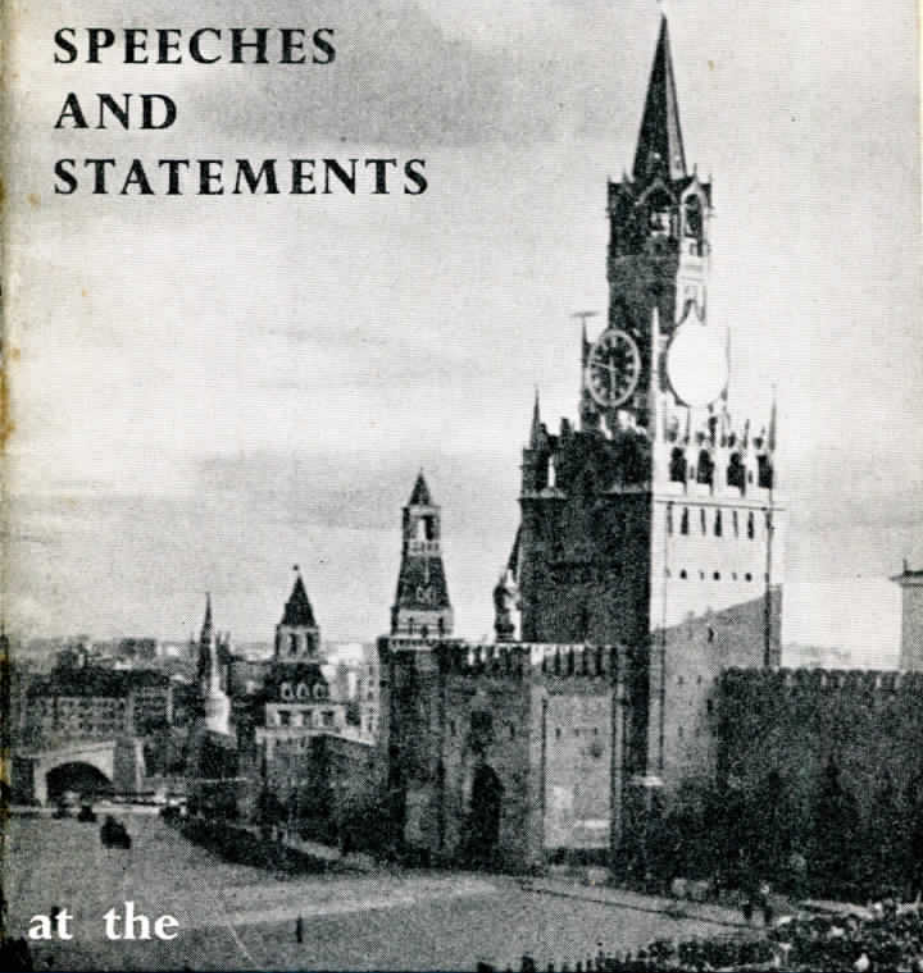


V. M. MOLOTOV'S SPEECHES AND STATEMENTS



at the

MOSCOW SESSION
of the Council of Foreign Ministers
1947

TWO SHILLINGS



SPEECHES and STATEMENTS

made at the

MOSCOW SESSION

OF THE COUNCIL OF

FOREIGN MINISTERS

March 10—April 24, 1947

by

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of the USSR



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I

OPENING SPEECH

at the Moscow Session of the Council of Foreign Ministers, March 10, 1947

Opening the first meeting of the Session, V. M. Molotov, Minister for Foreign Affairs of the U.S.S.R., said:

"GENTLEMEN! on behalf of the Government of the U.S.S.R. and on my own behalf I welcome the heads of the delegations of Great Britain, the U.S.A. and France—Mr. Bevin, Mr. Marshall, Mr. Bidault and their deputies—who arrived in Moscow to take part in the work of the Council of Foreign Ministers. During our last meeting in New York we worked out a programme for this session. We are about to discuss a number of important issues relating to the peace settlement with Germany, as well as the treaty with Austria. We are confronted with tasks which are not easy. But we have a reliable basis for joint work, above all the historic decision on Germany adopted at the conferences of the Allies in the Crimea and in Berlin. Our deputies in London, and the Control Council in Germany, charged with the preparation of the German and Austrian questions, have done great and useful work, and have presented for our discussion the necessary materials and recommendations.

"Allow me to express my wishes for the success of the conference which begins to-day."

II

THE DEMILITARISATION OF GERMANY

Statement made on March 11, 1947

"THE Berlin Conference decisions provide for the complete disarmament and demilitarisation of Germany and the elimination of her war industrial potential. The productive capacity not needed for the development of the peacetime industry which she will be permitted to maintain must be either removed in accordance with the reparations plan, or else destroyed.

"It is indisputable that the implementation of these general decisions of the Allied Powers on Germany's demilitarisation constitutes one of the foundations of Allied policy aimed at safeguarding the world from a possible aggression on Germany's part, and at converting her into a peace-loving democratic state. This goal meets the interests of all the peace-loving countries of the world.

"2. Nearly two years have passed since Germany's surrender.

The German Army downed arms and ceased to exist as such. In view of this, the liquidation of Germany's war industrial potential now becomes of decisive importance for her demilitarisation, in order that Germany, whilst remaining as a democratic and peace-loving State having, along with agriculture, its own industry and foreign trade, shall be deprived of the economic and military possibilities for rising again as an aggressive force.

"It is generally known that the main base of the German war industrial potential is located in the regions of Western Germany, pre-eminently in the Ruhr industrial area, in view of which the question of the war industrial disarmament of Western Germany is of decisive importance for Germany's demilitarisation. However, gigantic plants, created specially for purposes of aggression, such as the plants of Hermann Goering, Krupp, Robert Bosch, I. G. Farbenindustrie, etc., which constituted the foundation of the trusts, cartels and other industrial monopolies, remain intact in Western Germany or are designated only for partial removal, which creates the prerequisites for a rapid restoration of their former military might and significance. The merging of these plants into monopolistic organisations facilitated the Nazi aggression, while the preservation of these monopolies constitutes a threat also for the future. It should be admitted that the elimination of war industrial potential in Germany's Western zones has practically not yet been begun, with the exception of separate isolated measures which do not actually affect the war industrial potential of the Western zone. According to official data, contained in the report of the British Command, by January 1, 1947, there were eliminated only 7 per cent. of the total number of tank, aircraft, ordnance and other munition plants situated within the British zone and built specially for armaments production. References to some kind of 'neutralisation of war plants,' contained in reports of the British, American and French occupation authorities, cannot justify the utterly insignificant scope of the liquidation of war plants, which actually even now are preserved as war plants. It is quite obvious that this so-called 'neutralisation' can have no significance whatsoever in the elimination of war industrial potential, not to speak of the fact that the Berlin Conference decisions do not provide for any 'neutralisation' as a means for the elimination of war potential.

"By January 1, 1947, the agencies of the Control Council received for consideration lists of 1,554 plants in the three Western zones, the capital and industrial equipment of which is to be removed on account of reparations as related to war industrial potential. The complete removal of equipment, however, was finished by that time at three plants only, while at 37 plants the removal of equipment has not been completed to this day.

"In this connection it should be noted that in the Soviet occu-

pation zone 676 plants out of 733 belonging to war industry and other forbidden industries have been removed as part of reparations, and have been dismantled.

"In January, 1947, inter-Allied quadripartite commissions, set up by the Control Council to check the extent of liquidation of war plants, visited all the occupation zones in Germany. Thirty war plants were subjected to selective inspection, nine of which were in the Soviet zone and seven each in the American, British and French zones. The commissions recorded very grave shortcomings in the organisation and carrying out of work for the elimination of war plants in the Western zones, and confirmed instances of theft and partial dismantling of equipment at various plants there.

"3. As far back as at the Paris session of the Council of Foreign Ministers in July, 1946, the Soviet delegation insisted on the earliest drawing up of a plan and establishing of procedure for the elimination of those German industries which had served as a military economic base of German aggression, producing an enormous quantity of armaments for the German Army. On the initiative of the Soviet representative, on October 2, 1946, the Control Council passed a decision on the drawing up of such a plan for the whole of Germany within one or two months. Nevertheless, in view of the fact that the occupation authorities of the American, British and French zones failed to submit the required lists of plants, no plan has been drawn up to this day.

[No such plan exists even regarding the liquidation of the enterprises of such a huge chemical concern as I.G. Farbenindustrie which, as recognised by the Control Council, rendered great assistance in the creation and maintenance of the German war potential and on the liquidation of which the Control Council passed a special decision on November 30, 1945.]

"4. Laws and directives adopted by the Control Council regarding the disarmament and disbandment of the personnel of Germany's former armed forces have not been fully implemented. Article 1 of Law No. 34, adopted by the Control Council on August 20, 1946, laid down that: 'All German land, naval and air forces, with all their organisations, staffs and institutions, including the General Staff, officer corps, reserve corps, military schools, war veterans' organisations, and other military and para-military organisations, together with their headquarters and associations, destined to maintain Germany's military traditions, are considered dissolved and completely liquidated.'

"Nevertheless, there still remain at the disposal of the British and American commanders of the occupation forces undisbanded German military units and services which formerly belonged to Germany's land forces, air fleet and navy. These so-called 'Auxiliary units,' retain their military organisation and are commanded by German officers who enjoy the rights of dis-

ciplinary action, which facilitates the preservation of German Army cadres. According to official reports of the British and American Commands, by January 1, 1947, the strength of German units preserved as auxiliary units and services constituted: 81,358 men at the disposal of the British Command, and about 9,000 men at the disposal of the American Command.

"This situation contradicts the Control Council's decisions.

"5. Along with German military formations, there still remain, in the British and American occupation zones in Germany, undisbanded military units organised from non-Germans, who should by law be disbanded and repatriated. Among them are Chetniks, Ustashis, Szalasy-ites, men of the so-called 'Yugoslav Royal Army,' also units of General Anders, Bandera terroristic organisations, etc.

"This situation contradicts the Control Council's decisions.

"6. In view of all this, it is proposed that the Council of Foreign Ministers instruct the Control Council to carry out the following measures:

"(1) To work out by July 1, 1947, a plan for the elimination of Germany's war industrial potential, fixing a time limit for the completion of work for the elimination of war industrial potential not later than the end of 1948, and to pay special attention to the liquidation of cartels and trusts controlling plants related to Germany's war potential.

"(2) To speed up work for the destruction of German war materials and the demolition on Germany's territory of all military objectives which had been intended for war by land, sea and air, so as to complete this work fully by the end of 1949.

"(3) Fully to disband and liquidate all preserved German military formations, including auxiliary units by June, 1947.

"(4) To dissolve and completely abolish all preserved and newly formed units, headquarters, guard services and other organisations, as well as training depots organised for non-Germans who by decision of the Control Council should be disbanded and repatriated."

III

REPLY TO MR. BEVIN ON THE DEMILITARISATION OF GERMANY

Statement made on March 12, 1947

MOLOTOV noted that Mr. Bevin had essentially admitted the existence in the British zone of formations of a military type, composed of former officers and men of the Hitlerite Army and of non-Germans—of the so-called Yugoslav Royal Army, of Anders' units, and also remnants of Chetniks, Szalasi and Bandera men, and others.

"Why are these formations being preserved?" Molotov asked.

"Is it not clear that they only poison the atmosphere? It is high time to get rid of all these para-military units, headquarters, guards services and other organisations and to clear the air of them."

Touching upon Mr. Bevin's discourse regarding German prisoners of war in the Soviet Union and the fate of certain German naval vessels which remained in the Soviet occupation zone, Molotov conclusively demonstrated its groundlessness and lack of cogency.

Molotov then quoted a statement by the British and American representatives contained in the section on "demilitarisation" in the report of the Control Council. That statement contained a reference to an American press report that some three million German prisoners of war were being kept on the territory of the Soviet Union, and also a reference to rumours that the "Seidnitz Army" continued to exist on the territory of the Soviet Union.

"Frankly, one feels embarrassed for those American and British representatives who made that entry in the report," Molotov remarked. "It is all the more embarrassing that this statement by the American and British representatives was included in the report of the Control Council, despite the fact that Marshal Sokolovsky had refuted this statement at that same meeting of the Control Council on February 10.

"It is said that it was included in the report because rumours were afloat. But why should we disseminate such absurd rumours and print such nonsense in our reports?"

Further, Molotov said that the Soviet Government did not object to submitting information to the Council of Foreign Ministers about the number of German prisoners of war located on the territory of the Soviet Union. The Soviet Government believed, he said, that such information about German prisoners of war should be submitted simultaneously by the Governments of the United States of America, the United Kingdom and France.

"Mr. Bevin was arguing today, as far as I understood him," Molotov continued, "that the problem of war potential and its elimination could not be examined separately from the problem of the economic unification of Germany. I cannot agree with this. The view expressed by M. Bidault was more correct. Naturally, there is a certain connection between all branches of industry—those which serve peaceful purposes, and those which are peaceful to-day but in time of war serve war needs. It would, however, be wrong to believe that we cannot speak of eliminating Germany's war potential before we consider all the economic problems, including that of Germany's economic unification.

"The Soviet delegation agrees that we should take every measure to assure the economic unity of Germany. But this should

not serve as a pretext for postponing demilitarisation and the elimination of Germany's war potential. In any case, how can the following situation be explained? The Control Council planned the liquidation of 1,554 plants in the Western zones, classed as part of Germany's war potential, and equipment was actually removed from only three war plants; at the same time 676 war plants and other plants connected with forbidden industries were dismantled in the Soviet zone.

"Mr. Bevin advocated a revision of Germany's industrial level as fixed by the Control Council in March of last year," Molotov continued. "The Soviet Government fully backs this proposal.

"As far back as July 10, 1946, I expounded the following view of the Soviet Government with regard to this problem:

"The opportunity for wider development should be afforded to Germany's peace industry provided, however, that this industrial development is directed towards meeting the peacetime requirements of the German people and developing trade with other countries. This demands the establishment of proper inter-Allied control over German industry and, in particular, over the Ruhr industry, responsibility for which cannot rest with any single Allied country. The adoption of a corresponding programme for the development of German peace industry, providing also for the development of Germany's foreign trade, as well as the establishment of inter-Allied control over all German industry, meets the necessity of fulfilling the decisions of the Potsdam Conference to the effect that Germany should be regarded as a single economic unit."

Having emphasised that the Soviet Government attached exceptional importance to the problem of the level of development of German industry and of assuring the economic unity of Germany, Molotov pointed out that it would, however, be wrong to postpone consideration of the problem of the demilitarisation of Germany. "Not only the Soviet Union," he said, "but other countries of Europe in no lesser degree are concerned about it. There is no reason to postpone consideration of the demilitarisation problem until all the economic questions have been considered. So far, however, only the Soviet Government has moved any concrete proposals on this subject."

IV

DENAZIFICATION AND DEMOCRATISATION

Statement made on March 13, 1947

"THE Allied Powers have repeatedly emphasised in their decisions that the eradication of the remnants of German Fascism (denazification) and the establishment of a democratic system in Germany form one of the most important conditions for ensuring peace and security in Europe. The materials contained in the Control Council's report, as well as the information

at the disposal of our Governments, enable us to judge as to the implementation of these decisions, as to the successes achieved in this field and the grave shortcomings which still exist.

1. Denazification

"The Control Council's report on denazification shows that from the very outset of their activities the Allied Control organs have carried out measures for the destruction of the National Socialist Party and its affiliated and subsidiary organisations, have dissolved Fascist institutions created under Hitler's regime, abolished certain laws and taken steps to prevent Fascist and militarist activities in Germany.

"Nevertheless, the present situation with regard to the execution of the common programme of denazification in Germany, agreed upon at the Berlin Conference and aimed at eradicating the remnants of Fascism and at preparing the conditions for the reconstruction of German political life on a democratic basis, cannot be regarded as satisfactory. Many things still remain to be done in this respect. This applies in the first place to the execution of the important directive of the Berlin Conference on the removal of members of the Nazi Party who had been more than nominal participants in its activities, and other persons hostile to the Allied purposes, from public and semi-public offices and from positions of responsibility in important private undertakings.

"Persons who actively assisted Hitler in coming to power and organised the preparation and carrying out of German aggression, remain to this day in many important economic and administrative positions in big industrial centres of Germany. The facts show that in a number of cases organisers of German Fascism and aggression, who under Hitler's regime were leaders of German trusts and other business concerns, have remained in leading positions. Thus the iron and steel industry control in the British zone is headed by Dinkelbach, who was director of the huge 'Vereinigte Stahlwerke' under Hitler. Dinkelbach not only directs the iron and steel industry in the British zone, including the Ruhr, but has even been entrusted with the preparation of the 'socialisation' of industry in the British zone. The important Fascist leader Ernst Poensgen, who under Hitler's regime was one of the 13 members of the Reich's Armaments Council, is now President of the German Metal Industry Association in the British zone. Prominent leaders of the German industrial monopolies, such as Hugenberg, of the steel industry, Wilhelm Zangen, one of the leaders of the war industry of Fascist Germany as well as Hermann Buecher, Rechberg and others, are still at large and playing a prominent part in the British and American zones.

"In some cases, former Fascists, who carried out a punitive policy under Hitler's regime, hold office as judges and as procu-

rators in the judiciary and procurator's offices. According to the materials contained in the report of the Control Council, such persons account for some 35 per cent. of all those employed in the procurator's offices and judiciary in the American zone, and up to 43 per cent. in the British zone, while in the French zone one half of all judges are former active Nazis. The President of the Court in the city of Hanover is Eilts, former Counsellor of the Nazi Military Tribunal. The prison governor in Cologne is the Fascist executioner Dockweiler, who during the war was Governor of Brokke Prison in Poland, notorious for its numerous executions and for the brutality of its regime.

"The German democratic press has repeatedly published long lists of prominent Nazis holding leading positions in the British and American zones. But the public demand for the removal of these persons has in many instances been ignored. Denazification has been not infrequently replaced by a formal census of practically the entire German adult population. Suffice it to say that by January 1, 1947, 11.6 million persons in the American zone were made to fill in denazification questionnaires. Over six million have already received rehabilitation certificates, and the remaining 5.6 million have still to come before the Denazification Commissions. But the decisions of the Berlin Conference demand the removal of former active Nazis from leading positions and the punishment of Fascist criminals, not wholesale prosecution of all former members of the Nazi Party and of its affiliated organisations. On the other hand, this system of wholesale 'denazification' does not preclude the possibility of some of the active Nazis merging with the mass of rehabilitated persons.

"According to the American press, it was noted in the report of a Special Committee of the United States Senate studying the state of denazification in the American occupation zone in November, 1946, that many high officials who were formerly active Fascists had in practice escaped all punishment. The Senate Committee received information about a great number of persons who, according to Control Council directives, should have been classed as most active Nazis, but were actually classed only as Nazi 'fellow travellers' and fined not more than 2,000 marks each. After paying this fine, these prominent Fascists could be considered as people who had passed the purge and could be appointed to responsible positions in the administrative machine and in industry. The Senate Committee noted that in Bavaria, out of 575 prominent Nazis, some 400 were classed by the Denazification Courts (Spruchkammer) as 'fellow travellers.' No wonder that the American Deputy Commander-in-Chief, Gen. Clay, stated in the Council of Lands at Stuttgart in November, 1946: 'It is becoming increasingly obvious that denazification is being exploited for reinstating as many people as possible in the offices they formerly held, instead of for locating and punishing the guilty.'

"The Commission of the World Federation of Trade Unions which visited Germany also found the state of denazification in the British, American and French occupation zones unsatisfactory.

"As to the Soviet zone, here the military administration in carrying out denazification concentrated on the removal of active Fascists and persons who held leading positions under Hitler's regime from public and semi-public offices, and on replacing them by persons recommended by democratic organisations. In the course of this work enterprises sequestered by organs of the Soviet military administration, as well as the landed estates of Nazi leaders and war criminals, have been turned over to German democratic administrative organs.

"Mr. Marshall said here that he regarded the information on denazification presented by the Soviet side as insufficient. I must, however, call Mr. Marshall's attention to the report of the Control Council on denazification, which contains detailed information in regard to all zones, including the Soviet zones. In particular, I call attention to the data published in the report regarding the number of former Nazi officials dismissed and barred from responsible positions. It can be seen from these data that the figure for the Soviet zone is 390,478 persons, which is more than in any other zone. Perusal of the report of the Control Council will show that the Soviet military administration has furnished full information concerning the progress of denazification in the Soviet zone.

"As to Mr. Marshall's statement that Nazis sometimes try to join the Socialist Party in order to get rehabilitated, the Soviet delegation is not aware of any facts proving this statement. Mr. Marshall also failed to cite any facts bearing on this issue.

"The unsatisfactory state of denazification is fraught with danger for the democratic transformation of Germany. In particular, the Control Council's report shows that the 'Nursery,' a widely ramified Fascist underground organisation created on the eve of Germany's surrender, has been exposed and liquidated in the British and American zones. This organisation planned its criminal activities for a long period of time, acting under cover of business enterprises. Refraining from direct resistance to measures carried out by the occupation authorities, this organisation worked to place active Fascists in economic and administrative offices, who would take advantage of their official positions in order to develop activities hostile to the purposes of the occupation of Germany. A big underground Fascist organisation, which worked under the direction of former generals and high officers of S.S. troops and had its branches all over Germany, has also been recently disclosed in the British and American zones. This organisation set itself the task of re-establishing the Fascist regime in Germany. Secret dumps of great quantities of arms were discovered in the process of its liquidation. Several under-

ground Fascist groups and organisations have also been liquidated in the Soviet zone, including groups of the 'Edelweiss Piraten' organisation, which consisted mainly of former agents of the Gestapo, S.S., S.D. and other Nazi organisations. Underground organisations of the so-called 'Rhine Resistance Movement,' disclosed in all occupation zones, set themselves the aim of sabotage and wrecking in industry, in order to hinder the restoration of Germany's peacetime economy, as well as to obstruct the discharge by Germany of her obligations towards the Allied Powers.

"In view of all this we cannot regard as satisfactory the execution of the common programme of denazification adopted at the Berlin Conference.

"The Soviet Government deems it necessary to propose that the Council of Foreign Ministers instruct the Control Council to direct its attention in the future on implementing the following tasks:

"1. To take measures without delay for removing former active Fascists from public and semi-public offices.

"2. To expedite the examination of cases of Nazi criminals by Courts and Tribunals, and to replace former officials of the Nazi regime in the Judiciary and Procurator Offices by persons who, by their political and moral qualities, meet the requirements of the consolidation of democratic principles in Germany.

"3. Proceeding from the decisions of the Berlin Conference, to ensure unconditional prosecution of leading representatives of the Nazi regime and war-criminals, without at the same time permitting wholesale prosecution of former rank-and-file and inactive Nazis.

"To-day we have heard Mr. Marshall's proposals. The Soviet delegation will closely study these proposals, but already we can say that the Soviet delegation believes them acceptable in principle.

2. Democratisation

"The Berlin Conference decided that local self-government shall be restored throughout Germany on democratic lines; that all democratic parties and free trade unions shall be permitted and encouraged; that representative and elective principles shall be introduced into the Regional, Provincial and Land administration; that certain essential Central German departments shall be established; and that freedom of speech, the press and religion shall be permitted. The implementation of this programme adopted at the Berlin Conference must prepare the final reconstruction of German political life on a democratic basis, and the eventual peaceful co-operation of Germany in international life.

"Certain successes have been achieved in this respect. Con-

siderable democratic forces have appeared and are developing their activities in Germany. The utter bankruptcy of Hitler's regime, of the German war economy and of Fascist ideology have undermined the former influence of Fascism and militarism amongst the working sections of the population. This creates favourable grounds for the further democratisation of political life in Germany.

"The extent of democratisation is, however, far from being the same in all the occupation zones; and this fact is to a considerable extent connected with zonal disunity of political life and the absence of political unity in Germany.

"In the American and Soviet occupation zones elections have already been held to the representative institutions of the Lands (Landtags), which have formed Governments on the elective principle. Elections to local self-government organs have also been held in the British and French zones. However, the elections were not held on the basis of a single democratic electoral system throughout Germany, which has led to substantial shortcomings in the elections in the various zones.

"Thus the system of elections adopted in the British zone yielded the following results at the elections of local self-government organs in September, 1946: the German Social Democratic Party received 11,178,000 votes and 2,549 seats; the Christian Democratic Union, with 11 million votes, won 8,583 seats; the Communist Party, with 2,000,000 votes, received only 139 seats.

"As to the electoral system in the American zone, in some cases—in Bavaria, for instance—a party which failed to gather 10 per cent. of the votes does not receive a single seat in the Landtag. This undemocratic electoral system eliminates undesired opposition in the Landtag.

"In connection with the present situation, German democratic organisations in all zones express the wish for the establishment of a single democratic system of proportional representation throughout Germany.

"Another important problem is that of the position of democratic parties and free trade unions in Germany. Despite the positive results achieved in this respect, a serious obstacle to the development of German democratic organisations is their zonal disunity. Up to now the German democratic organisations have not obtained an opportunity of achieving unification on an all-German scale. Ever since October, 1945, the Soviet representatives in the Control Council have been vainly demanding the adoption of a law which would at last recognise the right of German democratic parties and trade unions to unite throughout Germany, freely holding their congresses and conferences and electing their central bodies.

"Meanwhile it is perfectly clear that the restriction of the activities of democratic German organisations to separate zones contradicts the principles laid down by the Berlin Conference

and hinders the democratic development of Germany. Without the unification of the democratic parties and trade unions all over Germany, and without an opportunity being granted them freely to decide on their internal affairs, one cannot speak seriously about an all-round development of democratic life in Germany.

"Of great importance for the democratic transformation of Germany and for her future development as a state is the problem of the Constitutions of the Lands, which are now being adopted by the Landtags in certain zones. Substantial shortcomings exist in this respect also.

"The basic provisions of these Constitutions of the Lands start from diametrically opposite principles, which cannot but hinder the democratisation of Germany. Thus, for instance, the Constitution of Bavaria, in the American zone, adopted in December, 1946, is permeated with Federalist principles. On the other hand the new Constitution of Thuringia, in the Soviet zone, is based on recognition of the unity of a democratic German State, and proclaims Thuringia a component part of a German democratic Republic.

"Of great importance for the democratisation of Germany is the land reform effected in the autumn of 1945, in the Soviet zone. This reform undermined the political and economic influence of the Junkers—the ancient mainstay of German militarism and subsequently of Nazism.

"In the other occupation zones, so far, only the preparations for land reform are in progress, and the Control Council acknowledged that 'land reform had been practically completed only in the Soviet zone—although distribution of landed property according to size-groups of land tenure testifies to the possibility of land reform in every zone.'

"It would be most expedient if the Council of Foreign Ministers confirmed the following Agreement achieved in the Control Council: 'Land reform must be carried out in all occupation zones in the course of 1947.'

"The Soviet Government believes that in order to carry out a common programme of reconstruction of German political life on a democratic and peaceful basis, a co-ordinated policy must be pursued in all zones. In particular it is necessary:

- "(1) To grant German democratic parties and free trade unions the right to unite all over Germany, to hold congresses and conferences with participation of representatives of the whole of Germany, to elect their central bodies and to publish their central newspapers and magazines.
- "(2) To instruct the Control Council to work out and promulgate throughout the territory of Germany common principles of a democratic electoral law based on uni-

versal, direct and equal suffrage with secret voting and proportional representation.

- "(3) To approve the decision agreed upon in the Control Council on carrying out land reform in the American, British and French occupation zones in 1947, as the basis for a democratic transformation of the life of the German countryside.

"The elimination of the substantial shortcomings noted above, and the precise implementation of the Berlin Conference decisions by all the occupation authorities in Germany, will ensure the transformation of German political life on a democratic and peaceful basis.

V

DENAZIFICATION AND DEMOCRATISATION

Statement in Reply to Mr. Marshall and M. Bidault,

March 14, 1947

Having touched upon Mr. Marshall's statement on Germany's democratisation, Molotov pointed out that it contained a number of valuable remarks with which the Soviet delegation agreed, and which should be taken into account in subsequent discussion.

"The American delegate has dwelt on the conception of 'democracy.' Perhaps there is no need to delve into this too deeply just now. I can only point out that the Soviet delegation knows of course what to say on this important question and will say it when necessary. The question should not be reduced, however, to general talk about the word 'democracy,' since this will be of no use.

"The American delegation's document on democratisation is drawn up in too general a form and can lead to misinterpretations. It is necessary to make it clear in any case that our interpretation of freedom of speech and freedom of the press in Germany should not permit freedom for preaching Nazi ideas, or freedom of speech in defending the policy of German aggression. I believe we should all agree that our understanding of freedom of speech and of the press cannot permit the Nazis and their friends who are now lying low in Germany to use this freedom for a revival of Hitlerism and for the preparation of new aggression. No unclarity can be permitted in this respect."

Then Molotov touched upon the concrete proposals made by Mr. Marshall.

"Although Mr. Marshall has explained that about 35 per cent. of the former functionaries of the Hitler regime who have retained various positions in courts or prosecutor's offices in the American zone have passed through the check-up established in

the American zone, the Soviet delegation continues to regard this percentage as extremely high.

"Of course we must agree that not every official of the court or prosecutor's office who held his office under the Hitler regime should be removed. Exceptions are permissible. But to us Soviet people it seems that the Hitler regime approached the selection of functionaries in the prosecutors' offices and courts, that is for the carrying out of its punitive policy, from the viewpoint of its specific Fascist purposes. Therefore it seems to us inexpedient, and harmful to our cause, to leave such a high figure as 35 per cent. of the former Nazi officials in responsible positions in the courts and prosecutors' offices. The situation in other Western zones is no better.

"Yesterday Mr. Bevin mentioned my remark that prominent figures of the Nazi regime still held permanent positions in the British zone, such as Dinkelbach, Poensgen, Zangen and others. In connection with this Mr. Bevin cited the names of a number of other persons left in various posts in the Soviet zone. This statement merits serious attention. In connection with Mr. Bevin's remarks the Soviet Government will instruct the Soviet military administration in Germany to check this information thoroughly, and if need be, to take additional action against those German leaders who discredited themselves in the past as loyal servants of the Nazi regime.

"However, when I was naming certain persons, what I wanted to call attention to was the fact that even very prominent figures of the Nazi regime still held most responsible positions in certain zones. This is hardly proper or corresponding to the interests of our cause. Eckard, Prime Minister of Bavaria, recently declared at a meeting of the Bavarian Landtag:

"The problem of denazification is one of the so-called fellow travellers. The denazification courts are overloaded with cases of these fellow travellers, while real Nazis evade responsibility. Therefore, the law on denazification should be radically modified."

"I think we should note this statement and draw the appropriate conclusions from it, especially as regards the practical implementation of decisions already adopted.

"Mr. Marshall reported that formations of former German servicemen existing in the American zone would soon be disbanded. This is fine. This measure should be carried out promptly in all zones where such formations are still to be found.

"Regarding war plants in the American zone, Mr. Marshall stated that out of all the war plants existing there, 80 had been completely liquidated. The report of the Allied Control Council said that 70 plants had been completely liquidated or 'neutralised' in the American zone. These are data of the American military administration in Germany itself. Now the new figure—80 plants—is given. But the main point is that the report

mentioned liquidated or 'neutralised' plants without specifying how many were liquidated and how many 'neutralised.' The Soviet delegation has already pointed out that 'neutralisation' is a very indefinite term when applied to war factories. The application of the term 'neutralisation' is unprovided for by any agreements reached in the Control Council. We are seriously anxious lest the 'neutralisation' may bring about a situation in which, instead of being liquidated, war plants will remain preserved to a considerable degree.

"The announcement made here by the American delegation concerning the 100 per cent. liquidation of 80 munitions plants in the American zone is pleasant news to us. We are hearing about that for the first time. We have not yet received similar reports from other zones. It would be fine if such reports on this subject were received from other zones, too. It would be better still if the four Foreign Ministers reached agreement to carry out concerted actions in this matter in all four zones and to eliminate impermissible delay in this sphere.

"M. Bidault expressed his view on a number of highly important questions. It is the opinion of the Soviet delegation that already now we should strive to reach agreed decisions with regard to democratic parties and free trade unions in all zones of Germany, which would provide opportunity for the development of the activity of these parties and trade unions on an all-German scale. This decision must not be postponed until the general settlement in regard to Germany's state structure. An urgent decision on this question would be in the interests of German democratisation.

"M. Bidault dealt also with agrarian reform and acknowledged its great importance. The Soviet delegation acclaims this viewpoint and again expresses the wish that we take a unanimous decision on this question. This reform should at last be carried out in all zones."

VI

ECONOMIC PRINCIPLES AND REPARATIONS

Statement made on March 17, 1947, in the Discussion on German Reparations

"WE have just heard Mr. Bevin's important statement. This statement will be studied by the Soviet delegation. In my own statement to-day I shall expound the Soviet Government's view of the basic questions also dealt with by Mr. Bevin.

"The Berlin Conference established the basic principles of economic policy with regard to Germany, proceeding from the assumption that Germany should be treated as a single economic

unit and that the policy of the four Allied Powers on all basic questions of Germany's economic life should be shaped accordingly.

"The common Allied economic policy in Germany was to ensure both the satisfaction of the peaceful requirements and needs of the German people itself, as well as the fulfilment by Germany of her obligations to the Allies, including reparations, and at the same time to ensure the elimination of German war industrial potential.

"To achieve these ends it was necessary, by measures agreed upon among the Allies, to solve such problems as the development of German peacetime industry and agriculture, the organisation of a monetary and banking system, the development of internal trade, the organisation of transport, and so forth. In order that the development of German peacetime industry—which long ago became an important factor of world economy and world trade—could also benefit other peoples who need German coal, metal and manufactured goods, it was necessary to create for Germany real possibilities for export and import trade.

"The head of the Soviet Government, Generalissimo Stalin, proposed at the Berlin Conference the establishment of a central German administration, which could have ensured Germany's political and economic unity. This proposal was not accepted by the other participants in the Conference.

1. The Berlin Conference and the Economic Unity of Germany

"The Berlin Conference decisions provided for the establishment of a number of central German economic departments—industry, finance, transport, communications, foreign trade—headed by German state secretaries and working under the guidance of the Control Council. This decision, however, to which the Soviet Government attached and still attaches great importance, remained unrealised.

"More than that, highly important measures were taken in certain zones in direct contradiction to the principles of Germany's economic unity. These measures were effected by unilateral actions, without regard for the existence of the Control Council, which was invested by the Allied Powers with responsibility for carrying out the Berlin Conference decisions.

"It is generally known that the industry of the Ruhr region, where three-quarters of Germany's coal and steel industry are concentrated, was the main base of German militarism and a decisive mainstay of Nazi aggression. In view of this, it is necessary that important measures with regard to this industry should be carried out with the concurrence of the Control Council. But actually this was not the case.

"As long ago as December, 1945, the British administration took possession of and control over all the Ruhr coal mines,

presenting the Control Council with an accomplished fact. Even now the Control Council lacks sufficient data to judge the measures taken by the British administration with regard to the Ruhr coal mining industry.

"In August, 1946, the British administration confronted the Control Council with another accomplished fact. This time the British administration, by unilateral action, assumed control over the iron and steel industry of the Ruhr.

"Thus the British administration carried out measures with regard to the basic Ruhr industries without regard to the other Allied Powers represented on the Control Council.

"And yet already at the Berlin Conference the Soviet Government had proposed that the Ruhr industry, which forms the most important part of German war potential, should be placed under the joint control of the four Allied Powers. By agreement of the participants in the Conference, consideration of this question was postponed. It was decided that the Council of Foreign Ministers would take this up. In July, 1946, upon the instructions of the Soviet Government, I reiterated at a meeting of the Council of Foreign Ministers in Paris the necessity of establishing quadripartite control over the Ruhr industrial area. But then again, discussion of the question was never finished.

"This, however, did not prevent the British administration from taking further unilateral actions in the Ruhr. An end should be put to this.

"The Soviet Government insists that the Council of Foreign Ministers takes a decision to place the Ruhr industrial area under the joint control of Great Britain, France, the United States and the Soviet Union. For the reasons stated above, the Soviet Government believes it wrong and impermissible for the Ruhr industrial area to be left under the control of any one of the Allied Powers. Nor can one agree to plans which exclude the Soviet Union or any other of the four Allied Powers from real control over the Ruhr industrial area. Nothing but the joint control of the four Allied Powers can create the assurance that the Ruhr heavy industry will not again become the base for the revival of German war potential and for new German aggression.

"It is also known that at the end of last year the French administration, by unilateral action, carried out the separation of the Saar Region from the rest of Germany. And again this question was not submitted for consideration to the Allied Control Council. In this case, too, the Control Council was confronted with an accomplished fact. Such a procedure of solving important problems in Germany cannot be accepted.

"In December last the Control Council was confronted with more separate actions on the part of two Governments—those of the United States and of Great Britain. These Governments reached agreement on the economic and administrative fusion of the British and American zones of occupation in Germany.

"This agreement provides for a common three-year economic programme for both zones. It envisages the development of trade between the two merged zones and other countries, and provides that the settling of accounts with other zones of Germany will be effected, not in German marks, but in American dollars or British pounds sterling. By this agreement, two occupation zones in Germany—the American and British—were, in fact, severed from the rest of Germany. Thus Germany has been split, which may lead to most negative economic as well as political consequences. This agreement fundamentally contradicts the Berlin Conference decisions on Germany's economic unity.

"In this case, too, the Control Council in Germany has been confronted with an accomplished fact, contrary to the obligations assumed by the United States and Great Britain. This situation cannot be recognised as normal, the less so because this Anglo-American agreement absolutely does not reckon with the necessity of eliminating Germany's war industrial potential, or with Germany's obligation to fulfil reparations deliveries, not to mention the fact that it directly obstructs the implementation of the programme of economic rehabilitation of Germany as a whole.

"This Anglo-American agreement facilitates the penetration of American and British monopolists into German industry and opens to them wide opportunities for subordinating German economy to their influence. But this Anglo-American agreement is incompatible with the realisation of Germany's economic unity, since it leads to the dismemberment and destruction of an independent German State and stands in contradiction to the Berlin Conference decisions and other inter-Allied agreements on this subject.

"The very basis of the agreement is wrong. If one is to proceed from the necessity of fulfilling inter-Allied obligations with regard to Germany, the other zones cannot join in such an agreement.

"From all this it follows that the above Anglo-American Agreement should not remain in force. It should be cancelled.

2. The Question of Reparations and the Soviet Union

"The question of reparations merits especial attention. An intolerable situation has arisen in this respect.

"As is known, the Berlin Conference established that the amount of equipment subject to removal from the Western zones on account of reparations was to be determined by February 2, 1946. However, more than a year has passed since the date fixed, but still there exists no plan for the removal of equipment from the Western zones.

"The same decision of the Berlin Conference established that advance deliveries of equipment on account of reparations would be made from the Western zones. In spite of this, the American

and British occupation authorities in Germany find various pretexts to retard the implementation of this decision to this day.

"Even decisions on reparations from the Western zones agreed upon in the Control Council a year ago remain unfulfilled.

"Naturally, the Soviet military administration, in its own occupation zone, has taken and continues to take measures to fulfil the plan of reparations established by it in conformity with the decisions of the Berlin and Crimea Conferences. Corresponding deliveries of equipment and of current industrial production are effected in the Soviet zone. Certain plants in Germany have also been turned over to the Soviet Union on account of reparations. The details of these measures should be thoroughly considered when agreement is reached upon the basic problems of reparations.

"All these measures are wholly inadequate, however, for the implementation of the Berlin Conference decisions on reparations, since actually in the Western zones these decisions are not fulfilled. The situation has become the more intolerable in that the Western zones, controlled by the British, American and French authorities, do not supply reparations either for other Allied countries. It is known that the inter-Allied Reparations Agency, representing the interests of other Allied countries in regard to reparations, has already for a second time addressed to the Council of Foreign Ministers a complaint against the non-fulfilment of the decision on reparations. The statement of the inter-Allied Reparations Agency should meet with the attention it merits.

"The countries which experienced the brutal and devastating Nazi occupation cannot resign themselves to such a situation. In the Soviet Union—just as in the other countries which experienced German occupation, with incalculable destruction of mills and factories, of whole towns and numerous villages—the Government and people cannot view with indifference the thwarting of the decisions on reparations.

"All of you know the contribution made by the Soviet Union to the common Allied cause in the last World War.

"For four years the armies of the Soviet Union opposed more than 200 divisions of Germans and their satellites, and at times the number of these divisions rose to 240. For three years the Soviet troops fought the armies of Hitler and his satellites single-handed. The Soviet Army defended and brought glory to its homeland. The services rendered by the Soviet Army in the salvation of European civilisation are universally known.

"The Soviet Union suffered grave losses in the war against Hitler Germany. Our country lost millions of people and suffered enormous material damage. The Soviet Government and the entire Soviet people cannot permit this to be forgotten.

"At this point it is necessary to recall what the war cost the Soviet Union.

"The expenditure of the Soviet State for the war with Germany, as well as with Japan, and the loss of revenue sustained as a result of the occupation by state enterprises, co-operatives, collective farms and the population of the Soviet Union runs into an enormous sum. During the period of the war this expenditure and loss of revenue amounted to not less than 357,000 million dollars.

"To this sum we should add the damage caused to our state and population as a result of the enormous destruction and plunder of state, co-operative and private property in the territory occupied by the enemy. The Extraordinary State Commission, which included very prominent public leaders of the country, estimated this direct damage in the territory subject to occupation at 128,000 million dollars.

"To explain this enormous total of the direct losses of our country I shall remind you that the German Fascist invaders and their satellites demolished and burned down completely or partially 1,710 towns and over 70,000 villages; burnt down and demolished over six million buildings, and left about 25 million persons without shelter; destroyed 31,850 industrial enterprises, which employed about four million workers; destroyed 65,000 kilometres of railway track and 4,100 railway stations; pillaged and ruined 98,000 collective farms, 1,870 State farms and 2,890 machine and tractor stations; slaughtered, took away or drove away to Germany seven million horses, 17,000,000 big horned cattle, 20,000,000 hogs, 27,000,000 sheep and goats.

"Besides this, they destroyed and wrecked 40,000 hospitals and other medical institutions; 84,000 general schools, special and secondary schools, institutions of higher education, scientific research institutes; and 42,000 public libraries.

"To all this should be added losses in human life estimated at several million.

"From these figures, I hope, you will understand why the Soviet Government and the entire Soviet people insist that the Council of Foreign Ministers should take measures to ensure the implementation of the decisions of the Berlin and Crimea Conferences on reparations. In doing so it is necessary to determine at last the amount of reparations and the procedure for collecting them.

"While the total of direct losses only of our country in occupied territory amounts to 128,000 million dollars, the Soviet Union demands reparations from Germany to the amount of 10,000 million dollars. This amount of reparations from Germany will cover less than one-tenth of the direct losses sustained by the Soviet Union in the territory occupied by the German invaders. The fairness of this demand of the Soviet State cannot be disputed.

3. The Basic Documents on the Question of Reparations

"In order duly to clarify the problem of reparations from Germany I shall have to dwell on the basic documents relating to this problem.

"In the first place I shall cite the full text of the corresponding decision of the Berlin Conference. This text is as follows:

REPARATIONS FROM GERMANY

"In accordance with the Crimea decision that Germany be compelled to compensate to the greatest possible extent for the loss and suffering she has caused the United Nations and for which the German people cannot escape responsibility, the following agreement on reparations was reached:—

'1. Reparations claims of the U.S.S.R. shall be met by removals from the zone of Germany occupied by the U.S.S.R., and from appropriate German external assets.

'2. The U.S.S.R. undertakes to settle the reparations claims of Poland from its own share of reparations.

'3. Reparations claims of the United States, United Kingdom and other countries entitled to reparations shall be met from the Western zones and from appropriate German external assets.

'4. In addition to reparations to be taken by the U.S.S.R. from its own zone of occupation, the U.S.S.R. shall receive additionally from the Western zones: (a) 15 per cent. of such usable and complete industrial capital equipment, in the first place from the metallurgical, chemical and machine manufacturing industries, as is unnecessary for German peace economy and should be removed from the Western zones of Germany in exchange for the equivalent value of food, coal, potash, zinc, timber, clay products, petroleum products and such other commodities as may be agreed upon; (b) 10 per cent. of such industrial capital equipment as is unnecessary for German peace economy should be removed from the Western zones to be transferred to the Soviet Government on reparations account, without payment or exchange of any kind in return.

'Removals of equipment as provided in points (a) and (b) above shall be made simultaneously.

'5. The amount of equipment to be removed from the Western zones on account of reparations must be determined within six months from now at the latest.

'6. Removal of industrial capital equipment shall begin as soon as possible and shall be completed within two years from the determination specified in paragraph 5. The delivery of products covered by 4 (a) above shall begin as soon as possible and shall be made by the U.S.S.R. in agreed

instalments within five years of the date hereof. Determination of the amount and character of the industrial capital equipment unnecessary for German peace economy and therefore available for reparations shall be made by the Control Council under the policy fixed by the Allied Commission on Reparations with the participation of France, subject to the final approval of the Zone Commander in the zone from which the equipment is to be removed.

'7. Prior to the fixing of the total amount of equipment subject to removal, advance deliveries shall be made in respect of such equipment as will be determined to be eligible for delivery in accordance with the procedure set forth in the last sentence of paragraph 6.

'8. The Soviet Government renounces all claims in respect of reparations to shares of German enterprises which are located in the Western zones of occupation in Germany, as well as to German foreign assets in all countries except those specified in paragraph 9 below.

'9. The Governments of the United Kingdom and the United States of America renounce their claims in respect of reparations to shares of German enterprises which are located in the Eastern zone of occupation in Germany, as well as to German foreign assets in Bulgaria, Finland, Hungary, Rumania and Eastern Austria.

'10. The Soviet Government makes no claims to gold captured by the Allied troops in Germany.'

"This decision of the Berlin Conference does not call for detailed comment.

"It should be noted, however, that the decision of the Berlin Conference begins with the words that it was taken *in accordance with the Crimea decision*. In view of this, it is necessary to remind you precisely what the Crimea Conference decided on reparations from Germany.

"To make this utterly clear I shall have to make public the decision of the Crimea Conference which has not been published hitherto. This decision follows:

PROTOCOL

"Protocol on the talk between the heads of the three Governments at the Crimea Conference on the question of German reparations in kind.

The heads of the three Governments agreed as follows:—

'1. Germany must pay in kind for losses caused by her to the Allied nations in the course of the war.

'Reparations are to be received in the first instance by those countries which have borne the main burden of the

war, have suffered the heaviest losses and have organised victory over the enemy.

'2. Reparations are to be exacted from Germany in the three following forms:

'(a) Bulk removal within two years from the surrender of Germany or the cessation of organised resistance from the national wealth of Germany located on the territory of Germany herself, as well as outside her territory (equipment, machine tools, ships, rolling stock, German investments abroad, share of industrial, transport, navigation and other enterprises in Germany, etc.), these removals to be carried out chiefly for the purposes of destroying the war potential of Germany.

'(b) Annual deliveries of goods from current production after the end of the war for a period to be fixed.

'(c) Use of German labour.

'3. For working out on the basis of the above principles a detailed plan of reparations, the Allied Reparations Commission to be set up in Moscow consisting of representatives of the U.S.S.R., the U.S.A. and Great Britain.

'4. With regard to the fixing of the total sum of reparations, as well as the distribution of it among countries which suffered from German aggression, the Soviet and American delegations agreed as follows: *The Moscow Reparations Commission should take in the initial stages as a basis for discussion the proposal of the Soviet Government that the total sum of reparations, in accordance with points (a) and (b) of paragraph 2, should be 20,000 million dollars, and that 50 per cent. of it should go to the U.S.S.R.*

'The British delegation was of the opinion that pending consideration of the reparations question by the Moscow Reparations Commission no figures of reparations should be mentioned.

'The above Soviet-American proposal has been passed to the Moscow Reparations Commission as one of the proposals to be considered by the Commission.

'Signed by Winston Churchill, Franklin D. Roosevelt,
J. Stalin.'

"Thus the Crimea Conference recognised that reparations should be taken from Germany in three forms:

"First, by bulk removal of equipment, machine tools, etc.;

"Secondly, through annual deliveries of goods from current production;

"Thirdly, by the use of German labour.

"The Crimea Conference also discussed the question of the amount of reparations. At the Crimea Conference the Soviet and American delegations arrived at an agreement to the effect that the Moscow Reparations Commission would accept as a

basis for discussion the Soviet Government's proposal to fix the amount of reparations from Germany at 20,000 million dollars, one half of this sum to go to the Soviet Union. The protocol also shows that at that time the British delegation did not feel it possible to name any figures of reparations.

"It is necessary to recall these decisions of the Crimea Conference. This is necessary in particular because an attempt is now being made to interpret the agreement on reparations achieved in Berlin in the sense that it replaces all previous agreements and negotiations on reparations. It is impossible to agree with this. It is impossible to agree with this if only for the reason that the decision of the Berlin Conference on reparations from Germany itself stated that it was accepted 'in accordance with the Crimea decision,' while the decision of the Berlin Conference on Germany says: 'the purpose of this agreement is to carry out the Crimea declaration on Germany.'

"Disputes have been arising lately on the subject of deliveries out of current production on account of reparations. It should be noted that these disputes have arisen despite the fact that according to many reports current deliveries are also taking place in the Western zones. From the text of the protocol of the Crimea Conference it is evident that already at that time this question raised no doubts on the part of any of the participants in the Crimea Conference. The decisions of the Berlin Conference concentrated on the removal of equipment as the main problem. But this decision does not contain a single word against reparations from current production as envisaged by the decision of the Crimea Conference. At that period, however, there was no need to go into the details of this problem, since it was impossible to determine the size of possible current deliveries.

"More recently it has been pointed out that the diversion of part of reparations from current production would require an extension of the plan for the level of German industry adopted a year ago by the Control Council. The justness of this observation should be admitted. In view of this the Soviet Government proposes a revision of the plan for the level of German industry established a year ago, and the raising of that level to the necessary height.

"We should not place obstacles in the way of the development of German peace-time industry. The Allies should exercise control over German industry to prevent its development being directed towards the re-establishment of war potential and the revival of German militarism and aggression. On the other hand, however, there are at the present time in various countries many unsatisfied requirements for industrial production. The restoration of German peacetime industry may facilitate the satisfaction of these requirements for industrial goods. We should assist in the speedier development of the German coal-mining industry, and in an increase in German production of metal and other

industrial commodities. This will create the possibility of satisfying the requirements of the German people, which have not been satisfied in recent years, while at the same time the export of German industrial production may considerably help to satisfy the similar needs of other nations.

"Of course, there will be foreign monopolists who would like to prevent German production from reaching foreign markets. Afraid of competition, these gentlemen would like to strangle German industry, to reduce it to nothing, at least as far as foreign markets are concerned. But we should not yield to such pressure on the part of narrow, selfish groups. The interests of the peoples demand something entirely different. The peoples need a considerable increase in cheap manufactured goods of good quality, and they also need German industrial output to help cut the combs of foreign monopolists who strive by any means to eliminate their competitors and are ready to push any of their goods at grossly inflated prices.

4. Reparations and the Economic Unity of Germany

"At the same time, we should not forget those decisions of the Berlin Conference which speak of the need to do away with an excessive concentration of the economic power of cartels, syndicates, trusts and other German monopolies of various kinds. This task has not been carried out in the Western zones to this day.

"And yet, without carrying out de-cartelisation and eliminating the rule of the monopolies, it is impossible to ensure the conditions for the revival of Germany as a peaceful and democratic state. In order to carry out this important task it is necessary to confiscate plants and other enterprises from the concerns, cartels and trusts, and to turn over these plants to the German State as its property. In carrying out these measures it is necessary to enlist the aid of the democratic parties and the free trade unions of Germany, which can render substantial assistance in this matter. Otherwise the German monopolies may be replaced by monopolies of a different kind, monopolies of foreign origin, which are in no respect better than the German monopolies.

"After everything that has been said, it is clear just what is needed to achieve the economic unity of Germany.

"The achievement of Germany's economic unity means the achievement of an agreement among the four Allied Powers responsible for control over Germany, under which the level of development of German industry and agriculture will be properly co-ordinated, as well as Germany's appropriate participation in world trade, while at the same time fulfilment by Germany of her obligations to the Allies, including unconditional fulfilment of reparations, will be ensured. Naturally, Germany's economic unity means at the same time that Germany will bear appropriate occupation expenditures and that the Allies will

consistently carry out measures for the elimination of Germany's war industrial potential.

"For its part the Soviet Government is fully ready to help the realisation of Germany's economic unity and the elimination of inter-zonal economic barriers of any kind. The realisation of such a plan meets the interests of the Allies, not to mention the fact that it fully meets the interests of the Germans in so far as they aim at converting Germany into a peaceful, democratic state which in the course of time will take a fitting place among the free and peaceful nations of the world.

"A most important prerequisite for achieving Germany's economic unity is the establishment of a central German administrative department for industry, agriculture, finance, transport, communications and foreign trade. This is essential for ensuring the unified direction of all basic economic measures on an all-German scale. This is also essential for preparing the administrative machinery of the German Government, the creation of which must be commenced without further delay. The Allied countries can effectively accomplish this task by leaning for support upon the democratic parties and free trade unions.

5. Our Proposals

"In conformity with the above, the Soviet Government submits for the consideration of the Council of Foreign Ministers its proposals on the question of Germany's economic unity and on the question of reparations from Germany.

ECONOMIC UNITY OF GERMANY

"For the purpose of the implementation of the Berlin decisions on Germany's economic unity and of the elimination of shortcomings existing in this respect, the Council of Foreign Ministers deems it necessary:

"1. To establish at once central German administrative departments envisaged by the Berlin Conference, such as Departments for Industry, Finance, Transport, Communications, Foreign Trade, as well as for Agriculture, which should ensure the unified direction of the most important economic measures on an all-German scale and prepare the administrative machinery of German Government.

"2. By way of modifying the decision of the Control Council of March 27, 1946, to provide for the raising of the level of German industry so as to bring the annual steel output in the near future up to ten-twelve million tons.

"3. Considering that the Ruhr industry formed a main base of German militarism, to place the Ruhr industrial area under the joint control of Great Britain, France, the United States and the U.S.S.R.

"4. To carry out measures on a national scale for putting

on a sound basis the financial system and monetary circulation in Germany.

"5. With a view to ensuring imports of raw and other materials essential for German peacetime industry, and with a view to the fulfilling by Germany of her obligations to the Allies, to assist in increasing German exports.

"6. To instruct the Control Council to take the necessary steps for the confiscation of factories and other enterprises from German concerns, cartels and trusts, and for turning them over to the German State as its property. To enlist the aid of the democratic parties and free trade unions of Germany in carrying out these measures.

"7. To regard as annulled the agreement on the economic fusion of the British and American zones, as it violates Germany's economic unity."

REPARATIONS FROM GERMANY

"In conformity with the Berlin Conference decisions on exacting reparations from Germany in the zones, and for the purpose of determining the amount and procedure of exacting reparations, the Council of Foreign Ministers deems it necessary:

"1. To fix the total amount of reparations from Germany in the sum of (at 1938 world prices).

"To fix reparations for the U.S.S.R. at 10,000 million dollars, the Soviet Union undertaking to settle reparation claims of Poland from its own share.

"2. To utilise for covering of reparations payments:

"(a) Bulk removals which were or will be made within the period after the Berlin Conference of such usable and complete industrial equipment as is unnecessary for German peace economy.

"In the event of the equipment of a given plant being left for use in Germany, any other property of the plant connected with its activity may be taken on account of reparations.

(b) Annual goods deliveries from current production.

(c) German assets abroad.

(d) Various services.

"3. To complete removals of equipment from the Soviet zone of occupation of Germany for the Soviet Union provided for by the Berlin decisions by July 1, 1947, and corresponding removals from the Western zones of occupation of Germany by July 1, 1948.

"4. To establish that Germany's reparations obligations must be fulfilled within 20 years, beginning from the day of publication of the decisions of the Berlin Three-Power Conference.

"5. To resume the activity of the Inter-Allied Reparations Commission, consisting of representatives of Great Britain, the United States, France and the U.S.S.R.

"6. Under the condition of regular fulfilment of the fixed plan of reparations deliveries, to regard it as possible not to place obstacles in the way of an increase in production of German peace industry, both for Germany's internal consumption and for the development of trade with other countries.

* * *

"The Soviet Government asks that its proposals be considered."

VII

GERMAN ECONOMY AND THE REPARATIONS PROBLEM

Statement made on March 19, 1947

"MR. BEVIN'S statement today clarified several important questions and it is of great significance for us. It will be thoroughly studied by the Soviet delegation.

"We believe that when considering the German problem we should follow the decisions of the Berlin Conference. These decisions were adopted nearly two years ago, and we can say with confidence that they represented and continue to represent a good basis for the joint work of the Allied Powers in Germany. Naturally, the decisions then adopted do not contain everything we need at the present time, because our Governments have meanwhile accumulated rich experience and can now give fuller answers to questions which have arisen for the Allies in Germany. Nevertheless, the Berlin decisions are still a reliable basis for the common work of the Allies in Germany.

"Nevertheless, one can have a fine programme without being able to ensure its fulfilment. We must admit that there have been some essential defects as regards the programme outlined by the Berlin Conference.

1. Decisions and Their Fulfilment

"At the Berlin Conference the Allies well understood that some machinery must be set up to execute, for example, decisions on economic questions. With this end in view, the following decision was adopted:

"For the time being no central government shall be established. Certain essential central German administrative Departments, however, headed by State Secretaries, shall be established, particularly in the spheres of finance, transport, communications, foreign trade and industry. Such Departments will act under the direction of the Control Council."

"Thus the Berlin Conference adopted a definite decision on the

means of fulfilling its decisions. That is why the necessity was recognised of setting up five central German administrative Departments. Those Departments were to act under the direction of the Control Council. We have failed, however, to carry this decision into effect.

"The Soviet Government now believes that the problem of establishing a German Government should not be postponed any longer. But the first step towards this must be the establishment of several central German economic Departments. Fulfilment of the adopted decisions could not be assured without this.

"We have already learned that the American delegation recognises the necessity of establishing several economic Departments in Germany. To-day the British delegation has also supported this point of view. We know, however, that the French Government, now as hitherto, is maintaining a separate attitude with regard to this problem.

"M. Bidault yesterday expounded France's point of view. We should give the most attentive consideration to his arguments.

"I have no intention of dwelling in detail on this issue now. But the gist of this question, which embraces both organisational and political problems, is sufficiently clear to all of us. And it must be admitted that until this question is decided we cannot be sure of the fulfilment of the decisions adopted by our Council with regard to the most important economic problems of Germany. That is why we are faced with the task of settling this question among ourselves. The Soviet Government believes that if we abide by the decisions of the Berlin Conference, and at the same time listen attentively to the arguments presented by each one of us, we can find the correct decision for this important problem. One of our urgent tasks is to reach agreement on this problem on the basis of the Berlin Conference decisions.

2. The Problem of the Economic Unity of Germany

"The different points of view regarding the essence of the economic problem in Germany have by now been sufficiently clarified. We all agree on the necessity of the economic unity of Germany. Though each of us maintains his own viewpoint, yet I would say that no considerations have been propounded here which we cannot co-ordinate as regards basic points, if we so desire. In any case, we should endeavour to find ways of co-ordinating them.

"Mr. Marshall has mentioned six points concerning Germany's economic unity. These points are: common utilisation of natural resources, a plan for exports and imports, reparations, financial reform, freedom of movement, central German administrative agencies.

"Mr. Bevin, referring to this problem, expounded arguments which closely approach this position.

"M. Bidault presented France's viewpoint. It seems to me that

here, too, this viewpoint has a great deal in common with the opinion of our other colleagues.

"The Soviet delegation expounded its point of view and expressed willingness to find a common basis for the opinions that were put forward here.

"Must we reach agreement on the problem of the level of German economy? We believe that this is desirable and necessary. Must we reach agreement on an export and import plan for Germany? Naturally, this, too, is desirable. Things are the same with other problems, such as financial reform, freedom of movement, and so on. The chief point, as we see it, however, is to decide whether the solution of the reparations problem is included in the problem of the economic unity of Germany. The Soviet Government believes that the economic unity of Germany is a problem which unconditionally involves that of reparations payments from Germany.

"It was said here that Great Britain cannot increase the burden of her commitments involved in control over Germany. The same has been said by other Ministers, too. But that being the case the Soviet Government is no less entitled than any other Government to make such a statement.

"That means that Germany ought to be responsible for certain expenditures caused by the occupation of her territory and by the existence of the Allied control bodies. This is indubitable. Germany must fulfil all her obligations to the Allies, and these, of course, include payment of reparations. The Berlin Conference simultaneously adopted decisions both on Germany's economic unity and on the payment of reparations. If a solution of the economic problem were suggested, which assured the economic unity of Germany but failed to assure the payment of reparations, we should not be able to agree to it. Moreover, it would run counter to the decisions of the Berlin Conference. If, however, we all agree that the realisation of the economic unity of Germany, far from preventing the payment of reparations, would certainly include the solution of the reparations problem, it should not be very difficult to reach agreement about other things. The main point is to decide the problem of reparations at the same time as deciding that of the economic unity of Germany.

3. The Question of Reparations

"As regards the reparations problem, here, too, the agreement reached at the Berlin Conference should serve as a basis. Yet we cannot agree that the decisions of the Berlin Conference, should be counterposed to those of the Crimea Conference. Indeed, we should not forget what was said in the agreement adopted at the Berlin Conference, namely, that 'the purpose of this agreement is to carry out the Crimea declaration on Germany.' We should also remember that the decision of the Berlin

Conference on reparations explicitly says that it is adopted 'in accordance with the Crimea decision.'

"The basis of the reparations problem is contained in the decisions of the Crimea Conference which was held prior to the Berlin Conference. The Berlin Conference only elaborated the previous decision adopted at the Crimea Conference, establishing in particular the order of reparations payments according to zones. Hence we consider it is wrong to have said that the decisions of the Crimea Conference should be regarded as cancelled in view of the decisions of the Berlin Conference. We cannot agree with such an opinion, and we believe that it contradicts the agreement reached among the Allies in Berlin.

"The Soviet Government is grateful for the sympathy expressed towards our country regarding the damage sustained from the invaders—a matter which has to be recalled every time the reparations problem comes under consideration. The fact is, however, that the Soviet people, more than any other, feel the urgent need of a solution of the reparations problem.

"Almost two years have passed since Germany's surrender. How, then, do matters stand as regards the reparations which the Soviet Union should have received from the British, American and French zones?

"Let us take a look at the actual state of affairs.

"It transpires that during the entire period, up to January 1, 1947, the Soviet Union received reparations deliveries from the Western zones amounting to only five million dollars, that is, reparations deliveries without paying for them. In addition, the Soviet Union received from the Western zones reparations deliveries amounting to 7.5 million dollars which, according to the Berlin agreement, were to be paid for with other commodities. Thus the sum total of reparations received by the Soviet Union free of charge from the Western zones amounts to five million dollars, which is an utterly insignificant sum. If the total of reparations for the Soviet Union within that period had been restricted to this sum, it would be a very great error on the part of the Soviet Union. The Soviet Government, however, made no such error. The Soviet people could not sit with folded arms, waiting for reparations from the Western zones and displaying no concern about receiving reparations from the Eastern zones of Germany, for which the Soviet military administration is directly responsible.

"The Soviet Government had adopted appropriate measures to ensure that the Soviet zone in Germany fulfils, in accordance with the Berlin Conference decisions, reparations deliveries to the Soviet Union, which were also given to Poland in corresponding proportion. During that period, equipment of plants which served Germany's war needs was removed and exported to the U.S.S.R. Reparations deliveries from current production in the Soviet zone were also effected. Certain enterprises in

Germany were transferred to Soviet ownership, on account of reparations. I may mention in passing that it was incorrectly stated here that these enterprises were enjoying extra-territorial rights. Although they now belong to the Soviet Union, they operate on the basis of German legislation.

"The Soviet Government is prepared to inform the Allies at the appropriate time about everything that has been done in the Soviet zone to fulfil the decisions on reparations. At the appropriate time the Soviet Union will present a complete report on this matter, down to the last kopek, or down to the last dollar, if you prefer. This, it goes without saying, ought to be done on the basis of complete reciprocity.

"It must be admitted, however, that had the Soviet Union failed to take the above measures regarding reparations in the Soviet zone in Germany, it would now be sitting empty-handed, without any reparations at all. That would mean that the decision of the Berlin Conference would have remained unfulfilled in this respect as well. The Soviet Government acted perfectly correctly when it took care of fulfilling, at least in the Soviet zone, the decision on reparations agreed upon at the Berlin Conference. At the same time the Soviet Government expresses its natural dissatisfaction that the Western zones are failing to fulfil the decision on reparations. We also believe that agreement should be reached on the total sum of reparations. Indeed, it would be impermissible to levy reparations without any restrictions. Agreement should also be reached on reparations deliveries from current production. Agreement on reparations could not be assured without this.

"Further, we should recall the decision of the Crimea Conference about establishing the Inter-Allied Reparations Commission. The Berlin Conference confirmed the necessity of such a Commission, and it started its work in Moscow. On the proposal of the American Government, the Commission's activities were transferred from Moscow to Berlin. The Soviet representatives were sent to Berlin in time to participate in the work of that Commission. Unfortunately, the representatives of the other Governments never started working in the Reparations Commission in Berlin. Now we propose that the Commission's work be resumed.

"Mr. Bevin formulated here his objections to the resumption of the work of the Reparations Commission in Moscow. But the Soviet Government does not propose that this Commission should work in Moscow; we insist that resumption of this Commission's work in Berlin be not postponed any longer. We note with satisfaction the statement made yesterday by the French delegation that it also is in favour of resuming the work of the Reparations Commission.

4. Level of German Industry

"Further, it is important to reach agreement on the level of German industry. The Soviet Government has already expressed its opinion that the level of peacetime German industry should not be restricted, the more so since the whole of German industry is subject, and must remain subject for a certain period, to the control of the four Allies. Allied control must ensure that German industry does not restore its war potential and that it develops entirely for the purpose of meeting Germany's peaceful requirements. Our four Governments can, by co-ordinated decisions, solve this problem in the interests of all peace-loving States, and this will allow the needs of the German people in goods to be better provided for, as well as the fulfilment by Germany of her obligations to the Allies, including the payment of reparations.

"Experience has shown that the decision on the level of German industry, adopted in March last year, is not quite satisfactory. This decision ought to be revised. But when we are told that the agreed level of German industry should provide above everything else for an export and import plan for Germany, and that only after this will it be possible to discuss the payment of reparations, we cannot agree with such an opinion. We cannot agree to a plan for German industry which takes account of all requirements, including home needs and exports, but fails to take into account Germany's obligations regarding the payment of reparations. If we could agree on a plan for the level of German industry satisfactory both from the point of view of Germany's home requirements—including provision for appropriate imports by means of increasing Germany's export trade—and from the point of view of Germany's fulfilment of her reparations obligations, we would solve the whole of this important problem. The practical consideration of this matter would help in elaborating a co-ordinated decision on the level of German industry.

"The French Government, as we know, is energetically posing the question of establishing a certain quota of coal deliveries from Germany to France. The Soviet Government considers such a point of view acceptable. We are certain that, as regards this question, the Council of Foreign Ministers can satisfy the legitimate interests of France and of other interested countries, and will be able to overcome the difficulties involved.

"The coal problem should be given special attention.

"Why, indeed, is it that coal production in the British zone in Germany has reached 41 per cent. of the pre-war level, while in the Soviet zone it has reached 74 per cent., although conditions in the Soviet zone are more difficult? Why is it that output of lignites in the British zone has reached 74 per cent. of the pre-war level, while in the Soviet zone it has reached 84 per cent.?

Why is it that coal output in Germany cannot be raised to 80 per cent. or 90 per cent., or even 100 per cent. of pre-war level? There is nothing unfeasible in such a programme. If our common efforts were aimed at developing in Germany such branches of peaceful industry—and the Germans know how to work!—we should thereby facilitate fulfilment by the occupying Powers of their duties in Germany. It is worth allowing a certain development of peaceful German industry in order to reduce instead of increasing the burden of expenditures sustained by the Allies in Germany.

5. The Ruhr Problem

"And lastly, let us consider the Ruhr industrial area. Clearly the Soviet Union, just like the other Allies, is particularly concerned with the problem of the Ruhr. This is the basis of German militarism, because it is there that the foundation of Germany's war potential is located. It would be very risky for any single Power to assume responsibility for control over the Ruhr area. It would be much more correct to divide this responsibility among the four Allied Powers.

"The four Allied Powers must exercise control over the whole of German economy, and consequently over the whole of German industry. This ought to be our aim at the present Conference. At the same time we should agree that special control of the four Allies should be established in the Ruhr industrial area, which is of particular importance in relation to Germany's war potential.

"I shall have to quote a short piece of historic information in order to recall how the discussion of this question proceeded at the Berlin Conference.

"The Soviet Government proposed then that the Ruhr industrial area be regarded as part of Germany, and that four-Power control be established over the Ruhr area, for which purpose it was proposed that an appropriate Control Council be established, comprising representatives of Great Britain, France, the U.S.A. and the Soviet Union.

"On July 31, 1945, when this question came under consideration at the Berlin Conference, Mr. Bevin said (I shall read records compiled by our Secretariat at the Berlin Conference*):

'I cannot discuss this question because the French are absent. This is an important question of principle, and the French are very closely concerned with it.'

"I shall read another quotation from the record concerning the further discussion of this question:

'**Stalin:** Perhaps we should now postpone the question of control over the Ruhr area. But the idea that the Ruhr region

**Retranslated from the Russian.*

remains part of Germany, let us reflect this idea in this document.

Truman: No doubt, it is part of Germany.'

"The concluding section of our record reads as follows:—

Bevin: I cannot agree to this now because I have not got here the record of the preceding discussion of this question with our representatives. I know there was an idea of internationalising the Ruhr in order to reduce Germany's war potential. That idea has been discussed. I agree that the Ruhr should remain subject to the administration of the Control Council pending further discussion. But I would like to have a chance to discuss it with my government in order to make this question perfectly clear. I would be willing to refer this matter to the Council of Foreign Ministers if this would allow time for me to study this question thoroughly.'

"Stalin and Truman agreed with this proposal.

"It will be seen from the above that agreement was reached at the Berlin Conference that the problem of control over the Ruhr industrial area should be considered by the Council of Foreign Ministers. This was not done, however, although the Soviet Government proposed that it should be done. On the other hand, we know that one of the Allied Powers is putting very important measures into effect in a unilateral manner. The Soviet Government believes that we should now at least consider what was designed for consideration as far back as July, 1945. The Soviet Government therefore repeats its proposal on establishing quadripartite Allied control over the Ruhr industrial area."

VIII

PROVISIONAL POLITICAL ORGANISATION OF GERMANY

Statement made on March 22, 1947

"WE have begun to examine the question of the provisional political organisation of Germany. In this connection we shall have to deal with the State structure of Germany as well. Thus, in addition to other questions, we are faced with a basic political problem—the problem of our attitude to Germany, of our attitude to the German people.

"The Soviet people were attacked by Hitler Germany. They lived through four extremely difficult years of war. A large part of the territory of the U.S.S.R. came under enemy occupation, accompanied by the measureless brutality of the Hitlerite army, its violence against the peaceful population, enormous destruction and the plunder of many millions of Soviet people. Using all modern means of warfare, Hitler stopped at nothing in conducting his criminal war aimed at the annihilation of our

people. It is also a known fact that the Soviet people met this assault with a crushing rebuff, and mercilessly defeated the German invaders.

"Nevertheless, the Soviet Government and the Soviet people as a whole are not guided by a feeling of revenge in their attitude towards Germany and the German people. We do not identify the German people with Hitler Germany, although no one can exonerate the German people of responsibility for Germany's aggression.

"In the Soviet Union there has always been contempt for the ideology of the German race theorists: this ideology was regarded as worthy only of cannibals and not of civilised human beings. On the other hand, wholesale condemnation of the German people, or of any other people for that matter, is regarded in the Soviet Union merely as one version of the race theory.

"Now that Hitlerism has been defeated and control over Germany rests in the hands of the Allied Powers, responsibility for Germany's further destiny lies first and foremost with these Powers. They are confronted with the task of helping Germans who seek a new path to make Germany a peaceable democratic country, and not to permit Germany's resurgence as an aggressive Power.

"The Soviet Government does not take the view that everything necessary in this respect is being done.

"It cannot be said that either the democratisation or the demilitarisation of Germany is now being carried out in full conformity with the decisions adopted by the Allies. We think, however, that the aim of converting Germany into a peaceful and democratic State, which in time will take a worthy place among the peaceable nations, can be achieved only by the genuine democratisation of Germany, along with her demilitarisation. Any other road can lead only to a temporary, unstable success, but cannot serve to attain our chief aim—that of averting the resurgence in the centre of Europe of a hotbed of extremely dangerous aggression in the form of a revived militaristic Germany.

"There are plans to put an end to Germany as an independent State. Some of these plans approach this aim directly, others in roundabout ways. The Soviet Union does not approve these plans to destroy Germany as an independent State, and regards such schemes as historically groundless and not in accord with the interests of the peoples, who are striving for a durable peace.

"On Victory Over Germany Day, May 9, 1945, Generalissimo Stalin addressed the people. In his address he said: 'The Soviet Union is celebrating victory, although it does not intend either to dismember or to destroy Germany.' That is the position of the U.S.S.R.

"Germany cannot be destroyed as a State, nor can highly industrialised Germany be converted into a de-industrialised, backward country. The pursuance of this policy not only runs counter

to the interests of rehabilitation of European and world economy, but would lead to a dislocation of Germany's political life, thus creating a threat to universal peace and tranquillity.

"There are all sorts of plans to dismember Germany, to federalise Germany, to separate Western Germany from the rest of German territory, and so on. All these schemes in the final analysis express the same aim of destroying Germany as an independent State. The realisation of such plans is incompatible with the tasks of democratising Germany and with the interests of universal peace and tranquillity.

"The motive usually advanced to-day in defence of the idea of federalising Germany is the need to weaken the German State. This is regarded as practically the sole means of forestalling Germany's revival as an aggressive Power. It is not difficult, however, to discern how unsound this position is.

"It must be admitted that federalisation would, of course, weaken Germany. This cannot be denied. Federalisation would give the victorious Allies a temporary advantage. In the light of to-day's interests, this advantage is obvious.

"But if we regard the question from the point of view of tomorrow's interests, federalisation presents a serious danger. If we consider not only the tactical advantages for the immediate future but look ahead, the policy of federalising Germany is not justified by the interests of the democratic countries.

"By adopting the principle of federalising Germany the Allies may undermine the faith of the German people in their policy. In that case the idea of a united Germany, which appears to be dear to the German people, would become the possession of the German militarists who seek to re-establish Germany as a militaristic country that would dominate other nations. The proclamation of a federalisation policy by the Allies would result in the militarists assuming leadership of the movement for uniting Germany, and they would try to win over the German people for their own purposes. As a result, the idea of revenge would crop up again. Chauvinism—which finds such a fertile soil in Germany—would flourish, and the conditions would be created for the appearance of new Bismarcks and even new Hitlers.

"The history of Germany teaches us how dangerous it is to leave the idea of the unification of Germany in the hands of German militarists. Should the aspirations of the German people for a unified Germany once more become a tool in the hands of these people, who are still very much alive, the Allied policy of reorganising Germany on a peaceful and democratic basis will be doomed to failure.

"Federalisation can create other difficulties for the Allied Powers in Germany.

"In a federalised Germany there will be no central German Government capable of bearing responsibility for the fulfilment by Germany of her obligations to the Allies. Yet the Allies must

not assume direct moral responsibility for everything that takes place in Germany. Appropriate responsibility should be borne by a German Government endowed with the necessary power.

"The situation in this respect can be explained by citing the example of Japan. We know that Japan has its own Government although supreme power rests with the Allied occupation authorities. We could cite other examples as well.

"All this speaks against the Allies imposing federalisation on the German people. It will be a different matter if the German people themselves declare in favour of federalisation of Germany, if they decide this question by means of a free vote, without outside compulsion. In that event this should not be opposed by the Allied Powers, which should try to strengthen their support among the German people and simultaneously ensure the fulfilment by Germany of her obligations to the Allies.

"It is sometimes said that the principle of the federalisation of Germany follows from the decision of the Potsdam Conference on the decentralisation of Germany's state administration. This reference, however, cannot be considered as founded on fact.

"When in the summer of 1945 the Potsdam Conference decided that it was necessary to decentralise the political structure of Germany, it was dealing with a Germany that had only just been liberated from Hitlerism and had not yet liquidated the centralised Hitler system of state administration which had destroyed the Landtags and the autonomous administration of the Lands. Under these conditions, the task was to re-establish the decentralised administration which had existed prior to the establishment of the Hitler regime, when there had been Landtags and two all-German representative Chambers. The task then was to re-establish the democratic local self-government bodies, to revive the activities of the democratic parties, and following that, to re-establish district and provincial administrations, as well as the administrations of the Lands. The Potsdam Conference decisions contain no mention of the federalisation of Germany. At the time this question was not even discussed.

"To-day the situation is altogether different. Elections to local self-government bodies have already been held throughout the whole of Germany. Democratic parties, free trade unions and other democratic organisations have appeared and developed their activities. In many Lands elections have been held to Landtags. It is presumed that elections to the Landtags will soon be completed in all the Lands. The decisions of the Potsdam Conference on this matter have on the whole been successfully fulfilled.

"The decisions of the Potsdam Conference provided, however, for the formation of several central German administrative departments. In this respect the Potsdam Conference decisions have remained unfulfilled, although the need to set up such central German departments has long been felt.

"Further postponement of the establishment of these central departments damages first of all the implementation of measures designed to achieve Germany's economic unity. The Soviet Government, therefore considers that the establishment of these central German departments, as well as the introduction of measures preparatory to the establishment of a provisional German Government, brook no delay. This is dictated by the need to carry through correctly the economic and political measures of the Allies on an all-German scale. It also meets the need to ensure that Germany fulfils her obligations to the Allies.

"In accordance with the observations I have made, I submit for the consideration of the Council of Foreign Ministers the following proposals:

1.

**On the Form and Scope of the Provisional
Political Organisation of Germany**

"The task of creating a provisional political organisation for Germany must be solved on the basis of the following principles:

(a) The political system of Germany must have a democratic character, and the organs of power must be formed on the basis of democratic elections;

(b) The Hitlerite centralisation of the State administration, which destroyed the Landtags and the autonomous administration of the Lands, must be liquidated, so that the decentralisation of the administration be restored as it existed before the Hitler regime, with restoration of the Landtags and two all-German Chambers;

(c) Such a provisional German Government must be set up as could, while ensuring the political and economic unity of Germany, simultaneously assume responsibility for the fulfilment of Germany's obligations to the Allied States.

"On the basis of the above it is proposed:

1. As a first step toward the formation of a Provisional German Government, to establish central German administrative departments for finance, industry, transport, communications and foreign trade, in accordance with the decisions of the Potsdam Conference;

"2. To charge the Control Council with working out a provisional democratic Constitution, drawing into the work the democratic parties, the free trade unions, and other anti-Nazi organisations, and representatives of the Lands;

"3. To hold elections in accordance with the Provisional German Constitution, after which a Provisional German Government should be formed;

"4. In accordance with the decisions of the Potsdam Confer-

ence, to charge the German Government as one of its basic tasks with the eradication of the remnants of German militarism and Fascism, thorough democratisation of Germany, and realisation of measures for the restoration of German economy, as well as unconditional fulfilment of obligations to the Allied States;

"5. A permanent Constitution of Germany must be approved by the German people.

2.

On the State Structure of Germany

"1. Germany is restored as a single, peaceable State—a democratic Republic, with an all-German Parliament consisting of two Chambers and an all-German Government, while ensuring the Constitutional rights of the Lands comprising the German State.

"2. The President of the German Republic is elected by Parliament.

"3. On the whole territory of Germany an all-German Constitution established by Parliament will operate, and in the Lands the Constitutions of the Lands established by the Landtags.

"4. The German Constitution, as well as the Constitutions of the Lands will be based on a democratic foundation. This should strengthen the development of Germany as a democratic and peaceful State.

"5. The all-German Constitution and the Constitutions of the Lands will ensure the free formation and activity of all democratic political parties, also trade unions and other public democratic organisations and institutions.

"6. All citizens of Germany, without distinction of race, sex, language and religion, are ensured democratic rights, including freedom of speech, press, religion, public meeting and association, by the all-German Constitution and the Constitutions of the Lands.

"7. The Parliament and the Landtags of the Lands will be elected on the basis of a universal, equal and direct electoral law with secret voting and the proportional system.*

"8. The local government organs (district and communal councils) will be elected on the same democratic basis as the Landtags of the Lands."

**REPLY TO MR. MARSHALL ON GERMANY'S
PROVISIONAL POLITICAL ORGANISATION**

Statement made on March 22, 1947

“MR. MARSHALL'S remark that there is much in common in the statements made here on the provisional political organisation of Germany is justified. We must closely study all the proposals in order to endeavour to bring nearer together the viewpoints expressed.

“It is certainly right to say that what matters here is not words or abstract ideas. Our object is to solve the problem of the provisional political organisations of Germany in a manner which would meet the interests of peace. Our view of the situation is that responsibility for conditions in Germany and for Germany's political development is now borne in the main by our Governments. We are in control of political life in Germany and, of course, we are responsible for the direction in which Germany will develop under these circumstances. Of course, it is not wrangling over words that is important, but a solution of this problem which will enable the Allies to act together to direct the political development of Germany along the desirable course.

“At the same time we cannot pass by the fact that certain authoritative statements made on behalf of certain Allied Governments were based on the principle of Germany's federalisation. Inasmuch as this is taking place we cannot ignore it.

“If Mr. Marshall says that the Soviet Government's proposal may also be called a proposal to establish a federal form of government in Germany, this helps the bringing together of our views.

“Indeed, we all agree that the centralisation of the government apparatus introduced by Hitler is to be liquidated. Much has already been done to this end.

“But perhaps we could agree that, in regard to the state structure of post-war Germany, we could use as the point of departure to some extent or other the state organisation which existed in Germany before Hitler, an organisation which had been adopted by the German people in a democratic manner, was acceptable to different sections of the population, and had not been condemned either in the United States, France, Great Britain or the Soviet Union. No one demands that we worship the Weimar Constitution of Germany. And yet, the Weimar Constitution granted a certain amount of autonomy to the Lands, opened the possibility of democratic management of local affairs, the possibility of the existence and activity of democratic organisations, parties, trade unions, cultural and other organisations.

“Why should we not borrow from the Weimar Constitution

whatever useful it contains? One could make all the necessary improvements in this Constitution, improvements which all of us will find reasonable. In this way we would be able to facilitate the solution of the problem of Germany's political structure.

"Thus my proposal is that we give attention to the Weimar Constitution, borrow from it whatever useful it contains and make in it all the changes and improvements that we shall all find reasonable. We are not dealing with the details now, but with the point of departure. At the same time it could make our discussion more concrete, relieving us of disputes over terminology, words and abstract ideas. This could facilitate our work with regard to Germany's state structure."

X

PARTICIPATION OF ALBANIA IN THE PREPARATION OF THE GERMAN TREATY

Statement made on March 25, 1947

The Council of Foreign Ministers examined the report, submitted by the Deputies, on procedure for preparation of the German Peace Treaty.

Molotov emphasised that the Council was dealing not only with the Soviet delegation's proposal but with that of two delegations, since the French delegation also supported the proposal to invite Albania to participate in the preparation of the German Treaty.

"THE Soviet delegation," Molotov said, "calls your attention to the following facts:

"1. Albania did participate with her armed forces in the war against Germany—that democratic Albania which exists now. The present leaders of Albania were elected by the Albanian people after they had headed a guerilla war against the German and Italian invaders. Mr. Marshall's remark that Albania fought on Germany's side does not refer to the present Albania, but to the old Albanian regime which was imposed on the country by Fascist Italy. This remark has no relation to present-day Albania. As regards the remark that Albania does not recognise her international commitments, no facts were cited to confirm this. If there are any differences between the Albanian Government and some other Government pertaining to old commitments, they could be adjusted by the Governments concerned in the generally accepted manner. In any case no one can deny the fact that Albania helped us—the Allied Powers—in the war against Germany with her armed forces.

"2. Albania has been recognised by the Allies as a country entitled to receive reparations from Germany. This was done after the Berlin Conference by the Governments of the U.S.A., Great Britain and France, when they instituted the inter-Allied Reparations Agency for countries which were to receive reparations from Germany's Western zones. Albania's participation

in the war against Germany on the Allied side was thereby recognised.

"3. By the Peace Treaty with Italy, among the signatories of which are the Soviet Union, the United States, France and Great Britain, Albania is to receive reparations from Italy. According to that Treaty, Albania would be considered as one of the associated Powers in regard to the Treaty. This shows that the Allied Powers appreciated the services rendered by Albania in the war against Fascist Italy, which was Germany's chief ally.

"These are the reasons," Molotov concluded, "why the Soviet delegation believes that Albania has an indubitable right to participate in preparing and discussing the German Peace Treaty. Therefore, the Soviet delegation moves this proposal."

XI

GERMAN ASSETS IN AUSTRIA

Statement made on March 27, 1947

Molotov began by stating that he felt impelled to recall certain documents which have a bearing on the problem of German property ("German assets") in Austria.

"FIRST of all," he said, "I will recall that there are decisions of the Potsdam Conference on this question. I will quote Point 9 of those decisions: 'The Governments of the United Kingdom and the United States of America renounce their claims in respect of reparations to the shares of German enterprises which are located in the Eastern zone of occupation in Germany, as well as to German foreign assets in Bulgaria, Finland, Hungary, Rumania and Eastern Austria.' Such is the decision, which is a basic one when we consider this question.

"It will be seen from this part of the Potsdam decision which I have quoted, that the problem of German assets in Bulgaria, Finland, Hungary and Rumania, as well as in Eastern Austria, is nothing new to us. Our Governments have already signed Treaties with Bulgaria, Finland, Hungary and Rumania. Each of those Treaties contains a clause which—take for instance the Rumanian Treaty—reads: 'Rumania recognises that the Soviet Union is entitled to all German assets in Rumania transferred to the Soviet Union by the Control Council in Germany, and undertakes to provide all necessary measures to facilitate the transfer of such assets.' That is Clause 26 of the Treaty with Rumania.

"The Treaty with Finland contains a Clause 26 of the same kind. In the Treaty with Bulgaria it is Clause 24 and in the Treaty with Hungary Clause 28. In all these cases the question of German assets is interpreted in exactly the same way. I may add that this clause was formulated by the Government of the U.S.A.

"The Soviet Union's only claim is that the same principle be

maintained in respect of German assets in Eastern Austria as we maintained in respect to German assets in Bulgaria, Hungary, Rumania and Finland. The Soviet Union claims nothing more than this, but it does not consider it possible to agree to anything less. The Soviet Union believes it necessary to carry through a decision which was adopted by all of us at Potsdam."

Molotov further pointed out that the American delegation had also proposed the setting up of arbitration machinery on a quadripartite basis for the solution of controversial questions concerning German assets in Austria. In this connection he recalled that the American Government had previously expounded its view on this question. The U.S.A. Government, in a Note from the American Ambassador Mr. Harriman addressed to the Soviet Government on September 7, 1945—that is, immediately after the Potsdam Conference—had declared:

"The Government of the United States believes that although the Control Council is entitled to supervise and manage the distribution of German foreign assets, the Soviet Government will manage assets in Finland, Hungary, Bulgaria and Rumania and assets in Eastern Austria without communicating with the British, French or American representatives on the Control Council. The British, French and American representatives on the Control Council would manage all other German foreign assets without communicating with the Soviet Government."

"In due course, on September 15, 1945, the Soviet Government had conveyed its consent to this proposal of the Government of the United States.

"It was thereby decided," said Molotov, "that the United States Government would not interfere in matters concerning German assets in the Eastern zone of Austria, and the Soviet Government would not interfere in matters concerning German assets in the rest of Austria. It follows that any kind of quadripartite arbitration is out of the question here, since it had been precisely laid down that these questions should be solved without resorting in any way to quadripartite discussion procedure. The Soviet Government believes there are no reasons to renounce the stand taken up on this problem by our Governments as far back as 1945.

"But one may ask a question: How would eventual disputes concerning German assets in Austria be decided? I think that this question should be answered in accordance with the agreement of September, 1945. In such an eventuality disputed questions must be settled by means of bilateral negotiations and bilateral agreements between the Soviet Union and Austria in the Eastern zone, and between the American, British and French Governments respectively and Austria in the Western zones.

"It remains for me to add that in Austria, just as in Germany,

**Retranslated from the Russian.*

the Soviet Union does not claim any extra-territorial rights for enterprises and property transferred to the Soviet Union as German assets.

"We are not infrequently told that the Soviet Union enjoys everyone's sympathy as regards reparations from Germany," Molotov remarked. "Over and over again we convey our gratitude for this sympathy. We understand that this corresponds to the position which the Allies occupied during the years of our joint struggle against the common enemy and of common effort after the war. Yet we are obliged to state that the point is not only to recognise that the Soviet Union, or any other country, is entitled to reparations, it is important that this right should not remain only on paper. What is important is the realisation of this right in practice. At the present time we are not infrequently obliged to defend both our right to reparations and, particularly, the actual guarantees of this right. We have believed and continue to believe this to be our duty. This follows from the fact that the Soviet Union won the right to reparations by paying for it with the blood of millions.

"The claims advanced by the Soviet Union," Molotov concluded, "are minimal. We expect that an accord can be reached on this question. It is precisely for this reason that we believe that complete understanding of the Soviet Union's attitude will be displayed on such an indubitable question as the Soviet Union's right to receive German reparations in the shape of German property in Austria."

XII

COMPOSITION OF THE PEACE CONFERENCE Statement made on March 28, 1947

MOLOTOV stated that "in New York, London and Moscow the representatives of the Four Powers were unanimous as to the group of Allied States which should take part in the consultation on the German Peace Treaty. Yet another matter; we had charged our deputies to go into the question of the possible invitation to other States to take part in one or other of the consultations. This question we shall have to discuss, and it looks as if we shall have to adopt additional measures whereby we may invite for the consultations certain of the Allied States which are interested in separate parts of the German Peace Treaty. If we are to be guided by the decisions we have already adopted, it seems logical to us that the same States, which already on three occasions we have thought proper to invite for consultation, should take part in the Peace Conference.

"If we are to go thoroughly into the matter," Molotov continued, "the Soviet Union considers that it would be unjust for such Allied States as those whose armed forces took part in the struggle against Germany or which are Germany's neighbours

to participate in the Peace Conference on the German Treaty on the same footing with such States as Turkey, Paraguay and the Philippines. Take, for instance, Turkey, which declared herself in a state of war with Germany on the eve of the rout of the Hitlerite Army, although up to that moment she was helping Germany, in no small measure, in the war against the Allies and profited from it. It would be impossible for us to explain a position whereby Turkey might find herself at the Peace Conference on the German question on an equal footing with the Allied States which bore the entire brunt of the war against Germany and which are naturally interested in consolidating the results of victory. It would be unfair if Paraguay and the Philippines were to enjoy an equal right to take part in the Peace Conference on the German Treaty side by side with Great Britain, U.S.A., the Soviet Union, France, Canada, Poland, Yugoslavia, Australia and Belgium.

"The question of the composition of the Peace Conference on the German Treaty is by no means an insignificant issue," Molotov concluded, "it is an exceedingly important one on which we must come to a positive conclusion."

XIII

GERMANY'S ECONOMIC UNITY

Statement made on March 31, 1947

"**M**OST of the delegations have already stated their views on the questions dealt with today by Mr. Marshall. With the exception of certain attacks on the Soviet and French delegations, these remarks were made in a general form, a fact which should be taken into consideration. Since, however, an attempt was made in today's statement to sum up certain results, the Soviet delegation will study this statement. It also will study attentively M. Bidault's statement and the document presented by Mr. Bevin.

"At present my remarks can only be of a preliminary nature.

"We liked most Mr. Marshall's statement to the effect that, with regard to Europe, the United States 'is more concerned in building solidly than in building fast.' The Soviet delegation fully shares this view.

"We do not admit, however, that what has been done heretofore by the Allied Powers was based upon a different viewpoint. It was stated here, for instance, that the Agreement reached in Potsdam was only a paper agreement. This statement can be interpreted as a renunciation of the Potsdam Agreement. The Soviet delegation believes, however, that the Potsdam Agreement should not be renounced. We should not, therefore, reduce this Agreement to a paper agreement. For our part, we believe it necessary to insist upon precise fulfilment of this Agreement,

as well as of all the other Agreements adopted at Allied conferences.

1. The Question of Reparations

"All the Ministers present here have recognised the necessity of simultaneous discussion of the questions of Germany's economic unity, reparations and the German industrial level. We believe this to be a good beginning for a rapprochement of viewpoints. We believe that on most of the questions dealt with here by Messrs. Marshall, Bevin and Bidault—to be on the safe side I say most of the questions and not all the questions—a rapprochement of our viewpoints can be reached which will facilitate fulfilment of our fundamental tasks as regards Germany, established in our previous joint decisions. The Soviet delegation certainly cannot forget, however, the interests of the Soviet Union and her legitimate rights.

"It is no wonder that the Soviet delegation reminds the Council about reparations from Germany. For the Soviet Union there can be no decision of the German problem without a decision on reparations. This is not the opinion of the Soviet delegation alone—there are only a few of us in this hall—it is the opinion of all the Soviet people. The Soviet people know what German occupation meant; they experienced it in a considerable part of the Soviet Union's territory. Even now they are aware every day of what destruction and what calamities the German occupation left in its wake. They demand reparations from Germany, for they have every right to them and believe that this question cannot be reduced to general phrases, but must find a concrete solution in this Council.

"We understand France's viewpoint when she raises the question of coal. It is a most important question for the economic development of France, which also suffered from German occupation, lasting five years. We understand the feelings of the French, who demand compensation for the damage caused them by the German occupation and insist upon German coal deliveries to France for the rehabilitation of her economy. We believe this to be a lawful demand of France, which could be met from reparations.

"The question of reparations, naturally, has one meaning for the United States and another for the Soviet Union. The United States, which, fortunately, did not experience German occupation, is in a different position. Perhaps there they do not feel what Soviet citizens feel after going through a terrible period of excruciating atrocities, destruction and plunder perpetrated by the Nazis in occupied territories. But at least it is necessary that when the Soviet Union's attitude on such an acute and important question as that of reparations is presented, this should be done in conformity with the actual situation.

"Disputing the Soviet Union's right to reparations from cur-

rent production, Mr. Marshall said that it looked very much as though the Soviet Union were trying to sell the same horse twice. In reality, however, the situation is quite different. We Soviet representatives do not approach the question of reparations as merchants, nor in a mercantile spirit. We have no wish, however, for traders to appear who would sell our horse to anyone cheap and without our consent at that.

2. Our Right to Reparations

"Our formal right to reparations from Germany is based upon decisions twice adopted by the Allies: everybody remembers the decisions taken at Potsdam and, still earlier, in the Crimea.

"As is known, the Crimea Protocol was signed by the heads of the Governments of the United States of America, Great Britain and the Soviet Union. At the Crimea Conference the United States agreed to accept as a basis for discussion a proposal on reparations in favour of the Soviet Union in the amount of 10,000 million dollars. Only Great Britain reserved her viewpoint on this question. At the Crimea Conference both the Government of the United States and the Government of Great Britain believed it indisputable that there should be reparations by means of annual goods deliveries from Germany. This did not raise any doubt on the part of any participant of the Crimea Conference.

"Now they say, however, that the Potsdam (Berlin) decisions cancelled out the decisions taken at the Crimea Conference. This is nothing but an arbitrary interpretation of the Potsdam decisions, which cannot be confirmed. The decision of the Crimea Conference on reparations has not been cancelled. Show us where the cancellation of the Crimea Conference decision on reparations was mentioned in the Potsdam Conference decision? It isn't there. Therefore the decision of the Crimea Conference is still valid.

"Moreover, the Potsdam decision states plainly that it is adopted 'in accordance with the decision of the Crimea Conference.' Yet on another occasion it was stated that 'the purpose of the Potsdam Agreement is the implementing of the Crimea declaration on Germany.'

"This reference in the Potsdam Conference decisions made it unnecessary to mention the various specific aspects of the Crimea Agreement on reparations. The Potsdam decisions concentrate on the main question—that of the removal of equipment. At that time, within two months of Germany's surrender, it was difficult to speak with precision of deliveries from current industrial production or to add anything to the Crimea decision on this issue. Besides, this was not necessary, since this question had raised no doubts in the past.

"All this goes to prove that the Soviet Union's claim to reparations from current production is based upon the solid foundation

of joint Allied decisions. And we cannot agree to opposing the Potsdam decisions to the Crimean decisions, since the Potsdam decisions constitute nothing but a further development of the decisions taken in the Crimea.

3. The Germans Must Compensate for the Damage

"Now the following question is being raised before us: Is Germany to pay reparations, are the reparations claims presented to Germany by the Soviet Union and other Allied countries within her capacity?

"The Soviet delegation answers this question without hesitation: there is nothing in these claims exceeding Germany's ability to meet them. Germany, which in wartime alone spent 620,000 million marks for her war needs and, moreover, had spent many thousand million marks on the preparation of war, is now free of these colossal expenditures. If Germany uses even a fraction of her former war expenditures for partial compensation of the damage she caused to the Allied Powers, she will not only be able to ensure the rehabilitation of her economy but also fulfilment of her obligations to the Allies.

"It has been repeatedly mentioned here that Germany cannot do without importing a number of goods, in particular, certain foodstuffs. In this connection the necessity was stressed of a corresponding export of German production to ensure the imports needed by Germany. We believe this view to be correct. For this purpose it is essential to work out an all-German plan of exports and imports; this should be attended to as soon as possible.

"Mr. Marshall stated here that the Soviet Union's reparations claim would lead to a reduction of imports into Germany. The Soviet delegation never, however, proposed a reduction of imports. This proposal is wrongly ascribed to it now. We believe that it is necessary to take steps for increasing the export of German goods to other countries which need them, so as to ensure by this means an increase of imports of foreign goods needed by Germany. We believe that an increase in imports is also needed to ensure fulfilment of the reparations deliveries by Germany.

"We were told here that if the Soviet delegation's view were accepted, it would be necessary to cut food rations in Germany from the present 1,550 calories to 1,100 calories. I must say that this contention does not correspond to the Soviet delegation's viewpoint. We believe that even the present rations in Germany are inadequate. The Soviet Government, in conjunction with the Governments of the United States, Great Britain and France, is ready to help not only in preventing a reduction of the existing food rations in Germany but also in raising these rations.

"Now that the spring has set in, it is necessary to take especially urgent measures for the rehabilitation of agriculture. We

believe that appropriate measures should be taken right now, without delay.

"Agrarian reform would also contribute to a rise in agriculture in Germany. But agrarian reform has been carried out only in the Soviet zone. In the American, British and French zones such a reform has not been carried out to this day. The land is still held by Junkers, who do not wish to help Allied policy in Germany, and who obstruct a rise in agriculture. It is necessary to take the land away from the militarist Junkers and to turn it over to the German peasants right now. The German peasants know how to work. Upon receiving the Junkers' land, they would considerably increase agricultural output and Germany's food resources. Why then, is agrarian reform being postponed for the second year in the Western zones?

"In connection with the necessity of raising agricultural output in Germany, mention was made here of the territory which the Allies placed under Poland's administration. All of you remember that in the Crimea and at Potsdam, our Governments assumed definite obligations as regards Poland's western frontier. All of us are bound by those obligations and cannot renounce them. This is why the districts of Germany placed under Poland's administration cannot form an object of discussion in considering the question of Germany's economic unity.

4. The Level of German Industry and Reparations

"A prompt decision on increasing Germany's industrial level will also be of great significance for raising the agricultural output and food resources in Germany. As is known, Great Britain has stated her attitude on this point. The Soviet Union has also expressed its view regarding the German industrial level which, evidently, closely approaches the British attitude. All of us know that the French view is more reserved. So far, the United States has not made clear its attitude. There seems to be certain apprehensions regarding the development of German peacetime industry. The Soviet Government believes that we need not fear the development of Germany's peacetime industry. This cannot harm anyone; on the contrary, it meets the requirements of other European countries needing manufactured goods. In such a case there would be no reason to speak about a danger of Germany becoming an over-populated slum or a country which economically would be a poorhouse in the centre of Europe.

"We should take serious measures for the elimination of Germany's war potential, to prevent a resurgence of Germany as an aggressive force. The Soviet Government insisted, and keeps insisting, upon a speeding up of the adoption of an agreed plan for the liquidation of Germany's war potential. At the same time, it is necessary to render possible the development of German peacetime industry and agriculture. It is to this goal that Allied efforts in Germany should be directed.

"Had we fulfilled the decision on the German industrial level adopted last year, then in the British zone, for instance, we would have had a steel industry with an annual production level of approximately five million tons. Actually, however, this industry is at a level of 2,500,000 tons. The development of the coal mining industry in the Ruhr is also lagging. Measures to ensure a proper rise of coal output in the Ruhr have not so far been taken. A similar situation obtains in other German industries as well. As to the Soviet zone, all measures are taken there to promote the work of industry.

"We are told that the British taxpayers bear a certain share of the expenditure on the rehabilitation of Germany. We have no grounds to confirm or deny this. However, if steps are taken for a proper development of German peacetime industry in the Ruhr and other parts of Germany, then taxpayers beyond the German frontiers will not have to bear the burden of expenditure on Germany's needs. Consequently, it is necessary to provide these opportunities for the development of German peacetime industry by raising its level, by fixing a definite programme for the rise of the steel industry and coal industry, as well as of other German industries.

5. Germany's Economic Unity and the Allied Powers

"We are now discussing the question of Germany's economic unity. This is a timely question. We should strive to ensure the economic unity of Germany and a corresponding development of German peacetime industry under the joint control of the Allied Powers.

"As early as at Potsdam, the Soviet Government proposed the establishment of a central German administration which could provide better conditions for achieving Germany's economic unity. This proposal was, however, rejected. Now we are again reminded of the importance of ensuring Germany's economic unity and of the undesirability of Germany's partition into two halves. The Soviet Government fully agrees that it is impermissible to split Germany into two halves, and it will strive for achieving a decision on Germany's economic unity. No responsible person in the Soviet Union is in favour of such a splitting of Germany or for that matter the separation of the western part of Germany from the rest of her territory. Such views are alien to the Soviet Union.

"However, when the American and British Governments carry out a fusion of their two zones without reckoning with the existence of the Control Council and without reckoning with the fact that this runs counter to German economic unity, then we declare: this separate decision should be annulled, for it leads virtually to the separation of western Germany from the rest of German territory and actually amounts to the splitting of Germany. If all of us are really in favour of Germany's economic unity, then none of us should carry out separate measures lead-

ing to the splitting of Germany into two parts and thus undermining faith in the possibility of achieving Germany's economic unity.

"The substantial difference between our views has not yet been eliminated. However, the Soviet delegation is ready to work in conjunction with other delegations to bring about a rapprochement of our views on Germany, to unite our actions in Germany and to ensure fulfilment by Germany of her obligations to the Allies. Our purpose is to make Germany a united, peace-loving and democratic country. In due time such a Germany will find a worthy place among the other peace-loving nations. Only then will the Allied Powers have fulfilled the responsible tasks confronting them in Germany."

XIV

THE STATE ORGANISATION OF GERMANY

Statement made on April 2, 1947

"THE Soviet delegation agrees to adopt as a general scheme those proposals, relating to the first main stages for the setting up of political democracy in Germany, which were suggested by the British delegation. It is obvious that the question relating to the general character of the state organisation of Germany and above all the question relating to the relations between the central German administration and the Lands' administrations is of special significance. I will not conceal that the Soviet delegation fears that certain proposals, including those made by the American delegation, can be interpreted in such a way as to deny to Germany her existence as a single State. These proposals will lead to the federalisation of Germany with which we cannot agree unless the German people themselves approve of it.

"The general position adopted by the Soviet Government with regard to Germany's federalisation has already been presented by me," Molotov continued. "We are still of the same mind. Our proposals will be based on the general position which has been adopted by the Soviet Government."

In this connection Molotov suggested for consideration the following proposal made by the Soviet delegation:

"1. The political system in Germany should be of democratic character and the governmental bodies should be set up on the basis of democratic elections similar to what was envisaged by the Weimar Constitution; the rights and duties of the president, however, should be confined to the rights and duties of the head of a constitutional State who is not invested with independent executive authority.

"2. As the first step towards the formation of a Provisional German Government, central German administrative departments for finance, industry, transport, communications and

foreign trade should be set up in conformity with the decisions of the Potsdam Conference.

"The Weimar Constitution had been adopted in Germany in a democratic way. It had been approved by the German people. If, in working out the new constitution for Germany, we make use of that which was democratic in the Weimar Constitution, we will make our work considerably easier and will avoid serious mistakes. Then nobody will be in the position to say that we are trying to impose on the German people something of our own which does not conform with the viewpoint of democratic circles in Germany. In such a case the Germans would understand that we do not desire the elimination of Germany as a State and that we are taking cognisance of the opinion of democratic circles in Germany.

"We are aware, however, that there are considerable defects in the Weimar Constitution which should not be left and which must be rejected as contradictory to democratic principles. Mr. Bevin correctly pointed out that the rights of the president in the Weimar Constitution are exceedingly wide and this can be used to harm a democratic Germany.

"Therefore the Soviet delegation's proposal points to the need for confining the rights and duties of the president to the rights and duties of the head of a constitutional government who is not invested with independent executive authority. In this instance the Soviet delegation adheres to the point of view formulated in the British project. It seems to us to be satisfactory.

"There is no need to talk now of the other amendments to the Weimar Constitution because it is important to agree on the fundamentals of political organisation of Germany. Amendments could be made when we go further into this problem."

Further, Molotov pointed out that it would be highly expedient to discuss first the main principles upon which the political organisation of Germany must be based. "The discussion of the problem of the stages of development, although giving an opportunity for solving a number of questions of an organisational nature, cannot yet give a clear picture as to the main issue of the political organisation of Germany. In connection with this the proposal of the American delegation as regards the procedure for the formation of a Provisional Government of Germany, not yet discussed, deserves attention; it provides for a Provisional German government consisting of the heads of the now-existing governments of the Lands. This proposal causes serious doubt.

"Indeed, how will the Germans react to this proposal?" asked Molotov. "They can understand that in a sense Germany no longer exists as a single State; what exists are separate German Lands, the representatives of which compose a provisional government. It seems to me that it would be highly undesirable to make the Germans react to our proposal as if it were directed

against Germany's existence as a state. The formation of a provisional government from the heads of the governments of the Lands alone indubitably undermines the political unity of Germany. In such an event it would be impossible to ensure the implementation of Germany's obligations to the Allies.

"On the other hand should a Provisional German Government be composed of persons representing the Lands a conviction can take shape among the German people that the government is composed of persons *dependent on the occupation authorities*. Such a government would hardly enjoy due prestige among democratic circles in Germany. It is in this respect that the proposal of the American delegation causes serious doubt.

"Finally, the proposal of the American delegation mentions that the directives to the Provisional German Government will be issued either by the Control Council as such or in virtue of the decision adopted by the majority of the members of the Control Council. Should we accept such a proposal we would renounce the principle of co-ordinated decision between all the Allies. In that case the majority would cease to reckon with the objections of one or other of the Allies. The Soviet delegation regards this proposal as unacceptable. It violates the Potsdam and other still earlier decisions of the Allies on the Control Council. It will destroy the Control Council and the unity of the Allies' action in Germany. By such a decision we would upset the situation in Germany and cause a still greater confusion in German political life.

"When we spoke of the British delegation's proposals regarding the main stages in the implementation of political democracy in Germany," Molotov continued, "we had in view the following:

"First, the creation, as a first step, of central administrative bodies for a number of economic branches, as was decided at Potsdam. We could widen the scope of the decisions, say, by the creation of an all-German authority for agriculture and food supplies, a thing we all considered desirable.

"Secondly, the creation of some advisory body to help the Control Council in working out Germany's provisional constitution. On this question I have more to add.

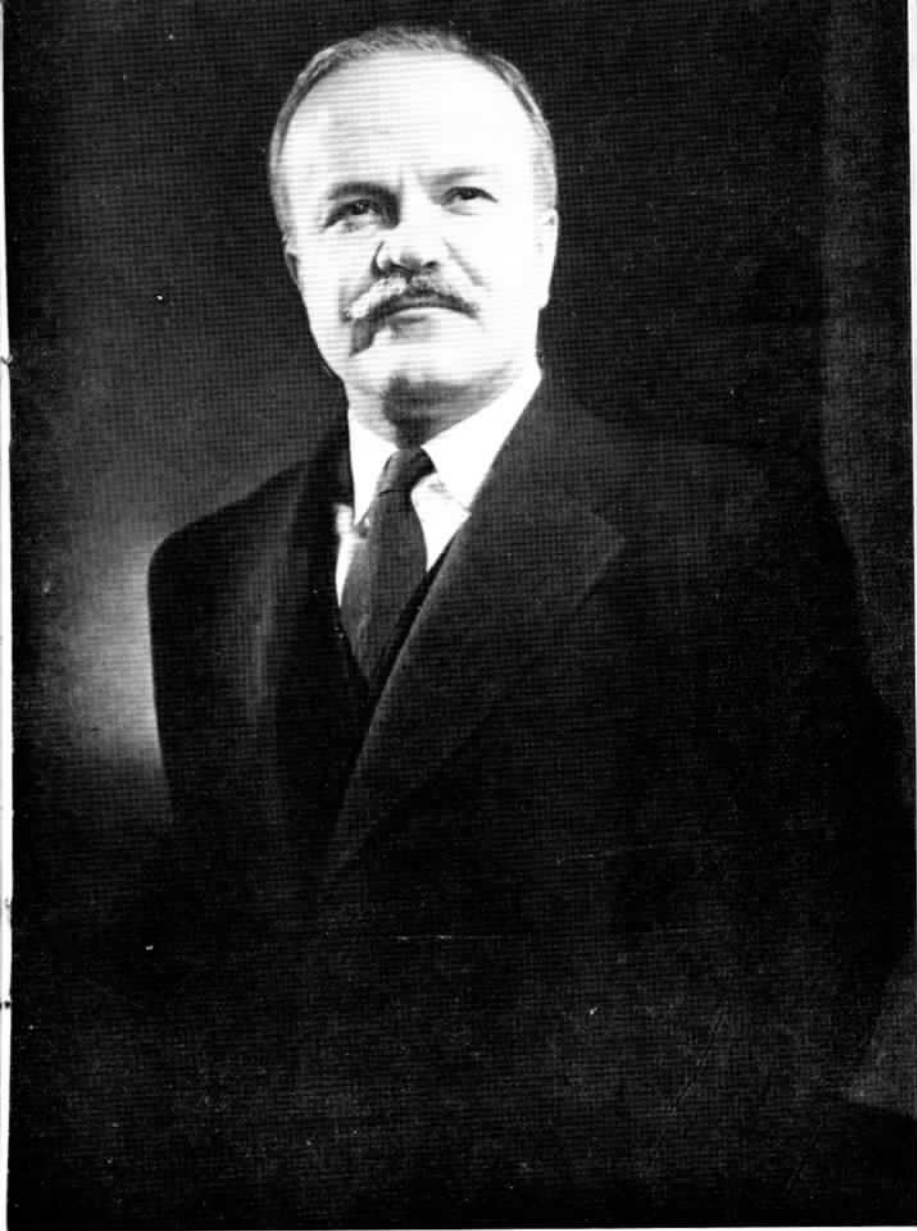
"Thirdly, the approval of Germany's provisional constitution by the Control Council.

"Fourthly, the election and formation of a Provisional Government on the basis of a provisional constitution.

"Such preliminary stages in the planning of a democratic system in Germany seem to us acceptable and in conformity with the interests of our cause.

"Obviously it is for us to lay down what will be the nature of the Advisory Council, composed of Germans, to be set up to help the Control Council. On this matter the British proposal offers no explanation of any kind; these are necessary however.

"As regards the composition of the Advisory Council the Soviet



VYACHESLAV MIKHAILOVICH MOLOTOV.



Mr. Ernest Bevin being greeted by A. Y. Vyshinsky on the arrival of the British Delegation at the Dzyelorusian Station in Moscow.

delegation is in favour of its being composed not of representatives of the Lands alone. That would be totally inadequate. It is imperative that all the democratic parties are represented on the Advisory Council; that the trade unions and the other anti-Nazi organisations also will participate in it. Then the Advisory Council will reflect the real mood of the German people and will serve as a good expression of the opinion of German democratic circles.

"The same applies to the Provisional Government of Germany which is to be set up after the general elections in Germany. In so far as the formation of a Provisional Government would depend on the Control Council, it is necessary that the appropriate consultations should be held with the representatives of the democratic parties, trade unions, other anti-Nazi organisations and the Lands. Only then will it be of a democratic character and will reflect the aspirations of the democratic circles of Germany. Should the Government, however, be composed only of representatives of the Lands it would be accepted by the Germans as an attempt on the part of the Allies to regard Germany not as a single State. In this they could discern a desire to eliminate Germany as a State. Such a decision would be incorrect and would not be in conformity with our common desire to ensure the democratic development of Germany.

"Thus," Molotov went on, "the Soviet delegation's proposals are as follows. We propose that the main principles of the political organisation of Germany should meet with our approval. We propose then to pass over to the laying down of the main stages for the practical implementation of the above principles. We support the proposal that an advisory body should be set up, but it must be with the obligatory participation of the representatives of the democratic parties, trade unions, other anti-Nazi organisations and the representatives of the Lands. In consultation with such a German advisory body the Control Council must prepare a provisional constitution. After this the elections for an all-German parliament could be held and a provisional German government could be formed on the basis of a provisional constitution.

"Such a procedure as suggested by the Soviet delegation seems to us to be the nearest in conforming to the spirit of the principles as accepted by the Allies at the Potsdam Conference."

Passing over to the question of the relationship between the central German Government and the governments of the Lands, Molotov said:

"The proposals made here on this subject suggesting that entire authority be invested in the Lands will lead to the restriction of the rights of the German Government, in particular in the economic sphere. These proposals tend to reinforce the rights of the Lands at the expense of the rights of an all-German government to such an extent that it could represent a tendency to



Opening of the session of the Council of Foreign Ministers on

split Germany into parts, which would mean the liquidation of the German State. We believe this tendency to be wrong. If this should develop in the above direction, we would be making the position of the democratic elements in Germany more difficult while the position of militarist and revanchist elements in Germany would be made easier. In such a case the militarists and the revanchists would take up the idea of Germany's unity while it would be we who would let slip from our hands an exceedingly important weapon for creating a democratic and peaceful Germany, handing it over to the enemies of yesterday. This, of course, would bring very bad results looked at from the standpoint of Germany's democratic future.

"That is why we believe," Molotov continued, "that in regard



March 10 in the House of the Aircraft Industry, Moscow.

to the relations between the central German government and the Lands it would be correct to take as a basis the Weimar Constitution which provided for the existence of Landtags and two Chambers, the second chamber of which was composed of representatives of the Lands; at the same time it was based on the principle of the political unity of Germany. It seems to us that we could start with those main principles in solving the problem of relations between the Lands and the central administration of Germany, the latter enjoying greater authority than the Lands' administrations.

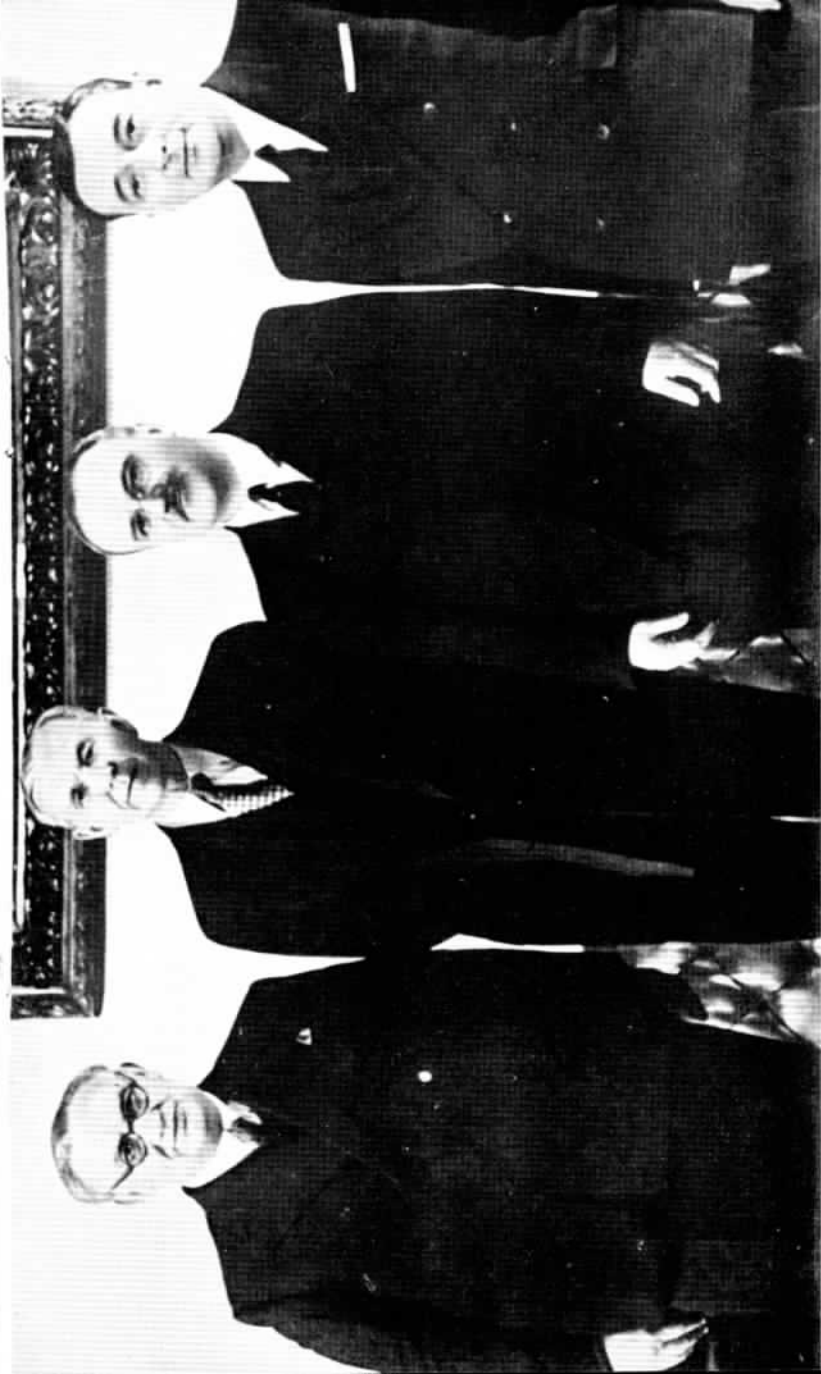
"As to the remark made here that the re-establishing of the democratic conditions of the Weimar Constitution can provoke a negative attitude on the part of certain Allied States, it seems

to me that we could avoid such a situation. It is therefore imperative to introduce such amendments in the Weimar Constitution as would eliminate its negative and undemocratic features. In so doing one must also have in mind that Germany will remain for a long time yet under the control of the Allied powers."

Defining the character of the anti-Nazi organisations, Molotov pointed out that there exists in Germany such anti-Nazi organisations, enjoying high prestige among the German people, as the Society of Anti-Fascist German Women, the Peasant Mutual Aid Organisation and the Kulturbund organisation composed of cultural workers. "Organisations of this kind are widely known in Germany among German democratic circles. The participation of such organisations in one or other of the advisory bodies is very desirable and useful. This will enhance the prestige of the advisory body since it will give expression to the opinion of the German people."

Molotov further pointed out that it is only the American delegation which is in favour of changing the Control Council's existing working procedure. "This existing procedure calls for unanimity on the part of all four members of the Control Council. The American delegation proposes that decisions in the Control Council be made in accordance with the principles of the majority vote. The U.S.A. delegation explains its attitude on the grounds that should the decisions in the Control Council be arrived at not by a majority vote, the solving of the problems would be protracted, or in the event of unanimity being absent in the Control Council, the matter would be left to the discretion of the German Government. The Soviet delegation believes that the Control Council has no small experience in the matter of ensuring the working out of co-ordinated directives for the German administrative bodies. These bodies which are to be set up must work on the basis of the above directives. The Soviet delegation sees no danger in the German administrative bodies being left without instructions.

"Should we allow the unanimity in the Control Council to be replaced by the principle of the majority vote in adopting decisions, there would be a danger of disorganising the Control Council. This danger is far more serious than the danger of delay in the working out of one or other of the directives. Therefore the Soviet delegation considers that a decision regarding the Control Council's working procedure, which would undermine the existing procedure and violate the principle of complete co-ordination of the Control Council's decisions, cannot be adopted. The Soviet delegation considers that it is imperative to preserve that procedure which was already established by the Allies during the war against Germany and which has been in operation during the entire post-war period."



The Four Foreign Ministers at the Moscow Session; (left to right) Ernest Bevin (U.K.); George Marshall (U.S.A.); Vyacheslav Molotov (U.S.S.R.); Georges Bidault (France).



The Foreign Ministers' Deputies for Germany at the Moscow Session: (left to right) Andrey Tsvetinsky (U.S.S.R.); Sir William Strang (U.K.); Robert Murphy (U.S.A.); and Courte de Merville (France).

THE COMPOSITION OF THE GERMAN ADVISORY COUNCIL

Statements made on April 5, 1947

Touching upon the proposal made by the French delegation Molotov expressed doubts regarding its expediency.

"ACCORDING to the French proposal," he noted, "the Control Council should consult with an Advisory Council composed only of representatives of the Lands. In its turn, the Advisory Council will consult with democratic parties and trade unions. This leads to a complicated system of consultation in two stages. This complication in the system of consultations is absolutely unjustified.

"M. Bidault thinks," Molotov continued, "that representation of the Lands will also reflect the representation of the parties. However, this is not altogether correct. The elections to the Landtags took place under conditions in which, on a number of occasions, minorities of the electors, and even considerable minorities were not given corresponding representation in the Landtags.

"We have already mentioned that the election method led to distortions in regard to the number of seats received by various parties in the Western zones. Some parties received only a fraction of the number of seats in the Landtags to which they were entitled by the number of votes cast for them. As a result, those parties which received minority votes in the Landtag elections in the Western zones were prejudiced. Consequently the representation of the Landtags in the Advisory Council cannot reflect correctly the representation of the democratic parties, and consequently cannot ensure a fair representation of the population. The Soviet delegation cannot, therefore, agree to the French proposal.

"It is necessary that the Advisory Council should contain representatives of the democratic parties and free trade unions. This has been acknowledged by both the British and American delegations, whose proposals closely approach each other.

"The proposals of both these delegations specify that the number of representatives from parties and trade unions should not exceed the total number of representatives from the Lands. Thus both the British and American delegations found it necessary to include representatives of the democratic parties and free trade unions in the Advisory Council. To ensure that representation of democratic parties should be correctly reflected in the Advisory Council, we ought to recognise at least that representatives of both the Lands and the democratic parties must be included in the Advisory Council on a parity basis.

"All of us also recognised the need for consulting with the

trade unions. This is perfectly natural. In Germany workers and office employees constitute more than one half of the population. The trade unions are the largest democratic organisations in Germany. Under these circumstances, we must seriously reckon with the trade unions in effecting the democratisation of Germany. That is why, apart from equal representation of the Lands and parties, it is necessary to include representatives of the free trade unions in the Advisory Council. This will help the latter to reflect better the views of those workers and employees who do not belong to any parties. The representation of the trade unions, which unite for the most part non-party workers and office employees, will be of assistance in the work of the Advisory Council.

"Lastly, it is important to enlist representatives of other anti-Nazi organisations for the Advisory Council.

"In Germany there are now quite a number of people who do not as yet definitely adhere to any democratic party but wish to break with the disgraceful period of Hitler's rule. These people not infrequently join the various anti-Nazi democratic organisations which arose in the past two years. The representatives of these anti-Nazi organisations should be included in the Advisory Council.

"It is good that all of us have acknowledged the need for consulting with the trade unions. The trade unions, however, chiefly represent workers and office employees, but not peasants. Yet there exist organisations, for instance the Peasant Mutual Aid Organisation, which unites peasants who received land as a result of the agrarian reform, which can express the views of considerable sections of the German peasantry. It is desirable that such a peasant organisation should take part in the Advisory Council.

"Women, also, are playing a considerably more active part in German public life than ever before. The Democratic Women's League of Germany, which recently held its national congress, should be represented on the Advisory Council. This will assist the Advisory Council to express better the opinion of broad public circles.

"The Kulturbund (Cultural League of Democratic Renovation) is a prominent organisation of the progressive intellectuals in Germany. The participation of representatives of such an organisation in the Advisory Council is highly desirable.

"Hence, when we speak of enlisting anti-Nazi organisations for the Advisory Council, we do not mean organisations which are unimportant or which do not enjoy sufficient prestige. The organisations I have named, as also certain other anti-Nazi organisations, have definite weight in German public life. We are dealing with large anti-Nazi organisations in Germany which should be given a place on the Advisory Council.

"The Soviet delegation presents the following proposal for the consideration of the Council of Foreign Ministers:

"The Advisory Council should consist of an equal number of representatives from the democratic parties and the Lands, as well as representatives of the free trade unions and other big anti-Nazi organisations."

* * *

Commenting on the remarks made during the discussion, Molotov noted that each organisation—Landtags, political parties, trade unions and other anti-Nazi organisations—has its own purpose. "In matters of local administration the Landtags and their representatives are certainly of decisive importance; but on occasions when the public opinion of the German people is to be reflected, the representatives of the Landtags cannot and do not fully reflect it.

"Since it is the formation of an advisory body on an all-German scale that is in question, the seats on this body should be given not only to representatives of the Landtags but also to those of democratic parties, trade unions, cultural, peasant and other large public organisations in Germany. If this is done, one can expect that the public opinion of democratic Germany will be correctly represented. The representatives of the Landtags deal mainly with local affairs and are familiar mainly with the problems of the individual Lands or individual provinces. This however is not enough. The representatives of all-German democratic organisations are also needed, because this is a question of all-German affairs, of Germany as a whole. It is highly important that these organisations be duly represented on the Advisory Council.

"The Soviet delegation does not propose to set up some kind of large assembly of representatives of German organisations but it believes it desirable that all the main democratic organisations be represented on the Advisory Council. This will help us better to learn the public opinion of the German people and at the same time will render assistance to all of us in carrying out the measures needed for the democratisation of Germany."

XVI

THE FORM AND SCOPE OF THE PROVISIONAL POLITICAL ORGANISATION OF GERMANY

Statements made on April 7, 1947

(i)

The Functions of the German Advisory Council

IN the discussion on the functions of the German Advisory Council, Molotov pointed out that if it is proposed to define in the Constitution only the rights and powers of the central government and not to define the rights and powers of the Lands, this might be misinterpreted in Germany. "It might be inter-

preted as meaning that the Allied States technically recognised a single German State while in actual fact things tended to a splitting up of Germany. If the German people decide positively the question of Germany's federalisation, that is, of course, its right, and the Soviet Government will not object to it. However, the Allies should not take it upon themselves to decide such a question, which must be decided by the German people themselves by means of a plebiscite.

"I turn once more to the Weimar Constitution," said Molotov, "though I am no great admirer of that Constitution. When we speak of Germany's state organisation, it is pertinent to recall the Constitution established by the German people themselves by democratic procedure. This Constitution included Article 6, which dealt with questions relating exclusively to all-German legislation, and Article 7, which dealt with questions relating to both all-German legislation and legislation of the Lands (provinces). Now, too, similar provisions should be made in the German Constitution."

(ii)

The Holding of a Plebiscite on the Question of Germany's State Organisation

Referring to a statement of Mr. Marshall, that the U.S.A. did not want an "autocratic" Government in Germany, Molotov said that neither did the Soviet Government want it. "The point is, however," he said, "whether or not the Allied States are to take upon themselves the decision of the question of the basic character of the German State, or whether the German people themselves are to be allowed to decide this question."

"Why should we not consider the question of holding a plebiscite in Germany on this fundamental question?" Molotov asked. "Why not fix a date for holding such an all-German plebiscite? It is necessary to find out, whether the German people want to see Germany as a single State or whether, as it has been proposed by some, they favour Germany's federalisation. In the first case we have in view a Germany in which the main responsibility for state administration lies upon the central Government. In this case its functions must be confined within certain limits, in order to prevent excessive centralisation. In the second case the main responsibility for Germany will devolve upon the Governments of the Lands. Why not ask the German people what they want? It would be possible to carry out a plebiscite under Allied quadripartite control throughout Germany on the question whether Germany should be a single State or whether she should become a federalised State. A decision on holding such a plebiscite under quadripartite control would remove arguments on this question. In any event, the Allies should not take upon themselves the

decision of this question without asking the opinion of the German people."

* * *

Objections against this point of view were raised by Mr. Bevin, M. Bidault and Mr. Marshall. Replying to these objections, Molotov declared that the Soviet Union was no less concerned in strengthening general security than any other Power. "The Soviet Union has suffered enough in wartime from German aggression," he said, "to remember well the necessity of ensuring the security of its country and general security in the future. But we do not believe that the Germans and Hitler are one and the same thing. We cannot agree that an equation sign can be put between the German people and the Nazi regime. We differentiate between the German people and the Nazi regime and believe it a dangerous mistake indiscriminately to disparage the German people.

"The Soviet delegation believes that there are two ways of ensuring security and preventing new German aggression. The first of these means is consistent realisation of the policy of demilitarisation and democratisation of Germany. This is in the first place Germany's *internal task*, and can be accomplished if the German people understand their obligations in this respect. The second means of ensuring security and preventing new German aggression lies directly in our own hands, in the hands of the four Allied Powers. This consists in control over Germany by the four Allied Powers which are responsible before all peoples for directing Germany to a peaceful democratic road of development. This is, so to say, an *external means* of ensuring general security. Such control calls for joint actions by our States in carrying out measures which must result in Germany's real demilitarisation and democratisation. No one so far has pointed out any other means of ensuring security from possible new aggression on Germany's part. In any case, the liquidation of German unity and the splitting of the German States into parts cannot seriously serve the interests of the security of peoples. On the contrary, while giving temporary advantages in the sense of weakening the German State, the splitting of Germany, carried out by the will of the Allied Powers, will create in Germany grounds for a revival of dangerous chauvinism and revanchism, which would make it easier for the German militarists and revanchists again to take possession of the soul of the German people by using the idea of Germany's unification for this purpose. We should not allow things to come to such a pass.

"The Soviet delegation has proposed that the question of the character of the German State be left for the German people to decide. For this reason it has proposed a plebiscite throughout Germany. We are told that this is a dangerous thing. It was even hinted here that the proposal for a plebiscite might mean some kind of political game, in which the German people would

be used as an instrument. The groundlessness of this hint is evident, however.

"In this connection I shall have to refer to a document of the American delegation to which Mr. Marshall has referred. What I have in view is the statement of the U.S. delegation on the form and extent of Germany's provisional political organisation, submitted to us on March 22. This document says that Germany must be a democratic state in the sense that 'all political authority is recognised as emanating from the people and subject to its control.' Is this thesis of the American delegation still valid? If it is, then I would ask, what is the difference in substance from the proposal of a plebiscite? It would be possible to speak of a political game if we proposed and wrote one thing and did and carried out something different. Such a method in politics can lead to nothing good.

"Or take the document submitted by the British delegation on March 31, on the question of the treatment of Germany. It contains a section on 'political principles,' which says that the central German Government should bear legislative and executive responsibility for questions involving firstly, 'necessary political unity,' secondly 'necessary legal unity,' thirdly 'necessary economic unity,' and fourthly 'necessary financial unity.' Thus it says much about Germany's unity. Does the British delegation still support this thesis? And if it does, why cannot we reach agreement on the question of Germany's unity? What should prevent us from asking the German people's opinion on a question of such fundamental importance to it, on the question of what the German State should be like?

"Mr. Bevin has said that Hitler used plebiscites for his own purposes. Indeed, such was the case. But does this mean that, because Hitler used such plebiscites for his own purposes, we can no longer use a plebiscite to find out people's opinion on any question? The Soviet delegation does not think so. We believe that in carrying out the democratisation of Germany we should not renounce a plebiscite on such an important question as that of the nature of the German State. We propose that this plebiscite be held under the control of the four Powers, so as to ensure its proper carrying out and to prevent abuses of any kind. The holding of a plebiscite in Germany under four Power control would in no way effect the security of the Allied States. On the other hand a plebiscite would help to solve once and for all the disputable questions on which we need to know, in the first place, the opinion of the German people themselves.

"M. Bidault has also opposed a plebiscite on Germany's State organisation, remarking that if a plebiscite is supported in one case, why not apply it to all problems relating to Germany? Such a presentation of this problem does not appear convincing to me. For instance, the Soviet delegation would not propose a plebiscite on the question of which of her obligations Germany

should fulfil. This is for the Allies to decide. But when the point concerns Germany's internal organisation, we should not refuse to ask the opinion of the German people. This is the best thing we could do to avoid mistakes. Of course, one could try to force Germany to return to the situation in which she was 80 or 100 years ago, when there existed no German State. But what would be the outcome? Would it be of any advantage to the Allies to impose on the German people a State organisation such as existed 80 or 100 years ago, prior to Germany's unification? It seems to me that it is clear to all of us that such plans are untenable. To drive Germany backward, attempting to convert her into a split-up State, means to tackle a hopeless task. In such a case we shall never find a common language with the German people. Moreover, we shall also undermine our own policy, the policy of the Allies in Germany.

"We should reckon with the German people when we speak of German State organisation. One should not forget that when the German people decided by democratic means the question of the German State organisation, they adopted a democratic Republic, in which both the powers and duties of the central German Government and the powers and duties of the Lands were defined. If we want radically to change the German State organisation, we must ask the opinion of the German people. It is solely for this purpose that the Soviet delegation has proposed a plebiscite in Germany."

(iii)

The Relations Between the German Provisional Government and the Control Council in Germany

Mr. Bevin then moved that during the first phase of its activity the Provisional Government should be fully under the control of the Control Council, while in the subsequent phase the Control Council should have the power of veto over decisions of the Provisional Government with which it did not agree. Allied control over the activity of the Provisional Government should then gradually become more limited.

Molotov dwelt on the additional British proposals dealing with the right of 'veto' on the part of the Control Council. The Soviet Government favoured the 'veto' power in cases in which it contributed to the joint actions of the Allied Powers and helped them to reach agreed decisions. "In this case, the British proposal has the opposite aim," he said. "The use of the 'veto' proposed by the British delegation is directed against Allied agreed decisions and actions with regard to Germany. We oppose such a 'veto,' especially in regard to Germany, since it is precisely in Germany that we should in particular strive for agreed decisions and joint actions and to avoid any disunity amongst us.

"What does the British proposal mean?" Molotov asked. "It

means that when the Provisional German Government takes any decision, the Control Council will have either to approve it or to impose a 'veto' on it. In cases where all four Allies are of similar opinion on the German Government's decision, the question will be decided simply—either this decision will be approved or it will be vetoed by the Allies. But one should consider the possibility of other cases. How will the matter stand if the Provisional German Government has taken a decision unacceptable to one or to the majority of the Allies, but on which there is not full unanimity within the Control Council? In that case the 'veto' will not be imposed, and the German Government will have its hands free and be given freedom of action. Thus the German Government would be given an opportunity to act in despite of objections on the part of one and possibly on the part of the majority of the Allied Powers. In other words, the German Government would be able to take advantage of differences among the Allies. Is this correct?

"We should give the German Government no loophole for taking advantage of differences among the Allies. Yet this proposal creates such a loophole, and actually gives a free hand to the German Government, relieving it of control by the Allied Powers. This is why the Soviet delegation takes a negative view of this proposal and considers its probable consequences highly undesirable."

XVII

THE DIVISION OF POWERS BETWEEN THE PROVISIONAL CENTRAL GERMAN GOVERNMENT AND THE GOVERNMENTS OF THE LANDS

Statements made on April 8, 1947

THE Soviet delegation proposed that the division of powers between the Provisional German central Government and the Governments of the Lands should be based on elimination of the Nazi centralisation of state administration, which destroyed the Landtags and the autonomous administration of the Lands. The decentralised administration, with Landtags and two all-German chambers, which existed before the Nazi regime, should be re-established. A Provisional German Government should be set up, which, while ensuring Germany's political and economic unity, could at the same time assume responsibility for discharging Germany's obligations to the Allied States.

The delegations of the U.S.A., Great Britain and France, made the following joint proposal:

"All powers be transferred to the Lands, with the exception of those which would be specifically vested in the central Government."

Explaining the Soviet standpoint, Molotov pointed out that

the Soviet delegation desired the setting up of a German Government which could bear the responsibility for discharging Germany's obligations to the Allied States. "We certainly should see to it that Germany develops correctly in the direction of democracy and peace," said Molotov, "but we should not forget that Germany must discharge a number of important obligations toward the Allied States. If we accept the principle proposed here by the three delegations, according to which 'all powers will be transferred to the Lands with the exception of those which would be specifically vested in the central Government,' who then will answer for the discharge of obligations towards the Allied States? Will not our decisions on the discharge of Germany's obligations be then left suspended in the air?"

"The formulation on which the American, British and French delegations are insisting means that the basic powers, with few exceptions, will be vested in the Lands," Molotov continued. "At the same time we believe that Germany must assume important obligations as regards democratisation, payment of reparations and so forth. From whom will we demand fulfilment of these obligations—from individual Governments in individual Lands? Will the central German Government be relieved of responsibility for discharging these obligations? This is not clear from the formulation proposed to us."

"The Soviet proposal says that the provisional German Government must ensure Germany's political and economic unity and be able at the same time to assume responsibility for the discharge by Germany of her obligations toward the Allied States. This proposal provides a clear answer to the question I have raised. As to the formulation proposed by the three delegations, it is not clear."

"We all agree that Germany should be denazified and democratised. For this purpose, however, a number of important measures are to be carried out throughout Germany for liquidating the remnants of the former German Government, but a central German Government cannot disclaim responsibility before the Allied Powers for ensuring state security in Germany. Other delegations object to this proposal. But how are we then to ensure state security in Germany, which is so closely connected with the task of the denazification and democratisation of the country? Are we to relieve the central German Government, and in the first place the Provisional German Government which will function in the first stage, of the duty of ensuring state security?"

"Although we have not yet reached agreement on reparations and still have considerable differences on this point, all of us hold that Germany must pay reparations. The question arises whether the German Government will be responsible for the fulfilment of the decisions we shall take on reparations."

"The Soviet delegation maintains that Germany as a whole

should be responsible for the discharge of obligations in regard to reparations and of other obligations towards the Allies, and that this cannot be shifted to the individual Lands. How then can one propose to vest all powers in the Lands, with the exception of only a few reserved to the German central Government? If we embody this in our decisions, there is a danger that we shall decide something that will remain on paper, while in practice we shall have to act in a different way, because it will be necessary for us to secure the discharge by Germany of her obligations towards the Allies, not in words but in actual fact. In practice we will have to demand that not only the Lands, but the central German Government as well, should bear responsibility for the main obligations imposed upon Germany. But if this is the case, it is better to record plainly what Germany is really bound to fulfil. We hold that Germany must ensure state security, pay reparations and discharge her other obligations towards the Allies. This cannot be transferred to individual Lands and responsibility for this should be borne by the central German Government. The Soviet delegation believes that this must be made sufficiently clear."

M. Bidault, Mr. Marshall and Mr. Bevin put forward their respective viewpoints on the responsibilities of the Central and Lands governments, as well as on the matter of state security in Germany.

Molotov noted the contradictions in the explanations which were made in the defence of the proposals of the three delegations on the problem of the division of powers between the central German Government and the Governments of the Lands.

After this Molotov replied to M. Bidault who had said that reparations so far had been carried out without any German government and that they should be maintained in force without the participation of a German Government. "This point of view," Molotov stated, "does not seem to me to be acceptable. Of course, so long as there existed no German Government, reparations could not be carried out except by means directly at the disposal of the Allies. But when a German Government was created, it would have to assume responsibility for payment of reparations as well as Germany's other obligations.

"The same is the case with all countries with which Peace Treaties have been signed," Molotov continued, "as for instance, Finland, Rumania, Hungary. The Governments concerned are ensuring, for instance, the payment of reparations as stipulated in the Armistice terms and later in the treaties. For their part, the Allied control organs control the discharge of the reparations obligations. This is the correct procedure, and it yields positive results. If, however, we began to intervene directly in the internal affairs of these countries, we would engender a number of misunderstandings. Naturally, reparations must be carried out by the Governments concerned. This fully applies to Germany as well. As long as a Provisional Government exists in Germany

this task should be fulfilled by the Provisional Government, whereas when a permanent Government is set up, then that permanent Government should deal with this task."

Passing over to the problem of Germany's state security, Mr. Molotov emphasised that the Soviet delegation's proposals provided for the direction of the work of the police by the Governments of the individual Lands. The Soviet delegation believed this was correct. At the same time, it wanted to make clear that the central German Government could not absolve itself of responsibility before the Allied Powers for ensuring state security in Germany. M. Bidault had said that this might lead to the re-establishment of a Gestapo, but such fears were unfounded. "This cannot happen, since there exists the control of the four Allied Powers in Germany."

"In the final analysis the Soviet delegation does not propose anything in regard to state security in Germany beyond what exists in France or any other democratic state. Why, then, could not the regime of state security existing in France, or something approximating to it, be applied in Germany? Mr. Bevin has spoken of a 'dangerous tendency to create a police state.' But how can one speak of such a danger if it is proposed to apply in Germany the same regime for ensuring state security as exists, for instance, in Britain herself? Given such a condition why should there arise a tendency to create a 'police state'? It is quite obvious that grounds do not exist for such a conclusion."

"The Soviet delegation's proposal on state security in Germany may be expressed as follows: It is proposed to apply in Germany more or less the same regime of state security as now exists in any one of the democratic countries. The Soviet delegation does not propose anything more than that. Why, then, speak of a danger of a revival of the Gestapo, or of a 'dangerous tendency to create a police state' and so forth? In our opinion such terms do not contribute to a correct understanding of the Soviet delegation's proposal. Our proposal is that in Germany, which we wish to democratise, we apply more or less the same regime as is deemed applicable in other democratic states."

XVIII

THE BASIC DIRECTIVES FOR THE PREPARATION OF THE PEACE TREATY WITH GERMANY, INCLUDING THE QUESTION OF THE POLISH-GERMAN FRONTIER

Statement made on April 9, 1947

At the meeting on April 9, Mr. Marshall, M. Bidault and Mr. Bevin began by discussing the Polish-German Frontier.

MOLOTOV recalled that the agenda of the meeting contained the question of basic directives for the preparation of the German Peace Treaty, including the question of frontiers, the

questions of the Ruhr and Rhine regions and others. However, the speakers had discussed only the question of the Polish-German frontier. "Because of this I feel obliged to speak on this question also," Molotov said.

"I believe that first of all we should recall what has already been decided by our Governments, the commitments we have undertaken in respect of Poland's western frontier. These commitments were undertaken when we were still at war, in February, 1945, at the Crimea Conference. In July, 1945, after Germany was defeated, we specified these commitments at the Potsdam Conference.

"Here is the decision which was adopted at the Crimea Conference by the heads of our Governments—the late President Roosevelt, the then Prime Minister of Great Britain, Mr. Churchill, and the head of the Soviet Government, J. V. Stalin.

"The three heads of Government recognise that Poland must receive substantial accessions of territory in the north and west. They feel that the opinion of the new Polish Provisional Government of National Unity should be sought in due course on the extent of these accessions, and that the final delimitation of the western frontier of Poland should thereafter await the Peace Conference."

"After this a decision was adopted at the Potsdam Conference, under which stand the signatures of the United States President Truman, Prime Minister of Great Britain Attlee and the head of the Soviet Government Stalin. Here is the text of that decision:

"The following agreement was reached on the western frontier of Poland:

"In conformity with the agreement on Poland reached at the Crimea Conference, the three heads of Government have sought the opinion of the Polish Provisional Government of National Unity in regard to the accession of territory in the north and west which Poland should receive. The President of the National Council of Poland and members of the Polish Provisional Government of National Unity have been received at the Conference and have fully presented their views. The three heads of Government re-affirmed their opinion that the final delimitation of the western frontier of Poland should await the peace settlement.

"The three heads of Government agree that, pending the final determination of Poland's western frontier, the former German territories east of a line running from the Baltic Sea immediately west of Swinemunde, and thence along the Oder River, to the confluence of the Western Nysse River, and along the Western Nysse to the Czechoslovak frontier including that portion of East Prussia not placed under the administration of the Union of Soviet Socialist Republics in accordance with the understanding reached at this Conference, and including the area of the former Free City of Danzig, shall be

under the administration of the Polish State, and for such purposes should not be considered as part of the Soviet zone of occupation in Germany.'

"Thus our Governments twice discussed the question of the western frontiers of Poland as early as 1945, and undertook certain commitments.

"The head of the French Government did not participate in the Potsdam Conference where the final decisions on Poland's western frontier were adopted, but we are fully aware of France's views on this question. It would suffice to quote the document which M. Bidault read at the Council of Foreign Ministers in Paris on July 10, 1946. This document contains among others a chapter entitled 'The Frontiers of the New Germany,' which reads as follows:—

" 'Nothing serious can be done until the frontiers of post-war Germany are established, and, indeed, we could not expect the occupation authorities to conduct a long-term policy until they know which territories shall finally remain German in the future.

" 'The Potsdam Conference reached an agreement in respect of the eastern frontier of Germany which on principle is provisional but essentially of a fundamental nature that has not been disputed by the French Government.'*

"Thus France's views coincide with the view of the Governments of Great Britain, the United States and the Soviet Union, whose heads participated in the Potsdam Conference.

"The question under consideration at Potsdam was not simply one of compensating Poland in the west for the territory which she transferred to the Soviet Union in the east. That would be an over-simplification of the question. Only lands populated by Ukrainians and Byelorussians were transferred to the Soviet Union, the people of which naturally had to be re-united with their brethren in the Soviet Ukraine and in Soviet Byelorussia. And in the west, Poland returned to her ancient lands which had long ago been the cradle of the Polish State. Poland's present day territory coincides with the historic territory of the Poland of Piast.

"The decision on the western frontiers of Poland was adopted after that question had been twice discussed at a Conference of the three Allied States. Before adopting that decision at Potsdam the detailed views of the Polish Government were heard. The problem of the new western frontiers of Poland was thoroughly weighed by the Governments of Great Britain, the United States and the Soviet Union, and only then was it settled at the Potsdam Conference.

"The Potsdam Conference did not restrict itself to a decision on the establishment of the new frontier between Poland and

*Retranslated from the Russian.

Germany. It also adopted a decision on the deportation of Germans from Poland, which was a logical conclusion following the settling of the question of Poland's new western frontier.

"On November 20, 1945, the Control Council, in accordance with the decision adopted at Potsdam, established a plan for the transfer of Germans from territories which went to Poland. After that, the transfer of Germans from territories which went to Poland proceeded at a rapid pace. It developed not only in accordance with the Control Council's plan, but even outside it. Please look into the Control Council's report to the Council of Foreign Ministers, namely Section 7 on 'transfer of population,' and you will see from this report that 5,678,936 Germans, not counting those who moved to Germany illegally, had gone from Poland up to January 1, 1947.

"On the other hand the process of moving Poles into the territories which went to Poland was developing. The Polish Government has recently announced that nearly five million Poles and only 400,000 Germans are now residing in the western lands. Thus, this territory is already populated by Poles, and the Germans there comprise less than one-tenth of the entire population.

"All this goes to show that the decision of the Potsdam Conference in respect of Poland's new western frontier was considered by our Governments as final. And measures with regard to Poles moving into these territories have been carried through since then, in accordance with that decision. No one can suppose that the deportation of Germans from these territories, as well as the settling of Poles there, had been undertaken only as a fleeting experiment. The Governments which adopted these decisions and implemented them could not, of course, have considered that the decision of the Potsdam Conference would be liable to any revision in the future. It is impossible to play about with such matters, not to speak of the fact that it would be impermissible ruthlessness, not only in regard to the Poles, but in regard to the Germans themselves.

"We must honour our decisions. I hope we all honour them equally. We must honour the commitments that we undertake. I have no doubt that we all honour the commitments assumed by our Governments. Only thus will they be honoured by others too.

"The Potsdam Conference decided to postpone the putting of this decision into official form pending the Peace Conference. And it could not have acted otherwise, if we look on the matter from a formal standpoint. Essentially, however, the decision of the Potsdam Conference in respect of the western frontier of Poland was final and not subject to revision.

"Consequently, the Soviet Government does not consider it necessary to set up a committee of any kind to study this question. It was sufficiently studied at the time. And after that the

Governments of Great Britain, the United States and the Soviet Union adopted a decision, which was joined by France. When the time comes for demarcating the frontiers, then, as is usual, it will be done by the appropriate representatives of the States concerned. But that is a matter for the future.

"We need not doubt that the industrious Polish people will make good use of the lands that went to Poland in the west. Both the industrial and agricultural produce in those territories will grow and replenish the common resources of Europe, since under the present peace conditions there exist favourable prerequisites for the development of trade between Poland and other States. The Soviet Government expresses the certainty that the results of the Potsdam Conference will be favourable not only to Poland, but to the other nations of Europe as well."

ATTEMPTS TO REVISE THE TERRITORIAL DECISIONS OF THE POTSDAM CONFERENCE

After Molotov had spoken, Mr. Marshall referred to "contradictions" which, he said, existed between the Russian and English texts of the agreement.

Molotov made the following statement: "Mr. Marshall said that the English text of the Potsdam decision contradicts the statement I made which is specifically based on the Potsdam decision. Such an assertion, however, is at variance with the fact that no divergency whatever exists between the texts of the Potsdam decision in English and in Russian. Everyone can have proof of this.

"How are we to understand this decision—it is not difficult to ascertain. At least we can begin with the following facts.

"Here is the first fact. Having returned from Germany after the Potsdam Conference, President Truman on August 9, 1945, made a speech over the radio. He said then the following, apropos the Berlin Conference decisions:

"The territory that would be administered by the Poles would grant Poland an opportunity for the better sustenance of the population. It would grant an opportunity for better defence of the frontier between Poland and Germany. Inhabited by Poles, it would lead towards the creation of a more homogeneous nation."

"This statement by President Truman was published in the American press. It correctly interprets the decision of the Potsdam Conference in the sense that the frontier between Poland and Germany had been established in Potsdam. More, the advantages of this new Polish frontier were also indicated.

"I quoted from the statement made by the President of the

**Retranslated from the Russian.*

U.S.A. He took part in the decisions of the Potsdam Conference. Now I would like to refer to the statement of the French Government which I have just quoted above. It shows how the Potsdam Conference's decision was understood by those who were not present at the Conference itself. I have quoted M. Bidault's statement of July 10, 1946, in which it was said that: 'The Potsdam Conference reached an agreement in respect of the eastern frontier of Germany which in principle is provisional but which is essentially of a fundamental nature.'

"Thus the French government, like all those who were acquainted with the Potsdam decision, could not and did not doubt that the above decision on the western frontier of Poland was of a final character. Of course no one disputes that the Peace Conference is to give formal shape to this decision. But we, the representatives of the governments which participated in the Potsdam decision, must not forget that we are bound by that decision.

"Mr. Marshall referred to one of the statements made by Generalissimo Stalin at the Potsdam Conference. Such a reference is useful if only to recall that the above statements were strictly in conformity with the decision which was arrived at at Potsdam. The statements made by J. V. Stalin, to which references have been made here, only make clear that the Polish administration had begun to be set up immediately after the rout of the Hitlerites on the territories which subsequently were returned to Poland in accordance with the Potsdam decision. Under the then-existing situation it could not have been otherwise. The Potsdam decision consolidated this position. The historic significance of the Potsdam decision is contained in the fact that it had established the new and just frontiers of the Polish State."

XIX

RUHR AND RHINE REGIONS

Statement made on April 11, 1947

"OUR discussion has turned to the questions of the Saar, the Rhine and the Ruhr regions. The importance of these problems is clear to every one of us.

"I shall deal with the Saar first. Yesterday M. Bidault again formulated the French attitude on this issue. The Soviet Government recognises that this problem merits attention, and that it will have to be settled. The proposals made by M. Bidault yesterday require due study.

"The French delegation also raised the question of separating the Rhine and Ruhr regions from Germany. They proposed that Germany be deprived of possession of the Ruhr coal mines and blast furnaces, and that the management of these industries be turned over to the representatives of several Allied States.

"The Soviet Government cannot agree to a policy of separation of the Ruhr and Rhine regions from Germany. This is a policy of dismembering Germany and eliminating her as an independent State, which cannot be justified by the interests of stable peace. The German nation cannot be deprived of its own State. To pursue such a policy would mean to make the German people an irreconcilable enemy, and to push it into the arms of the German revanchists and militarists. With such a policy, the democratisation of Germany would be out of the question, because a policy aimed at the dismemberment and the elimination of the German State would render service to the worst elements in Germany, who dream of *revanche*, and of re-establishing Germany as an imperialist power planning new aggression. Such is the view of the Soviet Government.

"In his speech Mr. Bevin dwelt on the evolution of the views of the Allied Governments on the German problem. He described this evolution as follows:

"A proposal was advanced in Teheran that in the interests of the security of Europe, Germany should be divided into five parts. The representative of Great Britain reserved his position on this issue. He even became the subject of some jokes, because he was alleged not to favour the division of Germany. At that time a commission composed of representatives of the three Governments was set up to study the problem. This commission seems to have met only once, and nothing came of this meeting. At the end of the Potsdam session we were unexpectedly confronted with a proposal opposite to that advanced in Teheran. It was proposed that we treat Germany as a single whole, establish central departments there and issue a declaration to the effect that the Ruhr region should form a component part of Germany.

"After this, Mr. Bevin added, the British Government arrived at a decision to support the proposal on the economic unity of Germany, and to treat Germany as a single economic unit in order to meet the wishes of their colleagues.

"Not everything in this historical reference corresponds to what actually happened. I therefore feel it necessary to reconstruct the real facts.

"A proposal to divide Germany into five parts was indeed discussed at Teheran. It was made by the United States. However, no decision was arrived at. Such is the real situation as far as Teheran is concerned.

"Since Mr. Bevin said that at the end of the Potsdam session a proposal opposite to that which had been made in Teheran was unexpectedly advanced, I feel it necessary to reconstruct the facts in this connection as well. In reality, the situation differed from Mr. Bevin's description.

"I have to remind you that approximately one year after Teheran, namely in October, 1944, Mr. Churchill, then Prime

Minister of Great Britain and Mr. Eden, then Foreign Secretary of Great Britain, arrived in Moscow. In negotiations with the Soviet Government Mr. Churchill and Mr. Eden, on behalf of the British Government, presented their own plan for a division of Germany. This time it was proposed to divide Germany into three parts. And this time, too, the negotiations did not result in any decision. Moreover, a decision could not have been taken, because neither the President nor the Foreign Minister of the United States took part in these negotiations.

"After that, in February, 1945, the Crimea Conference was held. This Conference decided to set up a commission in London, under Mr. Eden's chairmanship, to consider the German problem. But, as Mr. Bevin said, nothing came of the work of this commission.

"It remains for me to remind you of the well-known statement made by the head of the Soviet Government, Stalin, on May 9, 1945, directly after Germany's surrender. In this statement Stalin said:

"Three years ago Hitler declared for all to hear that his aims included the dismemberment of the Soviet Union and the wresting from it of the Caucasus, the Ukraine, Byelorussia, the Baltic lands and other areas. He declared bluntly: 'We will destroy Russia so that she will never be able to rise again.' This was three years ago. However, Hitler's crazy ideas were not fated to come true—the progress of the war scattered them to the winds. In actual fact the direct opposite of the Hitlerites' ravings has taken place. Germany is utterly defeated. The German troops are surrendering. The Soviet Union is celebrating victory, although it does not intend either to dismember or to destroy Germany.'

"Thus, several months before Potsdam, Generalissimo Stalin declared that the Soviet Union 'does not intend either to dismember or to destroy Germany.' Why then does Mr. Bevin now assert that at the end of the Potsdam session there was *unexpectedly* advanced a proposal opposite to that which had been made in Teheran, and that it was proposed to treat Germany as a single whole?

"The facts I have cited show what the real situation was.

"I shall now proceed to Mr. Marshall's statement. Yesterday Mr. Marshall began his statement with the words:

"The United States delegation believes that the concentration of basic economic resources in the Ruhr area raises two distinct problems. One is the question of security against a military use of the Ruhr by a revived Germany. The other is the question of how to assure that the concentration of coal, steel, and other resources in the Ruhr area will be equitably employed in the interests of the countries of Europe, including Germany.*

*Retranslated from the Russian.

"The Soviet delegation agrees that the Ruhr problem should be examined, first, from the viewpoint of international security and, secondly, from the viewpoint of the utilisation of the economic resources of the Ruhr. However, Mr. Marshall himself did not dwell on the questions of security, but postponed examination of this problem until discussion of the treaty on the demilitarisation of Germany. Yesterday he spoke only on the second question—the economic resources of the Ruhr—although it should be admitted that these two questions are most closely interconnected.

"More than that, Mr. Marshall said that during the period of military occupation no special control should be established over the Ruhr, but he foresees that after the occupation special measures for controlling the Ruhr resources may prove necessary. This proposal is directed against the establishment of four-Power control in the Ruhr during the occupation period. It is impossible to agree to this, if we really recognise the great importance of the Ruhr industrial region for the international security of which Mr. Marshall spoke, and which all of us believe indisputable. On the other hand, the problem of special measures of control over the resources of the Ruhr after the occupation calls for special discussion.

"As early as at the Potsdam meeting the Soviet Government presented its proposal concerning the Ruhr industrial region. The Soviet Government proposed that it should be recognised that the Ruhr industrial region should be treated as part of Germany, and come under the joint administrative control of Great Britain, France, the Soviet Union and the United States. At the same time we proposed that a special Allied Council, composed of representatives of Great Britain, France, the Soviet Union and the United States, be set up for the Ruhr industrial region. We proposed at that time that a provisional Allied Council of representatives of these States be appointed at once.

"As I have already said, at that time Mr. Bevin proposed that discussion of this project be postponed in view of the absence of a representative of France in Potsdam. In accordance with Mr. Bevin's proposal, the question of creating a special Allied Council for the Ruhr industrial region was referred to the Council of Foreign Ministers for consideration, but it has not been examined to this day.

"Now we are again discussing the Ruhr problem. The Governments we represent recognise that the Ruhr industrial region is of decisive importance for Germany's fate. The main problem with which we must deal at present is whether the Ruhr will again become an industrial base for restoration of German war potential and for the re-establishment of an aggressive Germany, or whether the Ruhr will become an industrial base of a peaceful, democratic Germany, and will also supply its industrial resources to other peoples of Europe, as may be found necessary

by the Allied Powers—therein lies the main problem with which we have to deal at present.

"The Soviet Government still insists on its proposal for four-Power control over the Ruhr industrial region. The purpose of this proposal is to ensure Germany's development along peaceful democratic lines, and the utilisation of the Ruhr economic resources in the interests of the German nation in the first place, but at the same time in the interests of the other nations of Europe.

"Present conditions in the Ruhr cannot be regarded as normal.

"The Soviet Government believes it wrong that the Ruhr, which is so exceptionally important in military and industrial respects, should remain under the sole control of the British occupation authorities without the participation of the other Allied occupying Powers. After the economic fusion of the British and American zones at the end of last year there arose a situation in which the Ruhr fell under the control of two occupying Powers—Great Britain and the United States—whereas France and the Soviet Union, as before, are removed from control over the Ruhr. We believe this situation, too, to be absolutely abnormal.

"In point of fact Great Britain and the United States, which effected, on their own separate initiative, the economic fusion of the two zones, thereby separated western Germany from the rest of the country. A special regime is being established in this western part of Germany which includes the Ruhr region. The Ruhr's resources fall into the hands of two occupying Powers acting without the consent of the Control Council. In fact, Great Britain and the United States have already effected the dismemberment of Germany, although they have not yet brought this process to completion. They have done this on their own responsibility without the consent of the Soviet Union or France. At the same time the economic and political unity of Germany has been violated.

"In spite of this, yesterday's statement of the American delegation developed the idea that the Ruhr problem is a general European problem and that a certain European economic commission may prove useful for this purpose. Is it not clear, however, that these statements will remain mere words as long as the United States and Great Britain do not act at one with France and the Soviet Union, who are members of the Control Council and, jointly with the United States and Great Britain, implement the Allied occupation of Germany? We shall not be able to say that we are all acting, in regard to the Ruhr industrial region, in conformity with the general European interest, and consequently in conformity with the interests of all Allied European States, until we in fact ensure agreed actions of at least four Allied Powers—the United States, Great Britain, France and the Soviet Union. Yet such agreed actions of the four Powers cannot

be achieved if the present policy of separating western Germany from the rest of the country is pursued and if two Allied Powers act in the Ruhr region, without regard for the Control Council of which they are members.

"The policy now being pursued by Great Britain and the United States in regard to the Ruhr by no means corresponds to the economic principles enunciated by the American delegation yesterday. The American delegation declared that it was necessary, firstly, to distribute equitably the main resources, such as coal and steel, produced in the Ruhr region, and secondly to assure other countries access to Ruhr resources. In reality, however, neither the one nor the other now obtains.

"Equitable distribution of the coal and steel produced in the Ruhr region cannot be assured if this matter is removed from the sphere of the Control Council. This distribution of Ruhr resources should be effected not by Great Britain and the United States alone, but by the Control Council, in which all four Allied Powers take part.

"As to other States having access to the Ruhr industrial region, at present everything is being done for the sole convenience of Great Britain and the United States. These two strong Powers are in fact assured of wide opportunities in the Ruhr region and throughout western Germany. In the long run this was the purpose of the separate fusion of the British and American occupation zones in Germany. This situation, however, does not conform to the interests of the other Allied countries, or to the Allies' tasks in regard to the development of a peaceful and democratic Germany. One should strive not to secure the domination of any great Power in the Ruhr industrial region, but to arrange real international co-operation which should consider the rights and interests of large and small Allied States, and give due attention to the German nation itself and its urgent needs. If in the future, too, one or two Allied Powers rule over the Ruhr region without regard for other Allied States, they may secure certain interests of their own, but this situation does not conform to the basic agreement of our four Powers on joint control in Germany, not to mention the fact that it is totally alien to the spirit of normal international co-operation.

"The statement of the American delegation also dealt, along with the Ruhr, with the economic resources of Upper Silesia, which was transferred to Poland. This is another impermissible attempt to intervene in the domestic affairs of another Allied State. The Soviet delegation does not deem it possible to consider a proposal of this kind.

"I shall not deal at present with the territorial claims advanced by Czechoslovakia, Belgium and Germany's other neighbours. These questions require further study, and we shall return to them later.

PROCEDURE FOR THE PREPARATION OF THE GERMAN PEACE TREATY

Statement made on April 12, 1947

The Ministers discussed the Deputies' report on the procedure for preparing the German Peace Treaty.

MOLOTOV referred to the Soviet proposal that the Peace Conference should be convened when a central government was established in Germany recognised as adequate to accept the peace treaty. He noted that the Soviet Government attached great importance to this question. Someone in Germany must be responsible for fulfilment of the peace treaty, and only a central German government could be responsible. If only governments of the Lands and no central government existed in Germany by the time the peace conference met, the Allies would have to address the government of each Land, asking it to fulfil the peace treaty. Such conditions would be unsuitable for the Allied Powers. The Soviet delegation therefore considers that the Peace Conference must meet when a central German government has been formed which could put its signature under the treaty and assume the obligation to fulfil the treaty. Otherwise, fulfilment of the peace treaty would not be assured.

As Molotov recalled, the decisions of the Potsdam Conference stated that the Council of Foreign Ministers was to be charged with the preparation of a peace settlement for Germany so that the appropriate document may be accepted by a government of Germany adequate for this purpose, when such a government was established. The Soviet delegation was guided by that decision in proposing the formulation of the need to form a central German government adequate for the signing of the peace treaty.

"And one more remark to conclude," said Molotov. "We have just signed Treaties with five States—Italy, Rumania, Bulgaria, Hungary and Finland. There are Governments in these five countries; and we regarded it as normal and natural, when we convened the peace conference, to hear the representatives of these countries and have their signatures under the treaties. There is a government in Japan, which evidently will in due course be heard with regard to the peace treaty and invited to sign it. Germany should be no exception. There must be a government in Germany, too, that could present its view at the peace conference and undertake obligations to fulfil the treaty."

DRAFT FOUR-POWER TREATY FOR DISARMAMENT AND DEMILITARISATION OF GERMANY

Speech made on April 14, 1947

On April 14, the Foreign Ministers began their examination of the American Draft four-Power treaty for the demilitarisation of Germany. After statements by Mr. Marshall, M. Bidault and Mr. Bevin, Molotov said:

“**T**ODAY we are examining the American draft of the four-Power treaty on the demilitarisation of Germany, presented by Mr. Byrnes last year. This treaty is to be signed by the Governments of the United States of America, Great Britain, France and the Soviet Union.

“As far back as July 9 of last year (1946) I expounded the Soviet Government's view of this draft. I also made proposals as to the direction in which the draft ought to be amended. At that time, however, discussion of the treaty was not completed and the draft remained unamended.

“In view of this, the Soviet Government proposes today concrete amendments to the American draft, in connection with which I shall give certain explanations.

1. The Basic Purpose of the Treaty

“The American draft proposes that ‘Germany's complete disarmament and demilitarisation should be assured for as long as may be required for the peace and security of the whole world.’ The draft says, in addition, that ‘only this guarantee will permit the nations of Europe and the whole world to devote themselves completely to peaceful occupations.’ Thus the task has been set to create guarantees under which the nations of Europe and the whole world would be able to devote themselves completely to peaceful occupations for a long period of time. One can only welcome the desire to create such guarantees.

“Can one say, however, that the draft presented creates such guarantees? No, this cannot be said, unless substantial amendments are made in this draft. Suffice it to point out that the American draft treaty on the demilitarisation of Germany treats the problem of guarantees of international security and universal peace in an entirely different manner from that in which it was treated by the Allied Powers in, say, the decisions of the Crimea Conference or in the decisions of the Potsdam Conference.

“Let us recall what the Governments of the U.S.A., Great Britain and the Soviet Union said in the decisions of the Crimea Conference, in which France also joined. They said:

“‘It is our inflexible purpose to destroy German militarism and Nazism and to ensure that Germany will never again be able to disturb the peace of the world.’”

"The Potsdam Conference declared in the Agreement on Germany:

"The purpose of this Agreement is to carry out the Crimea declaration on Germany. German militarism and Nazism will be extirpated and the Allies will take in agreement together, now and in the future, the other measures necessary to assure that Germany will never again threaten her neighbours or the peace of the world."

"On both occasions, in the Crimea as well as in Potsdam, where these decisions were taken unanimously, the Allies recognised that the interests of the preservation of world peace required the extirpation of German militarism as well as of German Fascism (Nazism). The American draft, however, expresses a different policy. It deals only with the demilitarisation of Germany, and even that it does inconsistently, while it ignores altogether the task of extirpating Nazism, which means that it ignores the decisive task of the reconstruction of the German State and of all German public life on a democratic and peaceful basis.

"It was clear to all of us only recently that the security of the nations of Europe and of the world cannot be ensured merely by the disarmament of Germany; in addition it is necessary to carry out the reconstruction of Germany on a democratic basis. This was the essence of the decisions of the Crimea and Potsdam Conferences on Germany, which should not be forgotten.

"The draft treaty presented to us proceeds from a different principle, which creates the illusion that in order to secure the world against new German aggression it is sufficient merely to disarm Germany, without worrying about her denazification and democratisation. If we create such illusions, this will under no circumstances afford a real guarantee of the peace and security of the nations of Europe. This is why the Soviet Government believes it necessary that we should continue to adhere to the same policy with regard to Germany as was expressed in the decisions of the Crimea and Potsdam Conferences. Otherwise we shall not achieve the noble purpose we have set ourselves: to enable the nations of Europe and the whole world to devote themselves completely to peaceful occupations.

"These remarks of mine refer primarily to the preamble of the treaty. In accordance with these remarks, the Soviet delegation proposes its amendments to this part of the treaty.

2. Addenda to the Problem of Demilitarisation

"Article 1 of the American draft deals with measures for the disarmament and demilitarisation of Germany. This article conforms in the main to the declaration on Germany's defeat signed by the Governments of the four Powers on June 5, 1945, in Berlin. At the time when the Allied troops had just entered Berlin and there existed no authority in Germany, the Allies'

main tasks were the complete disarmament of the German troops and the establishment of order. At that time, naturally, not much attention was as yet given to the elimination of Germany's war industrial potential and to the institution of Allied control in this field. However, the treaty we are now discussing should contain specific provisions on this point.

"In this connection I wish to call your attention to two addenda which the Soviet Government proposes to include into the treaty in the form of *Article 3*. The following is the text of this Article:

" 'In order to prevent the utilisation of German industry for military purposes, the High Contracting Parties agree that:

" '(A) Joint control by Great Britain, the United States of America, France and the Soviet Union will be established over the Ruhr industrial region since it is the main base of the production of German armaments and the main industrial bulwark of German militarism, for the purpose of using the Ruhr resources for developing peacetime industry in Germany, and also for satisfying the needs of the nations of Europe which suffered from German aggression.

" '(B) There will be completed within the shortest possible time the liquidation of German concerns, cartels, syndicates and trusts and the banking monopolies controlling them, which inspired and organised German aggression, while the plants belonging to them will be transferred to the possession of the German State, and the re-establishment of monopolist industrial and financial associations in Germany will not be permitted in the future."

"If we wish to carry out the demilitarisation of Germany for a lengthy period of time, we cannot help raising the question of the institution of control by the four Allied Powers over the Ruhr industrial region, which is known to everyone as the main production base of German armaments and the powerful bulwark of German militarism. One should never forget that control of the Ruhr is most closely bound up with the security of Germany's neighbours and other nations. If this proposal is acceptable in principle it will certainly not be difficult to agree on the forms and duration of such Allied control of the Ruhr industrial region. At the same time we believe it necessary that the Ruhr resources, and primarily coal, be used not only for the development of German peace industry, but also for satisfying the needs of France and other nations of Europe which suffered from German aggression.

"There is no need to prove that concerns, cartels, syndicates, trusts and other German monopolies played an exceptionally important part as the inspirers and organisers of German aggression. The Allies long ago recognised the need for the decartelisation of German industry. The Soviet Government proposes that

the plants be taken away from the German monopolies and transferred to the German State, the democratisation of which is being effected under the control of the four Allied Powers. These measures will have a very positive effect, from the point of view of the security of nations, especially of Germany's neighbours.

"Thus, in the opinion of the Soviet Government, the problem of the demilitarisation of Germany cannot be reduced to the disarmament of the German armed forces and to the prevention of the formation of new military and para-military organisations in Germany, nor to the prohibition of certain war plants as well, as the American draft proposes. Steps should be taken in regard to German industry—its decartelisation and the institution of four-Power control in the Ruhr—which would inspire all nations with confidence that new aggression on the part of Germany will actually be prevented.

3. The Question of Democratisation

"From what I have said it is clear that in the matter of preventing German aggression the Soviet Government attaches primary importance to measures for the democratisation of Germany. In accordance with this we propose that *Article 1* of the treaty be formulated as follows:

"'With a view to destroying the roots of German aggression and converting Germany into a peaceful democratic State, the High Contracting Parties agree that:

"'(A) Measures will be taken to extirpate the remnants of German Nazism and German aggressive nationalism in other forms, and to eliminate the possibility of a revival of the Nazi Party, Nazi organisations and institutions in any shape, and that all Nazi and militarist influence will be completely eliminated in Germany, while Nazi and militarist activities or propaganda will not be permitted in future;

"'(B) The German people will be rendered every assistance in establishing a democratic order on the basis of a democratic constitution of Germany approved by the German people, which should guarantee to the German people freedom of speech, press, religious convictions and assembly, freedom of activity for democratic parties, trade unions and other anti-Nazi organisations on an all-German scale, with proper guarantees of the rights and interests of the toiling population and with due consideration for the need to maintain security;

"'(C) Land reform will be carried out throughout Germany with a view to transferring to the peasants the land of the big land-owners (Junkers), who always inspired German aggression and supplied the cadres of the most dangerous German militarists.'

"After all that I have said there is no need to give a detailed explanation of these proposals. The Allies long ago recognised that the prevention of German aggression calls for the extirpation of the remnants of Nazism and for taking such steps in regard to the democratisation of the German State and German public life as would enable the German people to live in freedom and actually to enjoy the fruits of their labour.

"In this connection it is necessary to emphasise the importance of land reform, which should take the land away from the big landowners (Junkers), who have always been the mainstay of German militarism, and transfer this land to the peasants, in order to increase the supply of agricultural produce and food in Germany proper. This would greatly contribute to the improvement of food supplies in the German cities.

4. Conditions for the Discontinuation of the Occupation

"The American draft treaty also deals with the question of the discontinuation of the occupation of Germany. The Soviet Government agrees that the treaty we are discussing should specify the conditions for the discontinuation of occupation.

"We cannot agree, however, with what the American draft says on this subject, since it makes the discontinuation of occupation conditional merely on acceptance by Germany of the provisions of Articles 1 and 2 of the American draft dealing with the prohibition of military formations and war plants in Germany, which is extremely vague and fraught with possible misunderstandings. Our proposal on this point is that the occupation of Germany should be discontinued when the Allied Powers recognise that the main objects of the occupation of Germany have been achieved.

"We propose, therefore, that *Article 5* of the treaty be formulated as follows:

"The High Contracting Parties agree that when they recognise that the achievement of the main objects of the occupation of Germany has been assured, namely—

"(A) Completion of the demilitarisation of Germany, including elimination of Germany's war industrial potential in accordance with the instructions of the Allied Powers;

"(B) Restoration and consolidation of the democratic system in Germany;

"(C) Fulfilment of fixed obligations in regard to reparations, as well as of Germany's other obligations towards the Allies—

"the Allied Powers will consider the discontinuation of occupation of Germany."

"When the Allies can say that the achievement of the main objects of the occupation with regard to demilitarisation and democratisation, as well as the fulfilment of fixed reparations

and of other obligations toward the Allied countries, have been assured, then the occupation is to be discontinued. The sooner Germany ensures fulfilment of these conditions, the sooner will the occupation be discontinued. Unless Germany fulfils the above conditions, we cannot agree to discontinuation of occupation.

"These are our main observations in regard to the American draft treaty on the demilitarisation of Germany.

"It is clear now that the very title of the treaty should be somewhat modified. The Soviet Government believes that the treaty under discussion should be called the 'Treaty on the Demilitarisation of Germany and the Prevention of German Aggression.' In this shape it will better conform to its purpose.

"As is known, as far back as last year the Soviet Government proposed that the treaty under discussion be concluded for a term of 40 years, instead of 25. This proposal has already been accepted, in view of which a corresponding amendment should be made in the text of the treaty.

"In making its observations, and in proposing amendments to the text of the American draft, the Soviet Government is guided by the desire that we should actually achieve our object—that the nations of Europe and the whole world may really 'devote themselves completely to peaceful occupations.'

"In accordance with the amendments I have proposed, the draft treaty will take the shape of the document I shall now hand over to members of the Council.*

"The Soviet delegation requests that its proposals be examined."

XXII

DRAFT OF THE FOUR-POWER TREATY FOR THE DEMILITARISATION OF GERMANY

Further Statement made on April 15, 1947

On April 15, the Council of Foreign Ministers continued discussion of the American draft treaty of the four Powers on the demilitarisation of Germany.

"THE American draft treaty on Germany's demilitarisation has set lofty aims—to create guarantees against new aggression on Germany's part so that the nations of Europe and all the world may entirely devote their efforts to peaceful occupations. It is in accordance with these aims of the treaty that we should consider the means of assuring them.

"Yesterday I presented the Soviet delegation's view on the American draft. Now I want to confirm that the Soviet Government agrees to the proposals contained in the draft treaty regarding Germany's demilitarisation, but considers it necessary

* See Appendix A for the Draft Treaty, submitted by the Soviet delegation, on the demilitarisation of Germany and on the prevention of aggression.

to make a number of addenda and amendments.

"Among them are our proposals on quadripartite control over the Ruhr industrial region, which is the main base of German armaments and the bulwark of German militarism. They include also measures to eliminate the cartels and the other German monopolies, which were the inspirers of German aggression. Likewise they include a proposal on land reform, involving confiscation of the land of the German Junker militarists, which is necessary in order to weaken the main cadres of the German militarists and revanchists. Unless we introduce such amendments and addenda, the treaty cannot serve as a reliable guarantee of international security.

"At the same time, the Soviet delegation believes that the French delegation's proposals must be thoroughly studied. No one has commented on these proposals so far. Yet the French delegation made important proposals such as, for instance, that of carrying out economic and scientific disarmament, that on the Ruhr, and so on, which we must consider from every point of view. In any case, we cannot brush them aside if we recognise the need to discuss seriously the question of a treaty aimed at preventing a resurgence of German aggression.

"It is particular necessary to consider the question of Allied control over the Ruhr. In this connection, I would call to mind the fact that in June last year Mr. Bevin also argued in favour of international control in respect of the Ruhr industry. At that time it was clear to Mr. Bevin that the problem of the Ruhr was most closely connected with the interests of international security.

"We are told that the proposals made by the Soviet Government with regard to the treaty under consideration were already considered when we were discussing the Control Council's report. But then we were considering only those questions immediately related to the present moment and the immediate future. This in no way means that some of the problems under consideration, which are closely connected with the task of preventing new German aggression, should be ignored by us now, when we are considering a treaty on the security of the nations of Europe for 40 years.

"On the other hand, we are told that some of the questions posed by the Soviet delegation should be discussed in connection with the peace treaty or referred to the competence of the United Nations Organisation. Were these arguments correct, they would relate equally to the problem of the demilitarisation of Germany. Yet the American draft proposes to make the problem of Germany's demilitarisation the subject of a special treaty of the four Allied Powers, and none of us argues against this. Consequently, we can with every reason relate the Soviet Government's proposals, aimed at a fuller guarantee of the demilitarisation of Germany as well as implementation of the

measures towards the democratisation of Germany, to the problems that must be embraced by the four-Power treaty.

"The American draft treaty raises the question of the *discontinuation of the occupation* and in doing so only considers it in conjunction with the problem of demilitarisation. We believe that it is impossible to agree to decide the question of the discontinuation of the occupation of Germany apart from the question of complete demilitarisation, and of Germany's democratisation, and regardless of the need to assure fulfilment of Germany's reparations and other obligations to the Allied States. The Allies adopted definite decisions at the Crimea and Potsdam Conferences in respect of the aims of the occupation of Germany. According to these decisions, the occupation of Germany is aimed at real implementation of the demilitarisation and democratisation of Germany, as well as assurance of the fulfilment of reparations and of Germany's other obligations to the Allies. We are bound to fulfil these decisions, which we have undertaken in common accord.

"If we want to replace the decisions of the Crimea and Potsdam Conferences by new, narrower decisions, reducing the entire issue to implementing a half-hearted demilitarisation of Germany, then we must say so straight out. But if we do not want to replace the decisions of the Crimea and Potsdam Conferences by new, half-hearted decisions, then we must consistently carry these decisions into effect.

"I do not think that any of our Governments would want to renounce the decisions of the Crimea and Potsdam Conferences. Therefore we must assure their fulfilment. And the draft treaty of the four Allied Powers under consideration must correspond to these tasks.

"We all remember the services rendered by the United States of America and by millions of American soldiers who, together with us, waged the struggle and made great sacrifices for the cause of liberating the European nations from Hitlerism. Tremendous efforts were required in this struggle from the British nation and British soldiers. France and the French nation experienced German occupation for several years and will never forget those hard times. The Soviet nation and the Soviet Army bore the brunt of the struggle in the war to save European civilisation from the Hitlerite enslavers. The immeasurable sacrifices caused by the German invasion of our country, and the blood shed by millions of Soviet people, demand, as do the sacrifices and blood of the other nations which suffered from German aggression, that we approach with the utmost seriousness everything related to the prevention of new German aggression and to the security of the nations of Europe and of all the world.

"It is precisely these interests of preventing new German aggression and assuring international security that dictated the decisions of the Crimea and Potsdam Conferences of the Allies.

Therefore, we consider it necessary firmly to stand on the basis of these decisions now, when considering the draft treaty of the four powers aimed at preventing German aggression in the future.

"The Soviet delegation regards as correct the French delegation's proposal that the American draft and the proposals of the other delegations related to that draft should be thoroughly studied within the next few months, pending the next session of the Council of Foreign Ministers. We should set up for this purpose a special committee, which should study the American draft and the other proposals made in connection with that draft.

"Consequently, I am making the following proposal:

"1. The Council of Foreign Ministers believes it necessary to conclude a quadripartite treaty on the demilitarisation of Germany and the prevention of German aggression.

"2. A special committee is authorised to consider the draft treaty on the demilitarisation of Germany submitted by the American delegation, the amendments and addenda submitted by the Soviet delegation, and the proposals made by the French delegation, as well as other possible proposals, and to present their recommendations to the next session of the Council of Foreign Ministers.

"3. When studying the draft treaty the Special Committee must start from the need to assure fulfilment by Germany of the obligations imposed upon her by the Crimea and Potsdam decisions and connected with Germany's demilitarisation and the prevention of German aggression.

Mr. Bevin took up Molotov's remarks that in June last year, he, Mr. Bevin, had recognised the need of establishing international control over the Ruhr. He said he could find no such statement in his speeches of last June.

Molotov then pointed out: "Since Mr. Bevin has said he could find no passage in his speech of last year in which he had argued in favour of international control over the Ruhr, I would like to clarify this matter. I had in mind Mr. Bevin's statement in the House of Commons of June 4, 1946, the text of which was published in *Britansky Soyuznik* ('British Ally'), published in Moscow. Speaking of the Ruhr industry, Mr. Bevin said:

"If, as I have figured it, 11,000,000 tons of steel capacity seems dangerous on security grounds, the solution would appear to be to place the Ruhr, where the bulk of steel capacity exists, under international control. This would take the sting or danger out of the Ruhr and allow it to become not a German industry but a European industry, which would develop the life of the community of all the peoples of Europe."

"Mr. Bevin's idea of establishing international control in the Ruhr merits every attention. Mr. Bevin has correctly formulated this question in connection with the tasks of assuring Europe's international security.

"Mr. Marshall has stated that he considered the Soviet delegation wrong in demanding that Germany's economic unity should envisage payment of reparations from current production. But this demand of the Soviet delegation conforms to the decision of the Potsdam Conference. For this reason it is worth looking into the decisions of the Potsdam Conference on Germany, the 14th point of which states directly that Germany's economic unity includes the implementation of a common Allied policy in respect of reparations. We are not, therefore, demanding anything that has not been provided for by previous joint decisions of the Allies.

"On the other hand, it is known that a year ago the American General Clay published in Germany a statement on the discontinuation of reparations deliveries to the Soviet Union and to other Allied countries, even as regards those decisions that were previously agreed upon in the Allied Control Council. The Soviet delegation cannot agree to such an attitude in respect of reparations.

"Mr. Bevin says he does not regard the new treaty as taking the place of the previous decisions of the Allies adopted at the Crimea and Potsdam Conferences. But if that is so, on what grounds, then, are we offered in this draft treaty discontinuation of the occupation of Germany without the conditions that were adopted at the Crimea and Potsdam Conferences being fulfilled?

"Mr. Marshall has referred to Article III of the American draft. This article says* that the contracting parties 'agree that unconditional acceptance by Germany of the terms of Articles I and II shall be a necessary condition for the discontinuation of the Allied occupation of German territory.'

"Thus, the American project recognises as a necessary condition for the discontinuation of the occupation of German territory the acceptance by Germany of the terms of Articles I and II of the draft treaty, which speak only of prohibiting armed forces and war plants and advance no other conditions with regard to Germany. It follows that discontinuation of the occupation of German territory is connected in the American draft only with certain conditions for the demilitarisation of Germany, without committing Germany to fulfilment of conditions for the democratisation of state and public life, and without fulfilment by Germany of her reparations and other obligations, to the Allies.

"We are told that Article III of the American draft contains necessary conditions for the discontinuation of occupation, but does not say that these are the sole conditions with which Germany must comply for the purpose of the discontinuation of the occupation. If so, does Mr. Marshall agree to detail in the

* *Quotations from the American draft treaty on Germany's demilitarisation are retranslated from the Russian.*

treaty conditions that would enable us to inform Germany of the discontinuation of the occupation of German territory? We must clarify this question.

"The Soviet proposals differ from the American draft in this respect, because they precisely point out three conditions, fulfilment of which would make possible the discontinuation of the occupation of German territory. We must not allow the impression to arise in Germany that our will has weakened as regards fulfilment of the aims of the occupation of German territory. It is not only Germany's neighbours that should think about it. All the nations which suffered German invasion and made tremendous sacrifices in the war imposed by Hitlerite Germany should think about it.

"The Soviet Government is striving to reach agreement with the Allies on current problems of Germany. It is striving to reach agreement with the Allies with regard to Germany's future for a lengthy period. When considering the treaty on the prevention of German aggression within the next 40 years, we must see to it that this treaty constitutes a real bulwark for the security of the European nations and of the entire world. Such is the sole aim of the amendments and addenda presented by the Soviet Government."

XXIII

GERMANY'S COAL OUTPUT

Statement made on April 16, 1947

The Council of Foreign Ministers discussed, on April 16, the report of the committee of experts on coal.

MOLOTOV pointed out that a co-ordinated decision reached among the Allies on the problems of Germany's coal industry would help to advance the question of Germany's economic unity, too. "In the pre-war period, say in 1938, Germany, as bounded by her present frontiers, had mined 216 million tons of coal; in 1946 she had mined only 114 million tons, that is, 53 per cent. of the pre-war amount. We should set ourselves the following task: to endeavour to bring the coal output in Germany back to the pre-war level within the next two or three years. If the job is tackled in earnest, it can be done.

"It is also known," Molotov continued, "that before the war Germany used to export about 12—15 per cent. of her coal output. Today it would be possible to lay it down that 20 to 25 per cent. of all the coal mined in Germany should be devoted to export and reparations to the Allied countries, half of this 20 or 25 per cent. to go for exports and the other half for reparations. Every increase in the output of coal would mean an increase in the internal coal consumption of Germany and at the same time an increase in exports and reparations deliveries of coal.

"The Soviet delegation proposes that the Allies should establish a procedure whereby the representatives of the four Powers in Germany would jointly establish both a plan and measures to increase coal output over the whole of Germany, as well as the distribution of coal among consumers, including exports and reparations. The proposal of the Soviet delegation has in view the establishment of four-Power control over coal production and distribution throughout Germany. A special body of the Control Council in Berlin should be set up for this purpose. As to the coal mines of the Ruhr, special four-Power control should be established in the Ruhr itself under the general supervision and guidance of the Control Council.

"It would be of great importance," Molotov noted in conclusion, "to invite the democratic parties, the trade unions, the works councils and other workers', engineers' and technicians' organisations of Germany to take an active part in solving all the problems of the coal industry. The Control Council should be instructed to take further measures to improve the material conditions of workers, engineers and technicians in the coal industry."

XXIV

DISCUSSION ON THE DRAFT TREATY WITH AUSTRIA

Statement made on April 16, 1947

The Foreign Ministers proceeded to discuss the draft treaty clause by clause.

First, as to who should sign the treaty: The British and the United States delegations proposed that the treaty should be signed, not only by the four Allied Powers and Austria, but by a number of other Allied countries as well. Opposing this, Molotov quoted the decisions of the October, 1943, Moscow Conference of Foreign Ministers and the Potsdam decision. The British and American delegations withdrew their motion, and the Austrian treaty will thus be signed by the Soviet Union, Great Britain, the United States and France on the one side, and by Austria on the other.

On the point of Austria's responsibility, the Soviet delegation proposed stating that Austria could not escape a certain responsibility for participation in the war on the side of Hitler Germany. The American and British delegations favoured instead the wording "certain consequences," while the French delegation suggested the formula "certain responsibilities," in the plural.

Molotov said the Soviet delegation considered that the treaty must not fail to mention Austria's responsibility for her share in the war on the side of Hitlerite Germany. "At the time, in October, 1943, this fact was recognised by the Ministers for Foreign Affairs of the three Allied Powers. We have no grounds whatsoever to change our opinion on this question.

"As far back as July 20 last year the Austrian Government announced that 780,000 Austrians had returned from captivity. Thus the number of Austrians who returned from captivity and who had taken part in the war against the Allied countries alone reached the figure of about 800,000, and there are still many Austrians who have not yet had time to return from captivity. Nor is it an accident that, except for Germany, only Austria has for two years now been under the occupation of the armed forces of the four Powers. The Allies recognised the necessity of having the occupation troops in Austria during that entire period, for it was clear to them that Austria bears responsibility for her share in the war on Germany's side against the Allied States. To talk, after this, about Austria not bearing responsibility for her share in the war on the side of Hitlerite Germany would be incorrect. That is why the Soviet delegation deems it necessary to indicate in the preamble of the treaty, Austria's responsibility for taking part in the war on Germany's side."

XXV

FURTHER DISCUSSION ON THE DRAFT TREATY WITH AUSTRIA

Statement made at the Evening Session, April 18, 1947

COMPARING the Soviet and American definitions of German assets in Austria, Molotov noted that the American definition contained too many exceptions. The Soviet definition reduced these exceptions to the following: Whatever had been taken from Austrians or from anyone in Austria as a result of direct violent action could not be regarded as German assets; whatever had been taken without compensation from state, banking and other institutions could not be regarded as German assets; and whatever had been taken as a result of Aryanisation could not be regarded as German assets. Such property must be returned to its former proprietors who owned it before the Anschluss.

Molotov pointed out that the Austrian treaty must specially mention that German assets could not be nationalised or confiscated by the Austrian Government, and must also provide special conditions safeguarding the interests of the owners receiving these assets. In view of the unfavourable attitude maintained by the Austrian Government in respect of the problem of German assets, it would also be necessary to formulate a procedure for settling disputes that might arise when the corresponding articles of the treaty were applied. The American draft did not mention this question. It should be specified that such disputes must be settled on the basis of bilateral negotiations between the parties concerned.

The Soviet Government, as well as the Governments of Great

Britain and the United States, had renounced reparations claims on Austria at the Potsdam Conference, although Austria undoubtedly bore responsibility for helping Germany in the war against the Allied States.

On the other hand, the Soviet delegation found that every time reparations from Germany were involved, the Soviet Union had to overcome exceptionally great difficulties. Arguments had been advanced against the U.S.S.R. receiving reparations from current production. Decisions adopted on reparations for the Soviet Union from the western zones of Germany were, in fact, not being fulfilled. Objections were now being raised also against regarding as a source for reparations all those German assets in Austria to which the Soviet Union was entitled in accordance with the decisions adopted at Potsdam. Furthermore, Austria herself was hampering the fulfilment of those decisions.

The Soviet delegation believed that fulfilment of the Potsdam Conference decisions on all German assets in Austria must be assured, as was done with regard to German assets in Rumania, Bulgaria and other countries.

Molotov remarked that Mr. Bevin gave an incorrect interpretation when he mentioned "reparations from Austria." The point in question was not those enterprises which belong to Austria, but those which had belonged to Germany and which would pass to the Allies on account of German reparations. No reparations whatsoever from Austria to the U.S.S.R. were involved.

As regards Mr. Marshall's statement that there would be no independent Austria if the greater part of her economy fell under the control of foreign States, Molotov said no one was thinking of "the greater part of her economy"; only a small part of Austrian economy was under consideration. "We are dealing with that part of Austrian economy previously owned by the Germans. Until 1938, Austria was regarded as an independent State, although property belonging to foreign countries was to be found in several industries there. Consequently there are no reasons whatsoever to assert now that there would be no independent Austria if a relatively small part of her economy belonged to foreign states."

Referring to the information cited by Mr. Marshall, Molotov pointed out that it did not correspond to the facts. According to the American data, the Soviet Union was claiming 100 per cent. of the Austrian glass manufacturing industry, whereas in fact only one glass factory located in the Soviet zone was involved. According to the same source, the Soviet Union was claiming 100 per cent. of the Austrian industry manufacturing tobacco factory equipment while in fact only one factory producing such equipment, and owned by the Germans, was in question. One hundred per cent. of Austrian-made hydro-turbines were mentioned. Yet in this case again only one factory was in question. It was also said that the Soviet

Union was claiming 70 per cent. of the Austrian oil industry; but the Soviet Government had proposed to the Austrian Government to reach agreement on this question by setting up a joint-stock company on a parity basis. The Soviet Union had made a similar proposal to the Austrian Government in respect of shipping on the Danube. Consequently one could not juggle with figures in the way the American delegation did, drawing a picture absolutely at variance with the actual facts.

XXVI

AUSTRIAN-YUGOSLAV FRONTIER

Statement made at the Evening Session on April 19, 1947

MOLOTOV pointed out that the Yugoslav territorial claims on Austria were to the effect that Slovenian Carinthia, with a population of 180,000, and the Slovenian frontier districts of Styria, with a population of 10,000, should be reunited with Slovenia, which forms part of Yugoslavia, and that the Yugoslav-Austrian frontier should be changed accordingly. In addition, the Yugoslav delegation had raised the question of the Burgenland Croats, proposing that either they be given a special status guaranteeing them national minority rights, or be exchanged for the Austrian national minority which would find itself in Yugoslav territory as a result of frontier changes. The Yugoslav proposals involved insignificant territorial changes.

On the other hand, numerous data presented to the Council of Foreign Ministers showed with absolute clearness that the territories in question were inhabited chiefly by a Slovenian population, which now had its own Slovenian State forming part of Yugoslavia. "It is quite natural that Yugoslavia should want to rectify the historical injustice with regard to the Slovenes and Croats who for centuries were the object of forcible Germanisation. Yugoslavia had also presented important economic considerations supporting her territorial claims.

"The Soviet Government believes that Yugoslavia's claims are well founded. It would be wrong to agree with the view defended by the Austrian Minister Gruber, who summarily rejected Yugoslavia's claims. The Soviet delegation believes it essential that the Deputies be instructed to discuss the Yugoslav proposals and to submit their recommendations to the Council of Foreign Ministers."

The Ministers decided to refer the Yugoslav proposals to the Deputies, instructing them to submit their report on this question on April 21. They then considered reparations from Austria.

Molotov stressed that at the Potsdam Conference the Governments of the three Powers had declared that they renounced reparations from Austria. France adhered to this decision. The

Soviet Government could only confirm that it did not claim reparations from Austria, though there would be sufficient grounds for this in view of the invasion of the Soviet Union's territory by Austrian troops within the Hitlerite Army. The small Allied States were not represented at the Potsdam Conference, however; and therefore it would be wrong to interpret the Potsdam decisions in the sense that the renunciation of reparations from Austria by the three Governments represented there was equivalent to a renunciation of reparations on behalf of the small Allied States.

"The Soviet delegation believes that Yugoslavia's reparations claims on Austria are well founded, and cannot be ignored. The destruction and looting of property in Yugoslav territory was perpetrated by German troops and by a German administration staffed mainly with Austrians. Attention should be paid, of course, to ensuring Austrian economic stability and independence. The Soviet delegation cannot agree, however, that Austria should be fully absolved of all responsibility for the crimes in which she participated.

"The Soviet delegation believes that Yugoslavia's reparations claims should be considered in a favourable spirit. It also considers that the French proposal, on the satisfaction of Yugoslavia's reparations claims at the expense of Austrian assets within Yugoslavia, is correct." The Soviet delegation proposed that the Special Committee be instructed to consider Yugoslavia's claims on Austria and to submit appropriate recommendations to the Council of Foreign Ministers.

XXVII

THE FINANCIAL POSITION OF TRIESTE

Statement made at the Morning Session, April 21, 1947

The Foreign Ministers discussed the report submitted by the committee investigating the financial position of Trieste, appointed by the Council of Foreign Ministers in December, 1946.

MOLOTOV emphasised the need for an attentive approach to the documents submitted to the Council of Foreign Ministers in connection with the report of the committee to investigate the financial position of Trieste, and firstly to the memoranda of the Yugoslav and Italian Governments, which contained a number of essential and critical remarks. "It is necessary to display a certain caution with regard to this question, which concerns a territory not very large in size, but rather complicated as regards the interests involved.

"The Soviet Government considers that the Governments which have undertaken commitments with regard to the Free Territory of Trieste should not undertake the solution of problems which could and should be solved by the Free Territory

itself in the person of the Governor appointed by the Security Council, and through the Provisional Government Council and subsequently by the Permanent Government Council of the Free Territory. It is necessary, on the other hand, to make, as a preliminary, a thorough check on whether the decisions adopted conform with the statute of the Free Territory of Trieste, in order to avoid reproaches of failing to abide by that statute. The Soviet delegation therefore proposes that we should delegate representatives to study within the next two or three days the questions raised in the Yugoslav and Italian memoranda, as well as in the proposal of the British Government in respect of the committee's report."

Mr. Marshall proposed that the committee's report, with the recommendations of the experts, be referred to the United Nations Security Council. M. Bidault supported this proposal.

Molotov stated that the Soviet delegation did not consider it possible to confine the examination of the documents to the experts. These documents must be considered in their essence by the Ministers' Deputies, who must issue the necessary instructions to the experts. The Trieste problem had been under consideration for a very long time, but it had been mainly the political aspect of the problem that had been discussed, while the financial and economic aspects had practically not been considered.

Molotov recalled that it was not the first time that proposals had been made to settle the financial and economic problems of Trieste in some special and unusual manner. A proposal on an immediate solution of the financial and economic problems of Trieste was made during the New York session of the Council of Foreign Ministers, when it was almost concluded. At that time the Soviet and French delegations pointed out that they could not assume responsibility for a solution of these problems in such an extraordinary fashion.

Explaining the motives which prevented the Soviet delegation from adopting decisions in haste on the problems under consideration, Molotov said:

"We are asked to decide whether Trieste needs external help. But this means that we must say whether we believe external interference in Trieste's affairs to be desirable. The Soviet delegation believes that any external interference in Trieste's affairs should be recognised as undesirable and dangerous for its independence. In this respect, we cannot go any farther than what is provided for by the statute of the Free Territory of Trieste, which we have all endorsed. Otherwise there would be grounds for fearing that the so-called 'external aid,' so readily offered to Trieste by certain rich countries, would turn into that very outside interference in Trieste's affairs which we must prevent."

CONCLUDING MEETINGS OF THE MOSCOW SESSION

QUESTIONS RELATING TO GERMANY

Discussion on April 23 and 24, 1947

The Telegraph Agency of the Soviet Union (TASS) gave the following summary:

The Ministers discussed the report of their deputies concerning agreed and unagreed questions relating to Germany. With regard to questions of demilitarisation, denazification, democratisation, transfer of population, and territorial re-organisation the deputies recommended that the Council of Foreign Ministers convey the agreed clauses of the documents discussed to the Control Council in Germany as a directive for guidance and action. The Ministers approved this recommendation. Unagreed questions of demilitarisation, denazification, democratisation, transfer of population, and territorial re-organisation of Germany were conveyed to the Control Council for information and further study.

The second part of the deputies' report—on economic principles, the post-war level of German economy and the plan for reparations—stated the respective positions of the delegations on all questions. The position of each delegation with regard to the separate proposals involved in this part of the report depends upon the achievement of agreement as a whole on the inter-connected questions of industrial level, reparations, and Germany's economic unity. The deputies recommended that the Ministers convey all agreed and unagreed questions of this part of the report to the Control Council in Germany for its information. Mr. Fyshinsky proposed that the unagreed points be referred to the Ministers' deputies for fresh study. The French deputy concurred with this proposal, while the British and American deputies reserved their attitudes.

Mr. Molotov stated that the Soviet delegation maintained its proposal on referring unagreed economic questions to the deputies for further study. Mr. Marshall withdrew the objections of the American delegation to this proposal.

Mr. Bevin, however, disagreed with the other Ministers, and as a result the Soviet proposal on referring the unagreed economic questions to the deputies for further study was not accepted.

In the third part of the report, the deputies presented to the Ministers' Council recommendations on the question of the form and scope of Germany's provisional political organisation. All the delegations agreed that any decision concerning Germany's political organisation should be made dependent upon the preliminary establishment of Germany's economic unity.

The fourth part of the deputies' report, dealing with the liquidation of the Prussian State, pointed out that the Council of Foreign Ministers at its meeting on March 10, approved the Law "On liquidation of the

Prussian State" passed by the Control Council in Germany. The deputies recommended that the Ministers inform the Control Council of this decision. This recommendation of the deputies was accepted by the Ministers.

The fifth part of the report dealt with the question of the procedure of preparation of the German peace treaty. As a result of an exchange of views, the document on the procedure of preparation of the German peace treaty was referred to the deputies for further study.

MR. MARSHALL'S STATEMENT ON THE DRAFT FOUR-POWER TREATY ON THE DEMILITARISATION OF GERMANY

"THE United States' proposal for a four-Power treaty for the disarmament and demilitarisation of Germany which we have discussed here is not mentioned in the deputies' report. I am not suggesting that it be included. The principle involved is in my opinion too fundamental to be referred to any subordinate body. I do not intend to repeat all the various considerations which led the Government of the United States to propose this treaty, nor the reasons why it attaches the greatest importance to this subject. I will only state that the United States Government regards very seriously what in effect is the virtual rejection of this treaty by the Soviet Government. I say "rejection" because the re-draft proposed by Mr. Molotov introduces into the treaty nearly every important difference which exists between the four Powers on the subject of Germany, and thus renders obviously impossible any hope of concluding such a treaty at this time.

"Agreement in principle here along the lines proposed by the United States would have been an indication to the world that despite the character and extent of our disagreements on other aspects of the German problem, the four Powers represented at this table were at least united in their determination to prevent a revival of Germany's capacity to make war. The advantages of such a clear demonstration of Allied intentions not only on the future solution of other problems connected with Germany, but on the whole international situation, appear so obvious that the United States finds it difficult to understand the reasons which account for the Soviet Government declining to agree. Although we must face the fact that, because of this attitude, there is no prospect of agreement on this treaty at this Conference, the United States is not withdrawing its proposal for such a treaty.

**REPLY OF THE SOVIET DELEGATION TO THE STATEMENT
OF THE U.S.A. DELEGATION ON THE QUESTION OF THE
DRAFT TREATY FOR THE DEMILITARISATION
OF GERMANY**

Made by V. M. Molotov

IN HIS statement of April 23, Mr. Marshall said that the United States Government regarded the attitude of the Soviet Government toward the American draft treaty for the demilitarisation of Germany as a rejection of this treaty. This statement misrepresents the Soviet Government's position and contradicts the facts.

"As is known, the Soviet delegation, far from rejecting the proposal for conclusion of a four-Power treaty for the demilitarisation of Germany, as far back as July last proposed that such a treaty be concluded—not for 25 years, as proposed by the United States, but for 40 years—which was accepted.

"At the same time the Soviet Government believed and still believes it necessary to introduce into the American draft treaty a number of addenda aimed at improving the text of the treaty. The main purpose of these addenda is to eliminate the lack of conformity between the American draft and that decision of the Potsdam Conference which relates to the prevention of fresh aggression on Germany's part.

"In these decisions the prevention of fresh German aggression is made dependent on the demilitarisation and democratisation of Germany, whereas in the American draft the task of preventing German aggression is reduced to Germany's demilitarisation alone, while so important a task as her democratisation is completely ignored.

"The Soviet addenda are aimed in the first place at rectifying this main shortcoming of the American draft. If this shortcoming is not rectified, it might be understood to signify that the Allies no longer regarded Germany's democratisation as one of the fundamental conditions for the prevention of fresh German aggression, which stands in obvious contradiction to the Potsdam Conference decision.

"Secondly, the addenda proposed by the Soviet delegation are aimed at re-affirming in the treaty, Germany's responsibility for fulfilment of her obligations towards the Allies, and above all, for fulfilment of her obligations on reparations, which fully corresponds to the decisions of the Crimea and Potsdam Conferences, and rejection of which would mean violation of the decisions of these Conferences.

"As to such addenda proposed by the Soviet delegation as the establishment of four-Power control over the Ruhr, the decartelisation of German industry, the abolition of the Junker land-ownership—these proposals are closely bound up with the fundamental problems of the demilitarisation and democratisa-

tion of Germany. The differences existing on these problems can be overcome, to which purpose the efforts of the Soviet delegation are directed, whereas the refusal of the American delegation to consider such questions cannot promote co-ordination of the Allies' views, and can only bear evidence to attempts to impose one's will upon the Governments of other countries, which will not give good results.

"The purpose of the Soviet proposals is to make good the above-mentioned omissions of the American draft.

"It is also known that a number of Soviet amendments were received favourably by, for instance, the French delegation. Moreover the French delegation found it necessary to propose its own amendments to the American draft as well.

"All this indicates that the American draft cannot be accepted without serious addenda, whereas attempts to demand acceptance of the American draft without addenda or amendments constitute an absolutely groundless claim to which not a single self-respecting Government will agree.

"To say after all this that the Soviet Government rejected the treaty for the prevention of German aggression means to make assertions which do not correspond to actual facts and can only hinder businesslike consideration of the submitted draft as well as additions and amendments thereto.

"In reality it was not the Soviet delegation who rejected the above treaty, but the American delegation that refused to discuss proposals of the Soviet Government aimed at improving this treaty.

"Confirming its declaration of last year on the necessity of concluding a four-Power treaty for the demilitarisation of Germany and the prevention of German aggression, the Soviet delegation proposes that consideration of the American draft treaty and of the Soviet delegation's addenda be continued within the Council of Foreign Ministers.

REPATRIATION OF GERMAN PRISONERS OF WAR

The Telegraph Agency of the Soviet Union (TASS) reported:

Having exchanged views on the question of repatriation of German prisoners of war, the Ministers approved a proposal on this question made by the Soviet delegation. The approved decision provides that German prisoners of war in the territories of the Allied Powers and in all other territories shall be returned to Germany before December 31, 1948. The repatriation of German prisoners of war will be carried out in conformity with a plan to be worked out by the Control Council in Germany not later than July 1, 1947.

MR. MARSHALL'S STATEMENT ON THE TREATY WITH AUSTRIA

"I SHOULD like to turn again to the matter of the Austrian Treaty. I think we must decide now whether we can or cannot conclude the Austrian treaty here.

"As Mr. Molotov has several times made clear, the main outstanding issue is Article 35, dealing with German assets in Austria.

"The British, French and American delegations have put forward various proposals in an effort to meet as far as possible the Soviet positions. I refer particularly to the last proposals put forward by the United States delegation last week and that put forward by the British delegation yesterday. There is no substantial difference in the views of the British, French and American delegations on this subject.

"The Soviet delegation, according to my understanding, has not in any substantial way withdrawn from the proposal it made at the session of the deputies in London last February. The views expressed by the Soviet delegation have widened rather than narrowed our differences. The three other delegations have made clear that they cannot accept the Soviet proposal because it would oblige the Austrian Government to hand over not only *bona fide* German assets but property which the Germans took from Austrians and others by fraud and duress. We do not believe that the Soviet proposal on German assets in Austria is consistent with the pledge made at Potsdam that no reparations would be taken from Austria and with the pledge made in Article 1 of the Austrian treaty to re-establish Austria as a sovereign, independent and democratic State.

"The three other delegations have urged the Soviet delegation to submit proposals which would meet this objection, but despite our urging no new proposal has been offered us by the Soviet delegation. It is clear that no agreement can be reached on the Austrian treaty if the Soviet delegation is unwilling to make any greater effort than it has done so far to reach an understanding on German assets in Austria.

"Unless, therefore, the Soviet delegation has some concrete proposal to make on this subject which will make clear that German assets 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.

"I have no further suggestions to make. If we are unable to reconcile our views before the meeting of the General Assembly of the United Nations in September, I hope that we may join in asking the General Assembly to make recommendations on this subject under Article 14. It is our view that we should not permit the differences among us to deny to Austria her independence and her right to be free from the burdens of occupation."

REPLY OF THE SOVIET DELEGATION TO THE STATEMENT OF THE U.S.A. DELEGATION ON THE QUESTION OF THE TREATY WITH AUSTRIA

Made by V. M. Molotov

"DURING the entire period of consideration of the Austrian treaty the Soviet delegation has made every effort to achieve agreement. This explains why the Soviet delegation withdrew a number of substantiated proposals which it had put forward. It also stated that it was prepared to seek agreement on those other clauses of the treaty that still remained outstanding.

"The Soviet delegation also repeatedly stated that Article 35, dealing with German assets in Austria, and Article 42 connected with it, are of particular importance to the Soviet Union.

"The significance of Article 35 and of the issues connected with it follows from the fact that this Article refers to the reparations obligations of Germany. For the Soviet Union, a great part of whose territory underwent German occupation attended by tremendous devastation and by the plundering of millions of families, the delivery of reparations from Germany is extremely important and expresses the lawful claim of the whole Soviet people.

"In accordance with the decision of the Potsdam Conference, German assets in Eastern Austria were to be transferred to the Soviet Union, while German assets in the remaining part of Austria were to be transferred to the United States of America, Great Britain, France and the other Allied States. The essence of the matter is that this decision should not remain merely on paper, nor that this decision should not be nullified by various interpretations of what are to be regarded as German assets.

"The various proposals hitherto advanced by the delegation of the U.S.A. regarding German assets would, in fact, lead to the Soviet Union being deprived of a large part of the reparations from Germany provided for by the Potsdam decision pertaining to Eastern Austria. This would be all the more incorrect since the question of German assets in Rumania, Bulgaria, Hungary and Finland was settled in accordance with the same Potsdam Agreement and evoked no objections on the part of the United States.

"Already at the Potsdam Conference the Soviet Government withdrew its claim to reparations from Austria. Contrary to the statement of the American delegation, the Soviet Government did not claim and does not now claim reparations from Austria or any Austrian property. As regards Austria's sovereignty and independence, the Soviet Army was the first, as the Austrian Government itself admits, which helped to re-establish a sovereign independent and democratic Austria. No one can succeed in distorting these facts.

"But the Soviet Government insists that all German property in Austria be used for the settlement of Germany's reparations obligations. It cannot be permitted that the owners of property in Austria, both Austrians and non-Austrians, who entered into business transactions with the Germans after the Anschluss and reaped large profits from these transactions by transferring their property to Germans, be allowed to lay claim to this property and enjoy the protection of the United States of America in pursuit of their claims. This would mean direct support of Germany's hangers-on and violation of the rights of the Soviet Union and other Allies, rights recognised by the Potsdam Conference.

"If the proposals of the U.S.A. are aimed at safeguarding the interests of American and British oil companies in Austria, whose property was at one time transferred to Germans without any objections on the part of the United States and Great Britain, then the appropriate claims should be addressed to Germany and should not be met at the expense of the Soviet Union and other Allies.

"The proposal that the General Assembly of the United Nations be requested to give its recommendations on the question of German assets in Austria is groundless, and reference to Article 14 of the Charter cannot serve as a basis for this proposal. It would be incorrect to approach the United Nations Organisation on this question, since such questions do not come within the competence of the United Nations Organisation, and the procedure for preparation of the treaty with Austria should not differ from the procedure adopted in preparing the peace treaties with Italy, Rumania, Bulgaria, Hungary and Finland.

"For its part, the Soviet Government proposes the establishment of a commission consisting of representatives of the United States, Great Britain, France and the Soviet Union, which should be charged with examining all the unagreed questions of the Austrian treaty, paying special attention to detailed consideration of Article 35 and of the appropriate part of Article 42, aiming at possible co-ordination of the points of view of the Allied Governments represented on the commission. The commission should submit its report to the Council of Foreign Ministers."

PROCEDURE FOR THE PREPARATION OF THE AUSTRIAN TREATY

AFTER an exchange of views on April 24 the Ministers approved, with certain changes, the Soviet proposal for establishing a commission of representatives of the U.S.S.R., the United States, Great Britain and France entrusted with the task of discussing all the still unagreed questions of the Austrian treaty. A commission of experts will also be set up to discuss Article 35 of the Austrian draft treaty—on German assets in Austria—as well as the corresponding part of Article 42

—on United Nations' property in Austria—in order to establish the concrete facts for the purpose of possible co-ordination of the views of the Allied Governments represented in the commission. The commission will without delay submit its report to the Ministers' Council. The commission is to work in Vienna.

ALLIED OCCUPATION FORCES IN GERMANY

Regarding the question of Allied occupation forces in Germany, Mr. Marshall proposed that the Council of Foreign Ministers agree that the strength of the occupation troops be reduced to the minimum required by the demands of security and the aims of the Allied Powers in Germany. For this purpose the American delegation believed that the Control Council in Germany should be instructed to study this question and report its findings to the Foreign Ministers before June 1 of this year.

Mr. Molotov stated that it would be possible to pass an even more concrete decision on this question. The Soviet Government believed that it was possible for the Council of Foreign Ministers to pass a definite decision on the strength of the Allied occupation forces in Germany. The Soviet delegation proposed that the following decision be adopted:

"To recognise the possibility of restricting the strength of Allied occupation troops in Germany by August 1, 1947, by the following figures: The Soviet Union, 200,000 men; the United States and Great Britain, whose zones have been fused, 200,000 men for both zones; France, 50,000 men."

Mr. Bevin declared that the American and British zones in Germany were united economically but not militarily. He expressed perplexity at the fact that the original American proposal established a lower strength of occupation troops for the British zone than for the other zones. Mr. Bevin proposed that the strength of the occupation forces in the British zone be fixed at 145,000 men.

M. Bidault reported that the French delegation had no instructions from its Government on this matter, and that the strength of personnel of the occupation forces in the French zone at present reached 70,000.

Mr. Marshall also opposed the passing of a concrete decision on the occupation troops in Germany.

Mr. Bevin proposed that the Control Council be instructed to fix the strength of the occupation forces in the various occupation zones by July 1, 1947. He proposed that the Control Council be instructed to submit its decision on this question to the Council of Foreign Ministers not later than June 1, 1947.

This met objections from Mr. Marshall, who declared that the date suggested by the British delegation was unacceptable to the American delegates who insisted on fixing a later date.

Mr. Molotov noted that in December last, at the New York session of the Council of Foreign Ministers, the impression was that certain delegations were pressing for a reduction of the occupation forces in Germany, whereas now one did not see the former haste in this question.

This was the inference which could be drawn from the exchange of opinions.

"The Soviet delegation," Mr. Molotov went on, "has proposed that the strength of the Soviet occupation troops in Germany be restricted to 200,000 men. This is in exact conformity with the proposal made by the U.S.A. Secretary of State Mr. Byrnes in December, 1946, when he proposed that this figure be fixed for April 1, 1947. Now, naturally, it is necessary to consider a later date, and the Soviet delegation proposes that this be fixed for August 1, 1947.

"Quite a few tales have been spread to the effect that the Soviet Union was maintaining millions of its troops in Germany and other countries. The Soviet delegation believes that its proposal for restricting the strength of occupation troops in Germany besides everything else, exposes these tales sufficiently well.

"The Soviet draft contains a proposal that the United States and Great Britain should have in their respective zones an equal number of occupation troops—100,000 each. This also conforms to the proposal made by Mr. Byrnes in New York. Although Mr. Byrnes then proposed that the strength of the troops in the United States and British occupation zones be fixed at 140,000 in each, he recognised that in the American and British occupation zones the strength of the occupation troops must be equal and that each of these zones should have a lesser number of occupation troops than the one to be fixed for the Soviet occupation zone."

Considering the objections of the other delegations to the passing of an immediate decision on restricting the strength of the occupation forces in Germany, Mr. Molotov moved the following proposal:

"Believing it necessary to restrict the strength of the occupation forces in Germany, the Council of Foreign Ministers proposes that the Control Council discuss this question and fix the strength of the armed forces of the U.S.S.R., the United States, Great Britain and France in Germany by September 1, 1947. The Control Council is to report its decision to the Council of Foreign Ministers not later than June 1, 1947."

The Council of Foreign Ministers approved this proposal.

TIME AND PLACE FOR NEXT SESSION OF COUNCIL OF FOREIGN MINISTERS

Mr. Molotov proposed that the next session of the Council of Foreign Ministers be held in London in November of the current year. Mr. Marshall proposed that in the event of the Foreign Ministers of the four Powers attending the session of the General Assembly of the United Nations in New York in September of the current year, a short session of the Council of Foreign Ministers with restricted agenda be held there. It was decided to convene the next session of the Council in London in November of the current year. If all four Foreign Ministers attend the General Assembly session in New York, it would be possible to reach agreement on holding a short session of the Council there.

CLOSE OF SESSION OF THE COUNCIL OF FOREIGN MINISTERS

Mr. Bevin, who was in the chair, proposed that gratitude be expressed to the Soviet Government for the excellent conditions of work of the Council of Foreign Ministers. On behalf of the French delegation M. Bidault endorsed this statement. He also expressed gratitude to the Government of the Soviet Union and the Soviet people for the warm reception extended to them in Moscow. Mr. Marshall, on behalf of the American delegation, also expressed gratitude to the Soviet Government and to Mr. Molotov for the hospitality and care extended to those participating in the Conference.

Mr. Molotov made a speech of reply in which he thanked his colleagues for their cordial remarks. Mr. Molotov said:

"We have spent no little time and no little effort in the discussion of the questions on the agenda of the present session of the Council of Foreign Ministers. Our work has not been completed, but nevertheless we have accomplished quite a good deal. We have carried out quite considerable preparatory work."

Stressing the significance of the German and Austrian problems, Mr. Molotov said: "We hope that the work accomplished here in Moscow will facilitate the further success of our cause and the achievement of agreed decisions on all still unsolved questions."

APPENDIX

A

ON THE DEMILITARISATION OF GERMANY AND THE PREVENTION OF GERMAN AGGRESSION

Draft Treaty Submitted by the Soviet Delegation

ON June 5, 1945, the Governments of the United States, the Union of Soviet Socialist Republics, the United Kingdom and the French Republic announced their intention to effect complete disarmament and demilitarisation of Germany, which has already been carried out in substantial degree. Nothing will prevent or delay consummation of this work. It is necessary to ensure that Germany remains completely disarmed and demilitarised for as long as shall prove necessary in order that Germany may never again threaten her neighbours or the maintenance of world peace, and for as long as shall be required for the purpose of preventing German aggression. The task of preventing German aggression cannot be carried out to the end unless German militarism and Nazism are destroyed and unless public life and the state system in Germany undergo radical reconstruction on a broad democratic basis which will serve as guarantee of the transformation of Germany into a peace-loving State and will create favourable conditions for the nations of Europe and the whole world fully to devote themselves to peaceful occupations. Accomplishment of this task and fulfilment by Germany of her obligations toward the Allied Powers will enable the German people to occupy a worthy place in the commonwealth of nations.

In order to achieve this aim the Governments of the United States, the Union of Soviet Socialist Republics, the United Kingdom and the French Republic agree to participate in the common task defined by this treaty.

Article I

The High Contracting Parties agree jointly to take measures to ensure that:

(A) All German armed forces, including land, air, anti-aircraft defence and naval forces, all para-military forces such as the S.S., the S.A. and the Gestapo, as well as all auxiliary organisations of the above formations, will be completely disarmed, demobilised and disbanded within the shortest possible time and will cease to exist, also that re-establishment in any form whatsoever of the disbanded German armed forces, the above-mentioned organisations and auxiliary formations of any kind will not be permitted.

(B) The German General Staff and the headquarters of all military and para-military organisations will be disbanded and

will cease to exist, and their re-establishment in any form will not be permitted.

(C) No military or para-military organisations in any form or disguise will be permitted to exist in Germany.

(D) The manufacture and production of military equipment in Germany as well as its importation will be prevented. In particular the High Contracting Parties will prevent the manufacture, production or importation of:

(1) All arms, ammunition, explosives, military equipment, military stores and supplies and other munitions of war of all kinds;

(2) All fissile materials for any purpose except under conditions approved by the High Contracting Parties;

(3) All naval ships of all classes, surface ships as well as submarines and auxiliary naval ships;

(4) All aircraft of all types, aviation equipment and instruments as well as equipment for anti-aircraft defence.

(E) The creation, utilisation or exploitation for military needs of any of the following will be prevented:

All military structures, installations and establishments, including military aerodromes, naval aviation bases, naval bases, military and naval storehouses, permanent and temporary land and coastal defences, fortresses and other fortified areas, while all structures, installations and establishments of such a kind still in existence will be destroyed.

(F) In the course of the demilitarisation and disarmament required by the present Article the following exceptions will be permitted under conditions that may be established by the High Contracting Parties:

(1) The formation and employment of such units of the German civil police and their equipment with such kinds and quantities of imported light arms as may be necessary for maintaining public safety;

(2) The importation of minimum quantities of the articles listed above in (D), such as, for example, explosives or ingredients of explosives, which may be necessary for construction purposes, mining, agriculture or other peaceful aims.

Article II

The High Contracting Parties agree that:

(A) All necessary measures will be taken for destroying the German war potential. All military plants, specialised military equipment of other plants, as well as the productive capacities of other industries not needed by industry which will be permitted for the needs of German peacetime economy, will be removed as reparations or destroyed.

(B) There will be prevented the creation, utilisation or exploitation for military purposes of any factories, plants, work-

shops, research institutes, laboratories, testing stations, technical data, patents, plans, blueprints and inventions which are designated or which it is intended to designate for producing or facilitating the production of the articles listed in Article I, paragraphs (D) and (E) of the present treaty.

Article III

In order to prevent the utilisation of German industry for military purposes the High Contracting Parties agree that:

(A) Joint control by Great Britain, the United States of America, France and the Soviet Union will be established over the Ruhr industrial region, since it is the main base of the production of German armaments and the main industrial bulwark of German militarism, for the purpose of using the Ruhr resources for developing peacetime industry in Germany and also for satisfying the needs of the nations of Europe which suffered from German aggression.

(B) There will be completed within the shortest possible time the liquidation of the German concerns, cartels, syndicates and trusts and the banking monopolies controlling them, which inspired and organised German aggression, while the plants belonging to them will be transferred to the possession of the German State and the re-establishment of monopolist industrial and financial associations in Germany will not be permitted in the future.

Article IV

With a view to destroying the roots of German aggression and converting Germany into a peaceful democratic State, the High Contracting Parties agree that:

(A) Measures will be taken to extirpate the remnants of German Nazism and German aggressive nationalism in other forms and to eliminate the possibility of a revival of the Nazi Party, Nazi organisations and institutions in any shape, and that all Nazi and militarist influence will be completely eliminated in Germany, while Nazi and militarist activities or propaganda will not be permitted in future:

(B) The German people will be rendered every assistance in establishing a democratic order on the basis of a democratic constitution of Germany approved by the German people, which should guarantee to the German people freedom of speech, press, religious convictions and assembly, freedom of activity for democratic parties, trade unions and other anti-Nazi organisations on an all-German scale, with proper guarantees of the rights and interests of the toiling population and with due consideration for the need to maintain security;

(C) Land reform will be carried out throughout Germany with a view to transferring to the peasants the land of the big landowners (Junkers), who always inspired German aggression and

supplied the cadres of the most dangerous German militarists.

Article V

The High Contracting Parties agree that when they recognise that the achievement of the main objects of the occupation of Germany has been assured, namely—

(A) Completion of the demilitarisation of Germany, including the elimination of Germany's war industrial potential in accordance with the instructions of the Allied Powers;

(B) Restoration and consolidation of the democratic system in Germany;

(C) Fulfilment of the fixed obligations in regard to reparations as well as of Germany's other obligations toward the Allies—

the Allied Powers will consider the discontinuation of the occupation of Germany.

Article VI

Following the discontinuation of the occupation of Germany there will be established a Control Commission on a quadripartite basis which, through its officials or commissions, will carry out in any part or in all parts of German territory such inspections, checks and investigations as it may find necessary, while in the event of violation by Germany of her obligations towards the Allied Powers the High Contracting Parties may apply means of compulsion, including such action by air, naval or land armed forces as may be necessary, for ensuring the immediate discontinuation or prevention of such violation or attempt at violation.

The Control Commission will keep the High Contracting Parties and the Security Council of the United Nations informed about the results of the inspections, checks and investigations permitted by this Article, and the High Contracting Parties will immediately report to the Security Council of the United Nations on measures which have been taken or will be taken.

The High Contracting Parties agree that simultaneously with taking a decision on the discontinuation of the occupation of Germany they will consult together with a view to working out through negotiations special quadripartite agreements which, without prejudice to their obligations under the Charter of the United Nations Organisation, will provide as completely as possible for the details of the inspections, checks and investigations to be carried out by the Control Commission; the strength and kinds of armed forces each Party will have to detail for the purposes of the present treaty; the degree of their readiness and their general disposition as well as the nature of the means and assistance provided by each Party. These special quadripartite agreements will be subject to ratification by the High Contracting Parties in accordance with their respective constitutional procedures.

Article VII

The present treaty is subject to ratification by the High Contracting Parties in accordance with their respective constitutional procedures. The ratification instruments will be deposited for safe keeping with the Government . . . which will have to inform all the High Contracting Parties of each act of deposition. The treaty comes into force after the depositing of the ratification instruments by all the High Contracting Parties. The present treaty will be operative for 40 years from the day of its coming into force. Six months before the expiration of the term of the present treaty the High Contracting Parties will consult with each other with a view to defining whether the interests of international peace and security require its prolongation with or without alterations, or whether the German people have achieved such success in the reconstruction of its life on a democratic and peaceful basis that further preservation of control measures is no longer necessary.

B

V. M. MOLOTOV'S REPLIES TO THE AMERICAN JOURNALIST, JOHANNES STEEL

Published in the Soviet Press, April 5, 1947

1. QUESTION: *Do you believe that the American proposals for the political organisation of Germany will lead to the dismemberment of that country?*

ANSWER: Such a danger does exist.

2. QUESTION: *What in your view would be the consequences of such a development?*

ANSWER: The consequences of such a development would be undesirable, as they might give an opportunity to the German militarists and revanchists to take up the cause of the unification of Germany as was the case, for instance, under Bismarck.

3. QUESTION: *Do you believe a compromise is possible between the Russian proposal for German unity and the American proposal for "federalisation"?*

ANSWER: I do not preclude such a possibility, if it should be possible to reach agreement about letting the German people itself decide the question of federalisation by a plebiscite.

4. QUESTION: *Will 10,000,000,000 dollars of reparations from Germany cover any substantial part of the damage suffered at the hands of the German invaders?*

ANSWER: Of course, this would be little for the Soviet Union; but still it could give some satisfaction to the Soviet people.

5. QUESTION: *Is the question of reparations primarily an economic or a moral question?*

ANSWER: Reparations are important in both respects.

6. QUESTION: *Which has received more reparations so far, Great Britain and the United States or the Soviet Union?*

ANSWER: Undoubtedly the U.S.S.R. has received much less than these Allies.

7. QUESTION: *How can German peacetime production best be raised so that reparations may be paid out of current production?*

ANSWER: By means of a certain rise in the level of Germany's peacetime industry, so that part of its production (metal, coal, etc.) are devoted to paying reparations to the victim countries.

8. QUESTION: *How can democracy best be restored in Greece?*

ANSWER: The best way is by renouncing foreign interference in the internal affairs of Greece.

9. QUESTION: *Do you believe that President Truman's proposed American policy on Greece will restore democracy to Greece?*

ANSWER: I doubt this very much, just as many others do.

10. QUESTION: *Do you believe that the Moscow Conference of Foreign Ministers has served a useful purpose and will bring some concrete results?*

ANSWER: It is desirable that the Moscow Conference should be of maximum use for our common cause, but this does not depend on the Soviet delegation alone. In any case the Soviet delegation will do everything in its power to ensure that the Conference brings beneficial results.

C

THE QUESTION OF CHINA

(i)

Statement of V. M. Molotov, made on March 10, 1947

"As is known, at the Moscow meeting in December, 1945, the Foreign Ministers of the U.S.A., Great Britain and the Soviet Union agreed on the necessity for the unification and democratisation of China under the leadership of a National Government, on the necessity for extensively drawing democratic elements into all organs of the democratic government of China, and the cessation of the civil strife. They also affirmed their loyalty to the policy of non-interference in the internal affairs of China. Complete agreement was reached between the Foreign Ministers of the U.S.A. and the Soviet Union on the desirability of evacuating from China the troops of the Soviet and American armed forces in the shortest possible time compatible with the fulfilment of their obligations and responsibilities. In the period which has elapsed since the Moscow meeting of the Council of Foreign Ministers the situation in China has not improved. The Soviet Government therefore proposes that the Council of Foreign Ministers should hear information from the parties to the Moscow Agreement on China concerning the implementation of the conference decisions."

Exchange of Information on China

It was agreed between V. M. Molotov and Mr. Marshall that each should present the other by April 1, 1947, written information on fulfilment of the Moscow Agreement on China, and should dispatch copies of the texts of such information to the Chinese Government.

In his letter, Mr. Marshall referred to two statements made by President Truman at the end of 1945 and at the end of 1946 respectively, and reported that during the subsequent period the armed forces of the United States had rendered substantial aid in repatriating approximately 3,000,000 Japanese from China to their own country. Mr. Marshall mentioned that he had no information about the 700,000 Japanese captured by the Soviet forces in Manchuria [although as is known from officially published Soviet data, approximately 600,000 Japanese were taken prisoner in Manchuria, and since the end of 1946 repatriation of these war prisoners has proceeded according to the plan agreed upon with General MacArthur, Commander of the American occupation forces in Japan].

Mr. Marshall further stated that on January 29 this year the U.S. Government had declared its decision to discontinue its participation in the work of the Committee of Three which had been set up in Chungking with the purpose of stopping hostilities in China, and to discontinue participation in the work of the Executive Headquarters set up in Peiping by the Committee of Three in order to supervise fulfilment of the agreements on cessation of hostilities and demobilisation and reorganisation of the armed forces in China. He also pointed out that a statement was issued at the same time on the withdrawal of the marines units, whose task it had been to protect American personnel of the Executive Headquarters and its sea communications.

After pointing out that as a result of this the number of American armed forces in China had considerably decreased, and that evacuation of these forces was continuing according to available shipping facilities, Mr. Marshall stated in his letter that when the current reduction was accomplished (approximately by June 1, 1947) some 6,180 members of the American armed forces would remain in China. He referred to a request of the Chinese Government to this effect, and reported that the staff and servicing personnel of the U.S. land and naval forces would number 2,681, and of the U.S. marines 3,499.

In his turn V. M. Molotov also dispatched a letter to Mr. Marshall giving the Soviet Government's point of view in the following terms:

"The following was said in the Agreement on China reached by the Ministers of Foreign Affairs of the United States of America, Great Britain and the Soviet Union in Moscow in December, 1945:

"The three Ministers of Foreign Affairs have exchanged views on the situation in China. They have agreed on the necessity of the unity and democratisation of China under the leadership of a National Government, on a broad invitation of democratic elements to all organs of the National Government and on the cessation of civil strife. They have reaffirmed their loyalty to the policy of non-intervention in the internal affairs of China."

"I herewith confirm that the Soviet Government continues to maintain the views formulated in the above Agreement of the three Ministers. Believing that implementation of the unity and democratisation of China, which calls for a broad invitation of democratic elements to participate in all organs of the National Government of China, is the concern of the Chinese people itself, and believing that intervention of foreign States in the internal affairs of China and, particularly, participation of foreign armed forces in the civil war in China, can only lead to fanning the civil war and to creating additional difficulties in the restoration of the national unity of China, the Soviet Government in its relations with China has maintained and is maintaining a policy of non-interference in the internal affairs of China. The Soviet Government believes that the Moscow Agreement on China can be really fulfilled only provided that the Governments of the United States of America and the Soviet Union do not ignore the agreement which was reached concerning non-interference in the internal affairs of China, and actually implement this Agreement.

"The Moscow Agreement also said:

"Mr. Molotov stated that the Soviet armed forces disarmed the Japanese troops in Manchuria and evacuated them from there, but that the withdrawal of Soviet troops was postponed until February 1 at the request of the Chinese Government.

"Mr. Byrnes pointed out that the American armed forces were staying in Northern China at the request of the Chinese Government and referred also to the fact that the United States bore chief responsibility for implementation of the terms of the surrender in respect of disarmament and withdrawal of Japanese troops. He declared that the American armed forces would be removed as soon as these obligations were fulfilled, or when the Chinese Government was able to fulfil these obligations without the help of the American armed forces.

"There is full accord between the two Ministers of Foreign Affairs as to the desirability of the withdrawal of the Soviet and American armed forces from China at the earliest possible date compatible with fulfilment of their obligations and with their responsibilities."

"Thus both the Soviet Union and the United States of America undertook obligations in respect of 'the withdrawal of Soviet and American armed forces from China at the earliest possible

date compatible with fulfilment of their obligations and with their responsibilities.' The Soviet Government attached and continues to attach important significance to the precise fulfilment of these obligations.

"On its part, the Soviet Government fulfilled on time its commitment to withdraw Soviet troops from China. The evacuation of Soviet troops from Manchuria was completed on May 3, 1946.

"Approximately a year has passed since then, and not only has the evacuation of the American troops from China not been completed, but it is generally unknown when the United States of America will fulfil the obligation to withdraw American troops from China.

"In view of this situation, the Soviet Government considers it desirable, as it did earlier, that the Ministers for Foreign Affairs of the States which participated in the Moscow Conference, now staying in Moscow, should exchange information on the fulfilment of the Agreement on China. Such an exchange of information would be useful, as it would help to clarify the actual situation as regards fulfilment of the Moscow Agreement on China, inasmuch as the existing situation in this respect is not satisfactory, arousing the doubts of public opinion as to the willingness to fulfil the obligations undertaken under the above Agreement."

Copies of these letters have been sent to Mr. Bevin and to the Chinese Ambassador in Moscow, Mr. Foo Ping-sheung.

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