referred to the Four Heads of Mission acting under Article 56, except that in this case the Heads of Mission will not be restricted by the time limit provided in that Article. Any such dispute not resolved by them within a period of two months shall, unless the parties to the dispute mutually agree upon another means of settlement, be referred at the request of either party to the dispute to a Commission composed of one representative of each party and a third member selected by mutual agreement of the two parties from

nationals of a third country. Should the two parties fail to agree within a period of one month upon the appointment of the third member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

2. The decision of the majority of the members of the Commission shall be the decision of the Commission and shall be accepted by the parties as definitive and binding.

ARTICLE 58

Accession Clause

1. Any member of the United Nations at war with Germany which had the status of a United Nation on May 8, 1945, and is not a signatory to the present Treaty, may accede to the Treaty and upon accession shall be deemed to be an Associated Power for the purposes of the Treaty.

2. Instruments of accession shall be deposited with the Government of the Union of Soviet Socialist Republics and shall take effect upon deposit.

ARTICLE 59

Ratification

The present Treaty, of which the Russian, English, French ~~and German~~ ⁽¹⁾ texts are authentic, shall be ratified ~~by the Allied and~~ ⁽¹⁾ ~~United Kingdom and United States proposal.~~

~~Associated Powers. It shall also be ratified by Austria~~ ⁽²⁾ ~~. It shall~~ ⁽²⁾ ~~Soviet proposal.~~

come into force immediately upon deposit of ratifications by the Union of Soviet Socialist Republics, by the United States of America, by the United Kingdom of Great Britain and Northern Ireland, and by France ~~for the one part and by Austria of the other part~~ ⁽³⁾ ~~. The~~ ⁽³⁾ ~~United Kingdom, United States and French proposal.~~

instruments of ratification shall, in the shortest time possible, be deposited with the Government of the Union of Soviet Socialist Republics.

With respect to each Allied and Associated Power whose instrument of ratification is thereafter deposited, the Treaty shall come into force upon the date of deposit. The present Treaty shall be deposited in the archives of the Government of the Union of Soviet Socialist Republics which shall furnish certified copies to each of the signatory States.

In faith whereof the undersigned Plenipotentiaries have signed the present Treaty and have affixed thereto their seals.

Done in the city of — in the Russian, English, French and German languages this — day of — 194—

LIST OF ANNEXES

- I — Definition of Military and Military Air Training.
- II — Definition and List of War Material.
- III — Prohibition of Certain Equipment and Products.
- IV — Prohibition of Certain Research, Development and Manufacture.
- V — Limitation of Stocks of Certain Materials.
- VI — Resolution Adopted by the General Assembly of the United Nations on February 12, 1946.
- VII — Division of German Assets in Austria.
- VIII — Special Provisions relating to certain kinds of Property:
 - A. Industrial, Literary and Artistic Property
 - B. Insurance.
- IX — Contracts, Prescription and Negotiable Instruments.
- X — Judgments.

Annex I

Definition of Military and Military Air Training

1. Military training is defined as: the study of and practice in the use of war material specially designed or adapted for army purposes, and training devices relative thereto; the study and carrying out of all drill or movements which teach or practice evolutions performed by fighting forces in battle; and the organised study of tactics, strategy and staff work.

2. Military air training is defined as: the study of and practice in the use of war material specially designed or adapted for air force purposes, and training devices, relative thereto; the study and practice of all specialised evolutions, including formation flying, performed by aircraft in the accomplishment of an air force mission; and the organised study of air tactics, strategy and staff work.

Annex II

Definition and List of War Material

The term "war material" as used in the present Treaty shall include all arms, ammunition and implements specially designed or adapted for use in war as listed below.

The Allied and Associated Powers reserve the right to amend the list periodically by modification or addition in the light of subsequent scientific development.

Category I.

1. Military rifles, carbines, revolvers and pistols; barrels for these weapons and other spare parts not readily adaptable for civilian use.

2. Machine guns, military automatic or autoloading rifles, and machine-pistols; barrels for these weapons and other spare parts not readily adaptable for civilian use; machine gun mounts.

3. Guns, howitzers, mortars, cannon special to aircraft, breechless or recoilless guns and flamethrowers; barrels and other spare parts not readily adaptable for civilian use; carriages and mountings for the foregoing.

4. Rocket projectors; launching and control mechanisms for self-propelling and guided missiles; mountings for same.

5. Self-propelling and guided missiles, projectiles, rockets, fixed ammunition and cartridges, filled or unfilled, for the arms listed in sub-paragraphs 1-4 above, and fuses, tubes or contrivances to explode or operate them. Fuses required for civilian use are not included.

6. Grenades, bombs, torpedoes, mines, depth charges and incendiary materials or charges, filled or unfilled; all means for exploding or operating them. Fuses required for civilian use are not included.

7. Bayonets.

Category II.

1. Armoured fighting vehicles; armoured trains, not technically convertible to civilian use.

2. Mechanical and self-propelled carriages for any of the weapons listed in Category I; special type military chassis or bodies other than those enumerated in sub-paragraph 1 above.

3. Armour plate, greater than three inches in thickness, used for protective purposes in warfare.

Category III.

1. Aiming and computing devices for the preparation and control of fire, including predictors and plotting apparatus, for fire control; direction of fire instruments; gun sights; bomb sights; fuse setters; equipment for the calibration of guns and fire control instruments.

2. Assault bridging, assault boats and storm boats.

3. Deceptive warfare, dazzle and decoy devices.

4. Personal war equipment of a specialised nature not readily adaptable to civilian use.

Category IV.

1. Warships of all kinds, including converted vessels and craft designed or intended for their attendance or support, which can-

not be technically reconverted to civilian use, as well as weapons, armour, ammunition, aircraft and all other equipment, material, machines and installations not used in peace time on ships other than warships.

2. Landing craft and amphibious vehicles or equipment of any kind; assault boats or devices of any type as well as catapults or other apparatus for launching or throwing aircraft, rockets, propelled weapons or any other missile, instrument or device whether manned or unmanned, guided or uncontrolled.

3. Submersible or semi-submersible ships, craft, weapons, devices, or apparatus of any kind, including specially designed harbour defence booms, except as required by salvage, rescue or other civilian uses, as well as all equipment, accessories, spare parts, experimental or training aids, instruments or installations as may be specially designed for the construction, testing, maintenance or housing of the same.

Category V.

1. Aircraft assembled or unassembled, both heavier and lighter than air, which are designed or adapted for aerial combat by the use of machine guns, rocket projectors or artillery, or for the carrying and dropping of bombs, or which are equipped with, or which by reason of their design or construction are prepared for, any of the appliances referred to in sub-paragraph 2 below.

2. Aerial gun mounts and frames, bomb racks, torpedo carriers and bomb release or torpedo release mechanisms; gun turrets and blisters.

3. Equipment specially designed for and used solely by airborne troops.

4. Catapults or launching apparatus for shipborne, land- or sea-based aircraft; apparatus for launching aircraft weapons.

5. Barrage balloons.

Category VI.

Asphyxiating, vesicant, lethal, toxic or incapacitating substances intended for war purposes, or manufactured in excess of civilian requirements.

Category VII.

Propellants, explosives, pyrotechnics or liquified gases destined for propulsion, explosion, charging or filling of, or for use in connexion with, the war material in the present categories, not capable of civilian use or manufactured in excess of civilian requirements.

Category VIII.

Factory and tool equipment specially designed for the production and maintenance of the material enumerated above and not technically convertible to civilian use.⁽¹⁾

(¹) French Delegation reserves the right to propose certain minor additions.

Annex III

Prohibition of Certain Equipment and Products

List of the equipment and products of which the research and development, experimentation, production and possession are prohibited under the conditions set out below.

I

(a) Continuous rolling mills of an effective width over 2 metres, other than those already existing.

(b) Cranes and gantries of a power greater than 100 tons in steel mills or steel foundries, other than those already existing.

(c) Armour plate over 3 inches thick (76mm), with a surface hardness greater than 500 Brinnell.

II

Manufacture, research for the purposes of industrial manufacture, and possession of hydrogen peroxide of a concentration greater than 41%. Laboratory research on this product is authorized, likewise the possession of the requisite quantities for this purpose.

III

(a) Mathematical machines specially designed to be fitted into prohibited apparatus or equipment, or to be applied to their study or construction.

(b) Installations or apparatus devised for the study of nuclear physics, as applied to industrial uses or for war purposes. However, the use of cyclotrons or similar instruments in universities, for fundamental research work, is authorized.

(c) Installations or apparatus intended for aerodynamic research in the regions corresponding to a Mach number greater than or equal to 0.9.

(d) Experimental tanks and all other apparatus devised for the study and development of high speed craft (speed equal to or over 30 knots), submarines, underwater explosions and other development or apparatus and equipment adaptable to Naval warfare.

Annex IV

Prohibition of Certain Research, Development and Manufacture

List of research and development and manufacture which are prohibited under the conditions set out below.

I

(a) Research and development into the application of gas turbines and rockets to aircraft and manufacture in connection therewith.

(b) Research and development of gyroscopes.

II

(a) Research, development and manufacture of radio-electric emitting apparatus of a frequency over 300,000 kilocycles, and the equipment connected with these.

(b) Research, development and improvement of manufacturing processes of quartz and piezo-electric cells, thermo-electric, radio-electric and photo-electric cells, the use of which shall be unrestrictedly authorized, but the stock shall be limited to the indispensable spares, and exportation prohibited.

(c) Research development and manufacture of emitting or receiving apparatus for infra-red, ultra-violet, infra-sounds and ultra-sounds, the use of which shall be limited to medical and university requirements exclusively, and the stock shall be restricted to the indispensable spares for these requirements. Fundamental research and development on infra-red, ultra-violet, infra-sounds and ultra-sounds are authorized.

(d) Research and development on stratospheric cabins and manufacture connected with these.

(e) Research, development and manufacture of industrial machines such as: centering machines and industrial measuring machines and machine tools, accurate to over one ten-thousandth in the measurement of force, one ten-thousandth of a second in the measurement of time, and one thousandth of a milli-metre in the measurement of length.

III

(a) Manufacture and use of heavy water on an industrial scale and research for this purpose.

(b) Manufacture for export purposes of the following primary metals and their alloys: magnesium, beryllium, vanadium.

(c) Manufacture of nitric and sulphuric acids by processes producing directly concentrations of higher than 95% and 98% respectively, in excess of domestic non-military requirements.

(d) Research, development and manufacture in the field of fritted metals, with the exception of the Reutte works, which shall not be permitted either to increase or alter their installations and equipment.

(e) Research, development and manufacture of radio-active materials, the use and stocking of which shall be restricted to medical and university requirements.

Annex V

Limitation of Stocks of Certain Materials

List of materials, the stocking of which shall be restricted to the quantities requisite to meet the peace-time requirements of Austrian economy over a period of six months:

Copper
 Nickel
 Chromium
 Vanadium
 Tungsten
 Manganese
 Molybdenum
 Magnesium
 Beryllium
 Natural and artificial radio-active products.
 Rubber
 Primary Aluminium
 Fritted Metals
 Sulphuric acid of more than 98% concentration
 Nitric acid of more than 95% concentration.

Annex VI

Resolution Adopted by the General Assembly of the United Nations on February 12, 1946

The General Assembly, recognising that the problem of refugees and displaced persons of all categories is one of immediate urgency and recognising the necessity of clearly distinguishing between genuine refugees and displaced persons, on the one hand, and the war criminals, quislings and traitors referred to in paragraph (d) below, on the other:—

(a) decides to refer this problem to the Economic and Social Council for thorough examination in all its aspects under item 10 of the agenda for the first session of the Council and for report to the second part of the first session of the General Assembly;

(b) recommends to the Economic and Social Council that it establish a special Committee for the purpose of carrying out promptly the

examination and preparation of the report referred to in paragraph (a);

(c) recommends to the Economic and Social Council that it take into consideration in this matter the following principles:—

(i) This problem is international in scope and nature;

(ii) No refugees or displaced persons who have finally and definitely, in complete freedom, and after receiving full knowledge of the facts, including adequate information from the Governments of their countries of origin, expressed valid objections to returning to their countries of origin and who do not come within the provision of paragraph (d) below, shall be compelled to return to their country of origin. The future of such refugees or displaced persons shall become the concern of whatever international body may be recognised or established as a result of the report referred to in paragraphs (a) and (b) above, except in cases where the government of the country where they are established has made an arrangement with this body to assume the complete cost of their maintenance and the responsibility for their protection.

(iii) The main task concerning displaced persons is to encourage and assist in every way possible their early return to their countries of origin. Such assistance may take the form of promoting the conclusion of bilateral arrangements for mutual assistance in the repatriation of such persons having regard to the principles laid down in paragraph (c) (ii) above;

(d) considers that no action taken as a result of this resolution shall be of such a character as to interfere in any way with the surrender and punishment of war criminals, quislings and traitors, in conformity with present or future international arrangements or agreements,

(e) considers that Germans being transferred to Germany from other States or who fled to other States from Allied troops, do not fall under the action of this declaration in so far as their situation may be decided by Allied forces of occupation in Germany, in agreement with the Governments of the respective countries.

Thirtieth plenary meeting, February 12, 1946.

Annex VII (1)

(1) U.K. proposal supported by the French and U.S. Delegations. Soviet Delegation reserves its position with respect to the text of this Annex as a whole.

Division of German Assets in Austria

[1. German assets in Austria shall be divided in the following manner:—

(a) All German assets located wholly in Eastern Austria shall be available to the Soviet Union.

(b) All German assets located wholly [in Western Aus-

tria]⁽²⁾ [elsewhere in Austria]⁽³⁾ shall be available for dis-

⁽²⁾ U.K. and French proposal.

⁽³⁾ U.S. proposal.

posal in accordance with such directions as may be issued jointly by the Governments of the United Kingdom, United States and France.

(c) Where a German asset consists of an interest in an enterprise which is located partly in Eastern Austria and partly [in Western Austria]⁽²⁾ [elsewhere in Austria]⁽³⁾ and the enterprise is constituted as a corporation, the German interest therein shall be divided in the proportion of the value of the physical assets which lie respectively in Eastern Austria and [Western Austria]⁽²⁾ [elsewhere in Austria]⁽³⁾. In similar circumstances, where an enterprise is not incorporated, steps shall be taken to incorporate it and the shares of the newly created corporation divided in the same manner.

(d) [Where a German asset consists of a creditor claim against a juridical person whose property is located partly in Eastern Austria, and partly elsewhere in Austria, the creditor claim shall be divided in the proportion of the value of the physical assets of the debtor which lie, respectively, in Eastern Austria and elsewhere in Austria.]⁽⁴⁾

⁽⁴⁾ The U.S. Delegation proposes this addition in case sub-paragraph 2(a) (iv) of the British draft is not included in Article 35.

2. (a) Eastern Austria shall mean the Zone of Austria and the Sector of Vienna occupied by the Soviet Forces in accordance with the "Agreement on Zones of Occupation in Austria and the Administration of the City of Vienna" of July 9, 1945, [and Western Austria the remainder of Austria other than the *Innere Stadt* of Vienna.]⁽⁵⁾

⁽⁵⁾ The U.S. Delegation does not agree to the inclusion of these words.

(b) [To the extent that German asset is located in the *Innere Stadt* of Vienna, it shall be treated as though it were located 25 percent in Eastern Austria and 75 percent in Western Austria.]⁽⁶⁾

⁽⁶⁾ U.K. proposal which has not been discussed by the Deputies.

(c) The location of a German asset which consists of an interest in an enterprise shall be regarded as the place or places where the physical property of the enterprise is located.

Annex VIII

Special Provisions Relating to Certain Kinds of Property

A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

1.(a.) A period of one year from the coming into force of the present Treaty shall be accorded to the Allied and Associated Powers and their nationals without extension fees or other penalty of any sort in

order to enable them to accomplish all necessary acts for the obtaining or preserving in Austria of rights in industrial, literary and artistic property which were not capable of accomplishment owing to the existence of a state of war [or by reason of the annexation of Austria by Germany].⁽¹⁾

(1) U.S., U.K. and Soviet proposal.

[A period of one year from the coming into force of the present Treaty shall be accorded to the Allied and Associated Powers and their nationals without extension fees or other penalty of any sort in order to enable them to preserve in Austria those rights in industrial, literary and artistic property that had been conceded to them by Germany and the validity of which was extended to Austrian territory by the fact of the annexation of Austria by Germany].⁽²⁾

(2) Alternative French proposal for the words in brackets in paragraph 1(a.)

(b.) Allied and Associated Powers or their nationals who had duly applied in the territory of any Allied or Associated Power for a patent or registration of a utility model not earlier than twelve months before the outbreak of the war with Germany or during the war, or for the registration of an industrial design or model or trade mark not earlier than six months before the outbreak of war with Germany or during the war, shall be entitled within twelve months after the coming into force of the present Treaty to apply for corresponding rights in Austria, with a right of priority based upon the previous filing of the application in the territory of that Allied or Associated Power.

(c.) Each of the Allied and Associated Powers and its nationals shall be accorded a period of one year from the coming into force of the present Treaty during which they may institute proceedings in Austria against those natural or juridical persons who are alleged illegally to have infringed their rights in industrial, literary or artistic property between the date of the outbreak of the war and the coming into force of the present Treaty.

2. A period from the outbreak of the war until a date eighteen months after the coming into force of the present Treaty shall be excluded in determining the time within which a patent must be worked or a design or trade mark used.

3. The period from the outbreak of the war until the coming into force of the present Treaty shall be excluded from the normal term of rights in industrial, literary and artistic property which were in force in Austria at the outbreak of the war or which are recognised or established under Part A of this Annex and belong to any of the Allied and Associated Powers or their nationals. Consequently, the normal duration of such rights shall be deemed to be automatically

extended in Austria for a further term corresponding to the period so excluded.

4. The foregoing provisions concerning the rights in Austria of the Allied and Associated Powers and their nationals shall apply equally to the rights in the territories of the Allied and Associated Powers of Austria and its nationals. Nothing, however, in these provisions shall entitle Austria or its nationals to more favourable treatment in the territory of any of the Allied and Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Austria be thereby required to accord to any of the Allied and Associated Powers or its nationals more favourable treatment than Austria or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.

5. Third parties in the territories of any of the Allied and Associated Powers or Austria who, before the coming into force of the present Treaty, had *bona fide* acquired industrial, literary or artistic property rights conflicting with rights restored under Part A of this Annex or with rights obtained with the priority provided thereunder, or had *bona fide* manufactured, published, reproduced, used or sold the subject matter of such rights, shall be permitted, without any liability for infringement, to continue to exercise such rights and to continue or to resume such manufacture, publication, reproduction, use or sale which had been *bona fide* acquired or commenced. In Austria, such permission shall take the form of a non-exclusive licence granted on terms and conditions to be mutually agreed by the parties thereto, or in default of agreement, to be fixed by the Conciliation Commission established under Article—of the present Treaty. In the territories of each of the Allied and Associated Powers, however, *bona fide* third parties shall receive such protection as is accorded under similar circumstances to *bona fide* third parties whose rights are in conflict with those of the nationals of other Allied and Associated Powers.

6. Nothing in Part A of this Annex shall be construed to entitle Austria or its nationals to any patent or utility model rights in the territory of any of the Allied and Associated Powers with respect to inventions relating to any article listed by name in Annex II of the present Treaty, made, or upon which applications were filed, by Austria, or any of its nationals, in Austria or in the territory of any of the Axis Powers, or in any territory occupied by the Axis forces, during the time when such territory was under the control of the forces or authorities of the Axis Powers.

7. Austria shall likewise extend the benefits of the foregoing provisions of this Annex to other United Nations which are not Allied or Associated Powers, whose diplomatic relations with Germany have been broken off during the war and which undertake to extend to Austria the benefits accorded to Austria under the said provisions.

8. Nothing in Part A of this Annex shall be understood to conflict with Articles ——— of the present Treaty.

B. INSURANCE

1. No obstacles, other than any applicable to insurers generally, shall be placed in the way of the resumption by insurers who are United Nations nationals of their former portfolios of business.

2. Should any insurer, who is a national of any of the United Nations, wish to resume his professional activities in Austria, and should the value of guarantee deposits or reserves required to be held as a condition of carrying on business in Austria be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Austrian Government undertakes to accept, for a period of eighteen months, such securities as still remain as fulfilling any legal requirements in respect of deposits and reserves.

Annex IX

Contracts, Prescriptions and Negotiable Instruments

A. CONTRACTS

1. Any contract which required for its execution intercourse between any of the parties thereto having become enemies as defined in part D of this Annex, shall, subject to the exceptions set out in paragraphs 2 and 3 below, be deemed to have been dissolved as from the time when any of the parties thereto became enemies. Such dissolution, however, is without prejudice to the provisions of Article — of the present Treaty, nor shall it relieve any party to the contract from the obligation to repay amounts received as advances or as payments on account and in respect of which such party has not rendered performance in return.

2. Notwithstanding the provisions of paragraph 1 above, there shall be excepted from dissolution and there shall remain in force such parts of any contract as are severable and did not require for their execution intercourse between any of the parties thereto, having become enemies as defined in part D of this Annex. Where the provisions of any contract are not so severable, the contract shall be deemed to have been dissolved in its entirety. The foregoing shall be subject to the application of domestic laws, orders or regulations made by any of the Allied and Associated Powers having jurisdiction over the contract or over any of the parties thereto and shall be subject to the terms of the contract.

3. Nothing in part A of this Annex shall be deemed to invalidate transactions lawfully carried out in accordance with a contract between enemies if they have been carried out with the authorization of the Government of one of the Allied and Associated Powers.

4. Notwithstanding the foregoing provisions, contracts of insurance and re-insurance shall be subject to separate agreements between the Government of the Allied or Associated Power concerned and the Government of Austria.

B. PERIODS OF PRESCRIPTION

1. All periods of prescription or limitation of right of action or of the right to take conservatory measures in respect of relations affecting persons or property, involving United Nations nationals and Austrian nationals who, by reason of the state of war with Germany, were unable to take judicial action or to comply with the formalities necessary to safeguard their rights, irrespective of whether these periods commenced before or after the outbreak of that war, shall be regarded as having been suspended for the period from September 1, 1939 till the date of the coming into force of the present Treaty, in Austrian territory on the one hand, and on the other hand in the territory of those United Nations which grant to Austria, on a reciprocal basis, the benefit of the provisions of this paragraph. These periods shall begin to run again on the coming into force of the present Treaty. The provisions of this paragraph shall be applicable in regard to the periods fixed for the presentation of interest or dividend coupons or for the presentation for payment of securities drawn for repayment or repayable on any other ground.

2. Where, on account of failure to perform any act or to comply with any formality within the period from September 1, 1939 till the date of the coming into force of the present Treaty, measures of execution have been taken in Austrian territory to the prejudice of a national of one of the United Nations, the Austrian Government shall restore the rights which have been detrimentally affected. If such restoration is impossible or would be inequitable, the Austrian Government shall provide that the United Nations national shall be afforded such relief as may be just and equitable in the circumstances.

C. NEGOTIABLE INSTRUMENTS

1. As between enemies, no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present the instrument for acceptance or payment, or to give notice of non-acceptance or non-payment, to drawers or endorsers, or to protest the instrument, nor by reason of

failure to complete any formality within the period from September 1, 1939 till the date of the coming into force of the present Treaty.

2. Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or endorser, or within which the instrument should have been protested, has elapsed within the period from September 1, 1939 till the date of the coming into force of the present Treaty, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment has failed to do so within the period from September 1, 1939, till the date of the coming into force of the present Treaty, a period of not less than three months from the coming into force of the present Treaty shall be allowed within which presentation, notice of non-acceptance or non-payment, or protest may be made.

3. If a person has before the coming into force of the present Treaty, incurred obligations under a negotiable instrument in consequence of an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of those obligations notwithstanding the outbreak of the war.

D. SPECIAL PROVISIONS

1. For the purposes of this Annex, natural or juridical persons shall be regarded as enemies from the date when trading between them shall have become unlawful under laws, orders or regulations to which such persons or the contracts were subject.

2. Having regard to the legal system of the United States of America, the provisions of this Annex shall not apply as between the United States of America and Austria.

E. PROVISIONS RELATING TO CONTRACTS WITH GERMANY OR WITH GERMAN NATIONALS

French proposals still under consideration by the Deputies.

Annex X

Judgments

The Government of Austria shall take the necessary measures to enable nationals of any of the United Nations at any time within one year after the coming into force of the present Treaty to submit to the appropriate Austrian authorities for review any judgment given by any court in Austria, or in any case tried in a court in Austria, between September 1st, 1939, and the coming into force of the present

Treaty in any proceeding in which the United Nations national was unable to make adequate presentation of his case as plaintiff or defendant. The Government of Austria shall provide that where the United Nations national has suffered injury by reason of any such judgment, he shall be restored in the position in which he was before the judgment was given or shall be afforded such relief as may be just and equitable in the circumstances. The term "United Nations nationals" includes corporations or associations organised or constituted under the laws of any of the United Nations.

CFM Files : Lot M-88 : Box 60 : US Delegation Papers

United States Delegation Working Paper

[Extracts]

SECRET

[Moscow,] April 4, 1947.

SLOVENE-CARINTHIA

I. THE YUGOSLAV CLAIMS

The Yugoslav memorandum, reproduced in document CFM(D) (47) (A) 9,¹³ to the Deputy Foreign Ministers Conference in London, asks for the cession to Yugoslavia of Slovene-Carinthia and some small corners of Styria and for the protection of the Slav minority in Burgenland.

The areas claimed in Styria may be dismissed as relatively unimportant, possessed of neither strategic position nor, so far as is known, strategic materials. The issue raised over the Croats in Burgenland may also be dismissed from serious consideration, as the question of control of the area is not at stake, whatever the region's strategic value to Austria or Yugoslavia. The Croats in Burgenland have not, in recent years, been a troublesome minority problem, nor are they likely to become so unless they are subjected to extensive outside influence. Rules and regulations as to their treatment are properly a subject for negotiations between the two countries concerned or between the Croats themselves and the Austrian Government.

The Yugoslav claim to Slovene-Carinthia, however, is of great importance, and a discussion of this question is the subject of this paper. Briefly, the Yugoslav case rests on these three points: (1) Austria, as an integral part of Germany, participated in the war at the side of Hitlerite Germany, whereas Yugoslavia made an important contribution to the efforts of the Allies; therefore, Yugoslavia's claims should receive preferential treatment; (2) the 1920 plebiscite to determine

¹³ *Ante*, p. 114.

the fate of the disputed area was not conducted in a manner designed to accord fair treatment to the resident Slovenes; and (3) the disputed area is bound by historical, ethnical, geographic and economic factors to Yugoslavia. In this paper points (2) and (3) only will be covered inasmuch as the arguments pro and con with respect to point (1) are quite familiar to all concerned.

[Here follow sections on: II. Statistics; III. Historical Factors; IV. Religious and Political Factors; V. Geographic and Economic Factors; VI. Strategic Factors; VII. Austrian Minority Policy.]

VIII CONCLUSION

While the comparative strengths of the two opposing Slovene groups are not presently available, it appears probable that the majority of Carinthian Slovenes would still vote in favor of Austria rather than Yugoslavia if another plebiscite should be held. The historical and economic factors are still operative, and these bind the Carinthian Slovenes much closer to the Austrians than to their Slav kinsmen across the border. The religious and political factors are probably more important now than before the advent of the Tito regime in Yugoslavia. The Carinthian Slovenes are Roman Catholics, and politically they have always been conservative.

It is not likely, therefore, that a majority of the Slovenes in the disputed area would vote for a national affiliation with Yugoslavia, which would place them under a system of which they disapprove on both religious and political grounds. They lack a pronounced national tradition, and they have the background of a long-standing cultural, religious and economic affinity with the German-speaking elements of Carinthia.

IX RECOMMENDATION ¹⁴

The US must continue to oppose the Yugoslav claim to the disputed area and to support the retention of the 1937 Austrian frontiers, on the following grounds:

(a) An analysis of the historical, religious, political and economic factors involved in this dispute indicates that separation of the disputed area from Austria is unjustified.

(b) The 1920 international plebiscite, carried out under conditions more favorable to Yugoslavia than to Austria, has already settled this issue and there are no present considerations, non-existent prior to this plebiscite, which warrant setting aside the decision established by the plebiscite.

¹⁴ For a summary of Secretary Marshall's presentation of the United States position on the Yugoslav claims to Carinthia, made at the Council's 36th Meeting, April 19, see telegram 1480, Delsec 1451, April 19, from Moscow, p. 362.

(c) Any territorial loss—after the South Tyrol issue has been decided against the Austrians and after agreement has been reached by the Big Four to re-establish Austria as a sovereign and independent state—would constitute a tremendous blow to Austrian national prestige and would undoubtedly have serious internal as well as foreign political repercussions.

740.00119 Control (Austria)/4-2447

*The Austrian Foreign Minister (Gruber) to the Secretary of State*¹⁵

Moscow, 24th April 1947.

MR. SECRETARY OF STATE: I just learned the result of the meeting of today.¹⁶ I should be greatly obliged to you, if in choosing the personality who is to deal with the problem of German property in Austria, an expert could be appointed who is conversant with the general situation as well as with the whole of our own complicated problem. We should therefore attach particular importance to instructions to be given to the personality for the purpose of a close collaboration with the Austrian Government. May I ask in this connection that this very important choice should not be made without taking into account the wishes of our Government.

The present result of the conference means for the Austrian people that they have to go through another winter under the four Power occupation with all the hardships we know. I firmly believe that our population in a supreme desperate effort will overcome these difficulties but it is obviously necessary to avoid by all means that the political difficulties which are bound to come in the autumn should be increased by an economic crisis as it happened in the last winter. Such a danger can only be shunned if Austria is supplied with at least so much coal that our industries will not have to be closed down during weeks and weeks. I therefore beg to make an urgent appeal to you, Mr. Secretary of State, use please all your influence that our coal supplies which are absolutely insufficient should be improved still this summer if necessary by direct shipments from the USA. Otherwise it would be absolutely impossible to prevent all the mishaps which I have mentioned above.

I shall have the honour to submit to you later a concrete request through our technical experts. Anyhow I would not like to leave Moscow without having urgently applied to your help in this question.

¹⁵ A letter of the same contents was sent by Gruber to Foreign Secretary Bevin. The source text was forwarded by the Secretary's office to the Division of Central European Affairs on May 5, 1947, with the following comment:

"This document was received at Moscow but no action was taken. It is sent to you for information or for action in the event that any is necessary or desirable."

¹⁶ Ante, pp. 386 and 388.

I wish to take the opportunity to thank you once more for all the support you have been giving the Austrian interests. The Austrian Delegation may have taken in some questions different views, but we have never forgotten that all actions of the American Delegation are inspired by the desire to help Austria. We could have put a signature under the American Draft without altering one word.

Believe me [etc.]

GRUBER

III. THE AUSTRIAN TREATY COMMISSION, MAY 12- OCTOBER 11, 1947

Editorial Note

A Draft Treaty for the Reestablishment of an Independent and Democratic Austria was discussed by the Deputies for Austria of the Council of Ministers during meetings in London, January 10-February 25, 1947 and by the Council of Foreign Ministers at its Fourth Session in Moscow, March 10-April 24, 1947; for the records and reports of these meetings, see Chapters I and II. The Draft Austrian Treaty as it emerged from these discussions was contained in document CFM (47) (M) 82, March 29, 1947, and the emendations and annotations thereto, *ante*, page 516.

At its 43rd and final meeting in Moscow, April 24, 1947, the Council of Foreign Ministers decided to establish an Austrian Treaty Commission consisting of representatives from the United States, the United Kingdom, the Soviet Union, and France to examine all the points of disagreement on the Draft Austrian Treaty. The Council's decision is set forth in Item II of the Record of Decisions of its 43rd Meeting, *ante*, page 386.

In pursuance of the Council decision, the Austrian Treaty Commission met in Vienna from May 12 to October 11, 1947. The principal delegates to the Commission were:

For the United States:

Joseph M. Dodge, Representative
David Ginsburg, Acting Representative

For the United Kingdom:

Sir George Rendel, Representative
W. H. Lawson, Acting Representative
M. F. Cullis, Acting Representative

For the Soviet Union:

Kirill Vasilyevich Novikov, Representative
Nikolay Petrovich Koptomov, Acting Representative

For France:

Général de Brigade P. R. P. Cherrière, Representative
Étienne Burin des Rozières, Acting Representative