
THESIS

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Scholars assert that the Cold War began at one of several different points. Material recently available at the National Archives yields a view different from those already presented. From these records, and material from the Foreign Relations Series, Parliamentary Debates, and United States Government documents, a new picture emerges. This study focuses on the British occupation of Germany and on the Council of Foreign Ministers' Moscow Conference of 1947. The failure of this conference preceded the adoption of the Marshall Plan and a stronger Western policy toward the Soviet Union. Thus, the Moscow Conference emphasized the disintegrating relations between East and West which resulted in the Cold War.
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CHAPTER I

INTRODUCTION

Great Britain, the United States, and the Soviet Union were all instrumental in the formation of a period after the Second World War known as the Cold War. Britain, suffering severely economically, looked to the United States for advice and aid, which soon appeared to the Soviets to be the formation of a "western bloc" against their interests. From the Atlantic Charter to the Marshall Plan, Britain and the United States worked together to frame wartime policy and the post-war peace, often disregarding Soviet wishes.

The main battleground of international relations immediately following the end of the war was Germany. The occupation and division of Germany by the four powers led to irreparable damage to international relations. Each occupying power had its own ideas of how Germany should be reformed so that it might be incorporated back into a peaceful European community. The Soviets viewed Germany as potentially a direct threat to their interests and decided that a weak, Communist-led country would benefit them the most. They stripped their German zone, and the occupied areas of Eastern Europe as well, of all machinery and goods that could be shipped back to the Soviet Union. This
practice soon led to confrontations with the three western powers which were not resolved before the final division of Germany in 1949.

Britain, though, desired a federal Germany which could be incorporated into a Europe that had already seen enough war. The British themselves were suffering severe economic conditions in the years following the war and had difficulty in maintaining the British zone in Germany. By 1946, therefore, the British were ready to accept the United States’ proposal of merging its zone with that of any of the other occupying powers. This merger, though, led to increased hostility with the Soviets.

The British occupation of Germany can be viewed as a stepping-stone to greater unity with the United States, a unity that clearly disregarded Soviet interests. By the time the Potsdam conference convened in July 1945, the zones of Germany were already on their way to becoming a permanent division. Only a year later, in the summer of 1946, did relations really suffer when Britain and the United States refused to send any more industrial goods to the Soviet zone in retaliation for receiving no agricultural goods from that zone. By the time of the fusion, December 1946 to January 1947, the lines of the two camps were clearly drawn.

The Moscow conference of the Council of Foreign Ministers in March and April 1947 exemplified the differences between the powers when, after five weeks of
deliberation, the Ministers reached no substantial agreements concerning Germany. The only conclusion reached from this conference, the longest yet of the Foreign Ministers', was that there probably would be no agreements reached in the future. The Soviet tactics of delay and accusation proved to the western powers, Britain and the United States, that the Soviets would render the making of any agreements difficult.

The culmination of the conference, late in April, led the western powers to find alternate methods of reviving Germany independent of Soviet desires. With the emergence of the Marshall Plan that summer came the final step in this process of decaying relations. The Soviet, and subsequently the other Eastern European nations', refusal to join the Marshall Plan proved to be the catalyst that would result in a permanent division of Europe into East and West.

The purpose of this study is to determine the impact the occupation of Germany and the Moscow Conference had upon the ultimate division of the Allies into the two factions, East and West. Sources used include material from the Great Britain Public Record Office and the United States National Archives. These unpublished government documents deal mainly with World War II and post-war conferences. Published government documents include Great Britain's Parliamentary Debates and the United States Foreign Relations series. Published primary sources include
memoirs, dairies, and studies of the post-war period and the German occupation by government leaders, academics, and journalists. Particularly noteworthy are the memoirs of Winston S. Churchill and George F. Kennan.

Using these materials and focusing on the Moscow Conference of Foreign Ministers, 1947, allows a different perspective on the post-war period than many authors have used previously. Historians differ on when, precisely, the Cold War began, and the material presented here emphasizes an approach not yet viewed in any real depth. The material that has just become available to historians, allows a fruitful re-examination of the origins of the Cold War. The event focused upon will be the Council of Foreign Ministers' Moscow Conference, held in March and April of 1947. The Foreign Ministers attempted to deal with many of the problems concerning Germany that they had repeatedly discussed with each other, from Yalta through the most recent meeting between them in December 1946. The Moscow Conference would be different, though, as each Foreign Minister quickly realized. It would be the longest meeting yet between the four powers in occupation of Germany, and the results and aftermath of that meeting would change the world both politically and economically. It would lead to the period known as the Cold War.
CHAPTER II

INTERALLIED AGREEMENTS AND BRITISH

OCCUPATION POLICIES

Great Britain, the United States and the Soviet Union had discussed the occupation of Germany at length before the Germans surrendered in 1945. Each government had been formulating its own post-war plans and had prepared proposals, the main goal of each power being to keep Germany from causing such destruction again. To achieve that goal, the Allies would have to cooperate, and the question was whether the Allies could continue to work together once Germany was defeated. Fear and hatred of the Nazis had made them try to work together during the war, though often suspicions of each other had made the task a difficult one. Cooperation did continue for a time in the post-war era; until 1946, at least, they usually could work together.

In a paper presented to the House of Commons in March 1943, Foreign Minister Anthony Eden reported that the Foreign Office advisors believed that the Allies lacked the will to insist upon Germany’s dismemberment, the most obvious way to assure Germany’s future powerlessness. Given that lack of will, Eden believed that the best long-term
solution would be to create a Germany that would be a voluntary federation.¹

Britain did not have a well thought-out German policy throughout the war because the British leaders were often uncertain about their ultimate war aims beyond the defeat of Germany. In the summer of 1943, Prime Minister Winston Churchill organized a Cabinet Committee to discuss post-war plans for Germany. Under the leadership of Clement Attlee, the committee recommended that the Allies should occupy all of Germany if they wished to disarm the whole country effectively, and recommended that the Allies should station their occupation forces in three main zones of roughly equal size: the British in the northwest, the Americans in the south and southwest, and the Soviets in the east. Berlin, the report said, should be a separate zone, occupied by each of the three major Allies. Churchill approved these recommendations and sent them to the European Advisory Council, which included representatives from the three countries.²

This idea of a joint occupation of Germany was purely hypothetical at the time. One opinion in Britain was that the Soviet Union would quit the war when they had driven the


Germans out of Soviet territory, and the Western Allies would have to persuade the Soviets to remain in the war.3

In November 1943 at the Cairo meeting between the United States and Britain before the Teheran Conference of the Big Three, the United States Joint Chiefs of Staff brought up a proposal for occupation. Roosevelt had agreed with the British plan for the occupation but disagreed with the location of the proposed zones. He wanted the British and United States zones reversed. He felt the lines of communication for the United States should be on the sea; in the British proposal the lines of communication ran through France, which the British had intended when they placed the United States' zone in the southwest.4 Roosevelt also felt that the British gave the southwest to the Americans so that the United States, instead of Britain, would have to deal with problems in Central Europe, and he opposed allowing the United States to get involved there.5 Early in the occupation discussions, Roosevelt had stated that American soldiers would not remain in Europe for longer than two years because he wanted no lingering obligations there. The British and United States' representatives reached no decisions at Cairo.

3Ibid.
4Ibid., 508.
At the Quebec Conference in September 1944, Roosevelt agreed to the southwest zone after the British agreed to give the United States access to the sea through the British zone. British forces, under British command, would occupy the Rhineland, and east of the Rhine they would occupy the area of Germany north of Coblenz. Neither Churchill nor Roosevelt made provision for giving French or Soviet troops access to the sea or transport through British territory. Indeed, they made their arrangements in the absence of any Soviet or French participation.\(^6\)

One reason the British were conciliatory to the United States was because the British felt they needed the United States in Europe to ensure that Britain would recover economically from the war. They also needed the United States to balance the Soviet Union. The British assumed the Anglo-American demands on Germany would be stern, but believed the Soviet demands would be without restraint or pity. It would also not be easy to reach agreement on anything with only two negotiating allies. Therefore, in the British view, they desperately needed the United States in Europe, certainly for a longer time than the two years they had discussed.\(^7\)

At the Quebec Conference the United States presented the Morgenthau Plan which would reduce Germany to an

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\(^7\)Eden, *The Reckoning*, 512.
agricultural state by removing all its industrial potential. Churchill disagreed with this plan, saying that Germany needed to retain the same manufacturing capacity as her neighbors to prevent a dictatorship from again threatening the country.8

In October 1944 Churchill went to Moscow to meet privately with Stalin. The Foreign Office appeared to believe that the Soviets would collaborate with the West for at least five years after the war ended, and during this time period of cooperation, Britain could concentrate on internal rehabilitation and development.9 There was no statement at Moscow concerning the time period of Russian occupation or cooperation with the West, and it seems that this time limit was just a hope of the Foreign Office.

It was at this meeting that Churchill agreed to the Soviet predominance in the Balkans. It also became clear that the Soviets would enter the war against Japan after Germany was defeated, though this would be made final only at the Yalta meeting in February. Stalin presented his plan for detaching the Ruhr and Saar from Germany and placing them under international control. He also wanted the Rhineland to become a separate state. Churchill,


understanding that these areas represented an industrial stronghold of the Germans, did not want the Soviets involved in affairs that far west where they might take advantage of the German industrial potential. Stalin and Churchill reached no conclusions for the Ruhr, Saar, and Rhineland at the meeting.\textsuperscript{10}

In Churchill's view, the agreements they did reach were intended to govern Eastern Europe only for a short time after Germany was defeated. Churchill had intended only to satisfy Stalin's preoccupation with these areas and to obtain Soviet help against Japan, yet this agreement, the West thought, led Stalin to believe he had been given authority over Eastern Europe.\textsuperscript{11}

The Yalta meeting in February yielded a few more decisions. Churchill did not want dismemberment, fearing it might increase nationalist feelings, but he agreed to the division of Germany into the three zones previously discussed. Reparations also received attention. The western powers agreed with the Soviets that Russia should get compensation for her enormous losses in the war, but the representatives never agreed to a specific amount. When the Soviets suggested $20 billion, with $10 billion going to the Soviet Union, the western powers agreed "in principle." The Soviets later claimed the powers had reached agreement, and

\textsuperscript{10}Churchill, \textit{Triumph and Tragedy}, 241.

\textsuperscript{11}Ibid., 331.
they claimed the West was reneging on its commitment; this issue caused problems between the two sides during the occupation.12

At Yalta also, the three leaders discussed the inclusion of France in the occupation. When Churchill proposed a zone for France, Stalin adamantly opposed it. Churchill argued that France had traditionally been a check on German aggression. Roosevelt agreed with Churchill because he still intended the United States to be involved in the occupation for only two years, and he believed it would be better not to leave Britain to deal with Russia alone. Stalin finally agreed to include France after it was pointed out to him that France formed a buffer zone against Germany similar to that which Poland formed and that a French zone would be created from portions of the British and United States' zones. The Soviet zone would remain unrevised.13

Ten weeks after the Yalta Conference, the Red Army was in Berlin and much of Austria. The relationship between Russia and the West was in flux, and it seemed as if every question about the future was unsettled. Some agreements and understandings made at Yalta were broken or brushed aside by the Russians on their way into Berlin in the last

13Ibid., 151-52.
weeks of the war, and, as Churchill stated, "New perils, perhaps as terrible as those we had surmounted, loomed and glared upon the torn and harassed world." In several telegrams to Truman, Churchill expressed his uncertainty concerning Soviet goals and his desire to work with Truman to present a "united front" to the Soviets.

On 11 May 1945 Churchill requested a meeting with the other leaders to discuss post-war policies. He did not want to meet in the Russian zone and wanted the new United States president, Harry S. Truman, to visit London before the meeting. Truman did not want Stalin to suspect western intentions, so he declined the offer to come to London beforehand. On 12 May Churchill telegraphed Truman stating he was anxious over Russian "misinterpretations of the Yalta decisions" and that "an iron curtain is drawn upon their front. We do not know what is going on behind."

Feeling the Soviets might try to move to the Atlantic, he said it was vital that Britain and the United States come to an understanding with the Soviet Union. The three powers finally scheduled a meeting for mid-July.

Meanwhile, the United States' military leaders were continuing to plan the occupation. In April, the State Department received the Joint Chiefs of Staff directive

15Ibid., 571-72.
16Ibid., 574.
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#1067, the instrument that guided the United States' occupation policies for two months until the meeting at Potsdam could decide upon a definite course of action. It proposed limiting German industrial activity to the level needed to prevent "disease and unrest" in Germany. Basically, Directive 1067 called for a strong Europe with a weak and peaceful Germany.17

The British plans for the occupation included the four powers forming a united effort with the cooperation of the smaller Allied states. His Majesty's Government believed this combination was the one most likely to produce the greatest amount of stability in Europe. The general principles of their policy toward Germany included establishing political conditions in the country which would secure the world against any reversion to dictatorship or any revival of an aggressive national policy. The British also favored economic conditions which would enable Germany and the world to benefit in peacetime from German industry and resources. Further, the British desired a constitutional machinery acceptable to the German people which would decentralize the German administration as far as possible. The British wanted a constitution which would

avoid the two extremes of a loose confederation of autonomous states and a unitary centralized state.18

The British, along with the other powers, established the basis for occupation and assumed supreme authority in Germany in June 1945. In matters that affected Germany as a whole, the four military commanders, Marshal Grigori Zhukov, General Jean de Lattre de Tassigny, Field Marshal Sir Bernard Montgomery, and General Dwight D. Eisenhower, would constitute the Allied Control Council (ACC) in Berlin. This body would unanimously exercise the supreme legislative, judicial, and economic authority within Germany.19 The ACC would meet three times a month to consider an agenda prepared by the Coordinating Committee, comprised of four subordinate military commanders. The Coordinating Committee would meet twice a week to consider papers by the twelve Directorates of the Control Authority (the subdivisions in each zone) and the Kommandatura, another four-power organization, this one with a more political emphasis. This system of committees would govern Germany during the early period of occupation.20


20Ann Whyte, "Quadripartite Rule in Berlin: An Interim Record of the First Year of the Allied Control Authority," International Affairs 23 (1947); 30.
The British were attempting to establish a working policy of occupation for their zone which was firm but not vengeful. Because they were often uncertain about their ultimate war aims, the policy they followed in 1945 was to a large extent determined by the United States and Soviet policies. The British certainly wanted to return to a position free of external constraints, one not dependent upon either of the other two larger powers. To end the need to rely on others, the British needed to arrange for the economic recovery and self-sufficiency of western Germany because otherwise they could supply it only by purchasing supplies from third nations. Britain was suffering economically and needed to see to her own needs. The British needed Germany to become independent of occupation forces so that Britain could give her full attention to her diminishing empire without having to maintain a former enemy. Hence, Britain often promoted policies that would bring about economic recovery and self-sufficiency in Germany quickly, which was usually directly opposite of the Soviet desires.21

The British believed extreme measures were futile in international affairs, and they had a strong preference for moderation. Often the British members of the ACC spent much time and effort in opposing the more extreme policy measures

of the United States and the Soviet Union such as the Morgenthau Plan and total dismemberment. 22

Conditions in Germany were desperate at the end of the war, as they were in much of Europe. The barter system operated there; many Germans found it more profitable to work two or three days a week and spend the rest of the time looking for things to barter. The black market became the major source of food and materials, and cigarettes quickly became the preferred medium of exchange. 23

In the British zone conditions were extremely poor compared to the other zones. Much of the bombing had taken place there and shortages of everyday necessities were more severe in the British zone than in the others owing to a lack of transportation facilities. The seizure of German homes and furniture to serve British staff needs caused resentment among the Germans. The Germans often felt that the British had no plans for industrial reorganization and recovery while industrial reorganization seemed to be proceeding rapidly in the Russian zone. The living conditions for the British officers were quite high compared to that of the average German. For instance, one meal for

22 Balabkins, Germany Under Direct Controls, 6.

an officer usually had more calories than an entire day's ration for a German. 24

Displaced persons suffered the most. They lived in camps with little food, poor sanitary conditions, and often no beds. Prejudice was common among the British toward their former enemy. For instance, the lavatory at the Offices of Food and Agricultural Department was divided into three categories: "officers," "other ranks," and "German staff." 25 Often the daily rations for Nazi prisoners in internment camps were considerably higher than those of ordinary German civilians; international agreements concerning treatment of prisoners caused that state of affairs. 26

Beginning early in 1946, many Germans living in the western zones were migrating east to the Russian zone because it offered better food and living conditions. The majority of the agricultural products in Germany came from the Soviet zone, which allowed a higher standard of living than many Germans could find in the western zones. On the average, rations in Berlin and the Soviet zone were one-third higher than in the British zone. 27

24 Fenner Brockway, German Diary (London: Victor Gollancz Ltd., 1946), 5.
25 Ibid., 39.
26 Ibid., 49.
27 Ibid., 61, 65.
Not only was the situation bleak in Germany, but the situation in Britain was also precarious. At the end of the war, twenty-five percent of the younger manpower of Britain was in the armed forces and the government was spending over half the gross national product keeping them there. A loan from the United States which was intended to last three years lasted only one-and-a-half. The population of Britain blamed the government for these problems. When the United States abruptly cut off Lend-lease immediately following the German surrender, it left the British unprepared to provide for both their people and their zone in Germany. With a serious food shortage in the whole British Empire, a prominent left-wing publisher, Victor Golancz, organized the Save Europe Now campaign to assist European countries, including Germany, to survive the winter of 1945-46 without starvation. This fund, he hoped, would take some of the pressure off the British and would be privately funded. In the summer of 1945 the British set up a team of German food specialists -- The German Interregional Food Allocation Committee, comprised of German nationals -- to assist in determining adequate food distribution for the British zone. The British Military

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Government introduced uniform rationing scales for the zone in October, with extremely low levels, usually 1,048 calories per day. That caused suffering, and in late 1945, the average weight of people in Hamburg was 70 percent below the average weight of pre-war Germans. The situation was still critical, and the British created a German Central Food Administration for their zone, headed by the Minister of Food and Agriculture during the Weimar Republic.\(^{30}\)

When the nations began preparations for the Potsdam meeting, scheduled to convene in July, one of the main topics concerning the leaders was the removal of troops to the specified zonal boundaries, for both the Americans and the Soviets had over-stepped the Yalta boundaries in the attack on Berlin. Churchill wanted the United States' troops to remain where they were because he feared Soviet intentions, and he requested Truman to delay the withdrawal. Stalin, when faced with the request that the Red Army withdraw from western Germany, replied that the troops could not be moved until late June because the commanders had been invited to Moscow for the next session of the Supreme Soviet and were to participate in a parade. The situation seems to have been solved by mid-July.\(^{31}\)

\(^{30}\)Balabkins, *Germany Under Direct Controls*, 74-75; Brockway, *German Diary*, 34, 49.

When the Western Powers came to Berlin in July for the Potsdam meeting, they noted the Soviets had established a new government for their zone. Non-Communists were in conspicuous positions such as transportation, but Communists held positions such as head of education and of police. The German Communists were to unite with other parties in a program that included ending Nazism and establishing a democratic post-war Germany. The German Communist Party was headed by Germans from Moscow, who had fled East when Hitler came to power, or German Communists who had survived Hitler's concentration camps. Indeed, "disgrace under the Nazis was a passport in 1945 to political activity."32

When the conference opened, Churchill invited Clement Attlee, the opposing Labour candidate in the upcoming elections, to accompany him so that Attlee would be prepared in the event Churchill was not re-elected in the British election scheduled for July.33 Because the British election took place in the middle of the Potsdam conference, Churchill and Attlee both returned to Britain. The Labour Party was victorious, and Attlee replaced Churchill as Prime Minister, returning to Potsdam with Ernest Bevin as his Foreign Secretary.


33 Churchill, Triumph and Tragedy, 608.
Attlee had been prepared for Soviet toughness on the grounds of the immense Soviet suffering during the war, and he knew the Soviets did not like the Labour Party because it was an alternative to Communism. Stalin apparently did not like the election results. As Attlee stated, "it proved perfectly impossible" to get along with him when Attlee returned to Potsdam. Commenting on Stalin’s demands for reparations, Attlee stated "the Russians are more difficult than anyone expected. There is not much hope anymore, it was obvious they would be troublesome. The war ended with them holding positions far into Europe, much too far." Following the Potsdam Conference, where again few decisions were reached, George Kennan, previously on the United States’ Ambassador’s staff in the Soviet Union, stated in August that

the idea of a Germany run jointly with the Russians is a chimera. The idea of both the Russians and ourselves withdrawing politely at a given date and a healthy, peaceful, stable, and friendly Germany arising out of the resulting vacuum is also a chimera. We have no choice but to lead our section of Germany - the section of which we and the British have accepted responsibility - to a form of independence so prosperous, so secure, so superior, that the East cannot threaten it. This is a tremendous task for Americans. But it is an unavoidable one; and along those lines, not along the lines of fumbling unworkable schemes of joint military government,

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must lie our thinking. . . We are basically in competition with the Russians in Germany.  

Thus, early in the occupation, western leaders were speaking of not being able to work with the Soviets and of organizing the western zones of Germany separately from that of the eastern zone.

Bevin, the new Labour Foreign Minister, realized the Soviets would claim a place in world politics. He felt, along with others, that it was essential to reach an agreement about Germany to avoid a third world war, this time between East and West.  

He wanted Germany either to be treated as an economic unit or to have the western-controlled zones incorporated into the Western European economy. The British zone contained the largest concentrations of heavy industry, urban population, and damaged cities of Germany, and would, therefore, have different regulations for governance than the other zones.

Bevin's biographer maintains that Bevin never could forgive the Germans for the war and often showed reluctance over visiting Germany or meeting with German politicians. Furthermore, he had no experience in diplomacy, although he did have thirty years' experience as a union leader in

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37Ibid., 22.
organizing transport workers. On the positive side, he was aware of how economic conditions abroad would affect the average British citizen, and this knowledge could help in defining policy for the occupation.38

Bevin and Attlee agreed on certain principles for the British zone. They included weakening Germany’s potential political unity through a new constitution for the country, which would minimize the centralizing aspects of the Government and attempt to ensure that German economic strength was devoted to peaceful purposes. They also favored finally disbanding its military and naval forces, a task which had not yet been completed.39

The Paris Conference of the Council of Foreign Ministers late in 1945 brought the differences between each power more clearly into focus. The ministers often skirted the issue of Germany, fearing that discussing it was likely to divide them into two different sides. Bevin spoke out against letting the Ruhr territory be part of a future German state because of its industrial potential; he wanted to provide for control of its industries through transfer of their ownership to an international public utility corporation, voting control of which would be retained by the participating powers. The management would be in the

38Ibid., 90, 103.

hands of the Germans and profits would be made available to the German people to pay for imports to meet the costs of the occupation and reparations. This proposal was similar to the attempts being made in Britain to nationalize the major industries of the country. It was also similar to the combines the Soviets later introduced in their zone. The British Cabinet agreed with this proposal, but the other powers did not, mainly fearing that the system of international control would lead to division of the participatory states into sides.40

The French had all along desired the Ruhr and the Saar either to be given to them or to be formed into a separate state. The other nations rejected this proposal, but they differed on what course should be followed.41

By April 1946 Bevin felt that the division of Germany was likely to be permanent owing to the lack of decisions concerning the occupation. For several reasons he wanted to be prepared for that permanent division. First, financially Britain could not afford to remain in Germany indefinitely; until the British zone was economically self-sufficient, Britain would have to provide a subsidy, which it could not afford to continue. Second, for humanitarian reasons many persons in the British Cabinet did not want the German population to continue to live in poor conditions. Third,

40Bullock, Bevin, 266.

41Ibid., 267.
for political reasons, if Britain and the other western powers did not make an effort to create a Germany on their own model of democracy, an effort comparable to the one the Soviets were making in their zone to shape their part of Germany in the Communist image, the Germans might conclude that there was nothing to be hoped for from the West and accept the Communist argument that their future lay with the East.42

That same month, April, the United States decided to cease reparations deliveries to the Soviets after several months of failing to receive any agricultural deliveries from them. The decision at Potsdam had been that the Soviets would exchange agricultural goods from their zone for the Western zones' industrial goods to ease the burden of occupation in all zones. The Soviets had not been delivering goods for several months, while the Western zones continued to deliver industrial materials to them. The British quickly followed the United States' lead.43

The British policy towards Germany slowly began changing with these latest events. It was clear that Hitler had come to power because of his popularity with the people. The question in 1946 was whether the German people would agree with the Soviet viewpoint that the East offered them a better life. The British altered their policy because they

42Ibid.
43Watt, *Britain Looks to Germany*, 58.
came to believe that the German people suffered from certain long-developed traits in their national character, namely submissiveness to authority, which had prevented the earlier experiments with democracy from succeeding. Also, the British came to assume that the German people had an overwhelming regard for efficiency which had led them to centralize their government. Submissiveness to authority and a worship of that authority had aided Hitler in coming to power. The fear was that Germany might now turn to the Soviets for authority.44

The British believed the old German electoral system had two basic defects which had enabled the Nazis to gain, and hold, power. First, it made the party label, membership, and endorsement all-important and severed the basic link between the elected person and the constituency. Second, the old German electoral system was built on proportional representation which produced coalition governments that reflected Germany’s party divisions and did not resolve them. The British feared these defects would lead to new problems if they were not changed.45

In an effort to change the German government to make it more responsible to the people, the British began licensing the formation of parties at the county (Kreis) level, with the intention of allowing extension of the system to higher

44Ibid., 71-72.
45Ibid., 74-75.
levels when support for individual parties had been obtained in all the counties. They did not allow formation of parties at the provincial (Laender) level until October 1946. Furthermore, the British Military Government had to supervise party finances.46

The British zone consisted of three and a half former Prussian provinces, four independent provinces, and one Hanseatic city, Hamburg. In 1946 the British divided their zone into four separate Laender: Schleswig-Holstein, Lower Saxony, North Rhine/Westphalia, and Hamburg. In November, British Ordinance #57 gave the Laender powers to legislate in matters of local government, elections, education, and public health. The Laender had only temporary constitutions, and Britain added an independent judiciary, a fixed term of office for the legislature, and an executive responsible to, and removable by, the legislatures. There was much opposition from the staff of the military government, who claimed this system was a major departure from previous policy of not dramatically changing German everyday life. Clearly, the British were taking the task of occupation more seriously than before and were instituting more changes than they had previously foreseen.47

The British also altered the German legal system within their zone. By the end of 1945 a total of 266 civil courts

46Ibid., 75-76.
47Ibid., 76.
had been reestablished. The process of establishing the courts included locating and removing Nazi collaborators from their posts, because the courts had been a stronghold of Nazi Germany. In 1946 the British established the German Central Legal Office in their zone and began to turn legal power over to the Germans themselves. This office was set up in Hamburg with the right to act, subject to approval, in fields where the old Reich Ministry of Justice had acted. By December 1946 the British gave responsibility for legal matters to the Laender.48

Education presented a unique problem. Through the educational system, Hitler had dramatically altered the thinking and orientation of most of the young German population. The British faced an enormous task in attempting to rid Germany of Nazi ideology and to remove Nazi supporters from the educational system. From the beginning of the occupation, the British perceived this educational restructuring as one of their main goals. It took three months just to get rid of most of the Nazi teachers and textbooks before schools could even be opened, but by September 1945, most children were back in school. By 1946 the educational system was working with 80 percent of the enrollment of 1940. Twenty-four teachers training colleges were opened in the British zone to train 20,000 new teachers in emergency one-year programs. The main political

48 Ibid., 79.
aim of the British was to decentralize the control of the schools in the state system and to introduce greater public participation in the education of the children.\footnote{Ibid., 80.}

Through these various agreements and policies the British had made strides in restructuring their sector of Germany in the first months of occupation. The efforts made in education were far ahead of those in the other zones and their emphasis on trying to turn over control to the Germans as quickly as possible represented a willingness to let Germany determine its own course, within limits. Despite the fact that, owing to an uncertain post-war policy, the British often mimicked the Soviet or American policies, the British attempted to revitalize Germany in the framework of democracy. Making Germany self-sufficient as soon as possible was the underlying motive in the early months of the British occupation.

In view of this goal of making Germany self-sufficient, the desperate conditions in Germany following the war required immediate attention, which the British were hard-pressed to give owing to their own problems at home. The plight of the displaced persons and former concentration camp inmates symbolized the destruction of the entire country and the level to which it had been reduced by the Nazis. Attempts such as the German Interregional Food
Allocation Committee alleviated some of the problems, but there were still many problems to be faced.
In July 1946 a British investigating committee reported that the cost to run the British zone for 1946-47 would be over 80 million pounds. Britain was supplying 70 percent of the food needs in the zone and bread rationing had begun in Britain that month, more the result of supplying Germany than of internal problems. At approximately the same time, the British Embassy in Moscow reported that the Soviets now regarded Britain as the junior and more vulnerable partner in the alliance. The Foreign Office felt that better Anglo-American relations were a reflection of worsening Soviet-American relations and chose to side with the United States.¹

At the Second Session of the Council of Foreign Ministers in Paris just a few weeks before, Georges Bidault told the American representatives that he was "... discouraged at the complete lack of progress" in their meetings and "attached considerable importance" to the Russians' bringing three hundred people with them, one hundred of whom were security persons. Bidault showed extreme anxiety

¹Morgan, Labour in Power, 256; Pelling, The Labour Governments, 131.
throughout the conversation and twice mentioned the possibility of finding Cossacks on the Place de la Concorde.²

On 3 May Bevin had told the British Cabinet that "... the danger of Russia has become certainly as great as, and possibly even greater than, a revived Germany." Bevin feared a revived Germany would side with Russia and, he urged closer collaboration between the Western zones. For financial and political reasons, the British chose to side with the Americans in Germany.³

Also in July the British halted reparations deliveries to the Russians from the British zone, following the American move of the month before. None of the Western zones had received deliveries from the Russians since the British and American actions. Then, United States Secretary of State James F. Byrnes offered to form a joint economic union of the United States' zone with any other zone in Germany. Only Britain accepted. Negotiations between the two zones were approved by the British Cabinet 25 July and the merger became effective 1 January 1947.⁴

Until the end of 1946, the main objective of the United States in Germany was to withdraw as soon as possible, but

²Memorandum of Conversation Bidault, Matthews, and Byrnes, 1 May 1946, Box 19, Record Group 43, "World War II and Post-war Conferences," (hereafter RG), National Archives (hereafter NA.), Washington, D.C.

³Morgan, Labour in Power, 257.

⁴Pelling, The Labour Governments, 131.
by September 1946, the Americans had changed their minds. The problems with the Soviets over reparations and zonal boundaries for the troops, and the Soviets' apparently ignoring agreements between the powers, led the United States' leadership to believe the United States should remain in occupation as long as the other powers remained. In a speech in Stuttgart in September, Secretary Byrnes said, "The United States will not again sit back and hope for peace if any nation uses force or the threat of force to acquire dominion over other peoples and their governments. We intend to continue our interest in the affairs of Europe and of the world." 5

Following the Stuttgart speech, the State Department received a memorandum from the War Department speculating on activities inside the Soviet zone. It stated that the Soviets were stockpiling industrial equipment, and shortly thereafter British sources confirmed the judgment. Evidence was increasing that many of the heavy industrial, mining, and chemical plants in the Russian zone had been taken over by "Soviet joint stock companies" in which the Soviet state retained 51 percent or more of the shares. These companies, the report stated, appeared to be an indirect method for collecting reparations by the Soviets, and they also constituted a long-range economic organization of the zone.

5Department of State Bulletin, vol XV, no 376, 496.
similar to that of the East European countries that bordered the Soviet Union.\(^6\)

An evaluation of the costs of the British and United States zones to their governments revealed that those expenses could only be reduced by economic fusion of the two zones.\(^7\) The aim of the fusion was to make Bizonia (as it was named) self-sustaining economically by the end of 1949. Until then, imports would be divided into food and agricultural products and other imports. The United States and Great Britain would jointly finance food and agricultural products; the other imports would be supported by a joint Import-Export agency with a capital of $125 million provided by both countries. The setting-up of the Bizone, however, coincided with the terrible winter of 1946-47. By April Britain had had to find 90 million dollars to cover the import of food into the two zones due to slowness within the United States administration concerning the financial aspects of the agreement. The total cost to Britain of the financial side of the fusion agreement in 1947 was 78.5 million pounds.\(^8\)

Both the Americans and British argued they were carrying out the Potsdam provision of establishing economic

\(^6\)Memorandum from War Department to Colonel Bonesteel, Military Advisor, War Department, 7 September 1946, Box 94, RG 43, NA.


\(^8\)Watt, *Britain Looks to Germany*, 58.
unity and continued to invite Russia and France to join them. The Russians refused, claiming that they would come under the control of the "imperialists." The French, desiring territory from Germany, believed they would not be able to obtain it if they entered into this agreement, and they, too, rejected it.9

The *New York Times* reported in December that the economic fusion agreement was designed for the two zones which had a combined population of 40 million people. The approximate cost of the fusion, one billion dollars, was to be shared equally. The annual deficit for the United States was 200 million dollars, excluding the expenses of the Military Government of Germany, which were approximately 15 million dollars annually, and excluding the cost of maintaining the United States' occupying garrison. The annual deficit for Britain was 400 million dollars. The overall costs of the fusion would be recovered from future German exports. Bevin stated in a separate press conference that this move would alleviate British economic troubles with Germany.10

In a joint statement that Brynes and Bevin issued on 3 December, the two men explained their reasoning for the fusion and argued for its success. They first stated that they hoped it would lead to discussions with the other powers for similar arrangements. The fusion was designed to

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decrease the cost of the occupation and to "... make possible a gradual restoration of a healthy non-aggressive German economy which would contribute materially to the economic stability of Europe."\textsuperscript{11}

The fusion of the two zones came at a time of severe weather in Europe. The winter of 1946-47 was one of the worst in a very long time, especially for the occupying powers and their respective zones. In Britain, industrial production was halted for three weeks due to the cold. There was a severe shortage of coal, and unemployment rose from 400,000 to 2.3 million in the first weeks of the new year. In February Bevin announced that Britain would refer the Palestinian problem to the United Nations, and the Cabinet agreed that British aid to Greece and Turkey, who were fighting civil wars against communist-influenced factions, could not be renewed after 31 March. The remaining troops in Greece would be withdrawn, and responsibilities in India would end by June 1948.\textsuperscript{12}

The freezing weather continued for eight weeks. Reports of Germans looting coal and food trains in the British zone caused grave concern in Britain. The British Military Government reported arresting 225 Germans for that crime on 11 January alone. A total of 600 tons of coal had been taken from the trains during the week, the same report

\textsuperscript{11}Department of State, "Occupation of Germany - Policy and Progress", 169, 171.

\textsuperscript{12}Bullock, Bevin, 361-62.
The British were faced with a crisis in their zone and it only worsened with the continuing cold weather. Britain itself was also struggling to keep up supplies for its own population. Coal stocks in Britain fell below the four million ton level, the level regarded as the minimum for the nation's survival. Coal could not be transported by road, rail, or sea because of the cold. On 7 February the House of Commons declared that much of the British industry would have to close down and domestic consumers would have to do without electricity for large parts of the day. Britain was rescued only by improved weather conditions at the end of March, by which time the crisis had almost totally destroyed the Attlee Government.

Meanwhile, the British and Americans were receiving criticism about the merger of their zones. On 1 January, when it became effective, an Izvestia article claimed that the merger was a violation of the Potsdam Protocol, and correctly pointed out that it was splitting Germany into two sides. The Soviets accused the two Western powers of beginning to unite when they ceased transporting reparations to the Soviet zone in mid-1946. On 12 January another Soviet report stated that the United States and Britain were

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14 Mr. Douglas Jay, Battersea, North, 7 February 1947, Great Britain, Parliament, Parliamentary Debates (Commons), vol. 432, col. 2189.

plotting to take over the Ruhr and expand its industry through loans, thus causing a rebirth of "German imperialism."  

On 17 January the United States State Department Division of Research for the Office of European Affairs prepared another report on Soviet takeovers of German industries in their zone. It stated that the Soviets had taken over all major and most minor industrial enterprises in the Soviet zone on the claim that they had been the property of war criminals and leading Nazis. Late in July 1946, when western reparations ended, the Soviet Military Authority organized the most important of the plants of the largest enterprises in a series of combines - occasionally justified on the need to step up production for reparations and to prevent sabotage. All the combines were controlled by a giant holding company, variously reported as the Sowjetische Industrie Aktiengesellschaft, or Sowjetische Aktingensellschaft, located at Berlin-Weissensee.

More than two hundred of the plants remaining in the zone seemed to have been taken over by the combines, and were reported to employ 350,000-400,000 workers. The Soviets admitted to controlling 30-35 percent of the

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16Ibid., 12 January 1947, 28.

17Intelligence Memo OCL-33525.14, 17 January 1947, Box 142, RG 43, NA.
industrial capacity left in the zone (which was approximately 50 percent of the 1938 level). 18

The exact legal terms of the transfers were not yet known, the report continued. Some informants believed the combines were established for crediting the German reparations account toward the Soviet target of $10 billion. Others reported that "the output of the combines seems to be intended almost exclusively for export to Soviet Russia; according to the reports, the proceeds of these exports are neither credited to the German export account nor to the reparations account." 19

This report seems to justify suspicions of what the Soviets were doing in their zone. The Soviets apparently had taken over industrial output when the Western Allies ceased deliveries in July, and the output seemed destined for export back to the Soviet Union, despite agreements with the Allies. Thus, it seemed the Soviets were stripping their zone of its industrial production. The question was, why?

On 17 January the United States press reported on a proposed Soviet plan of increasing the level of production in Germany. The report argued that it would increase the level to a point higher than the pre-war level of production, which would wreck the four-power agreement on economic unity. The Russians announced they would increase

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18 Ibid.

19 Ibid.
the level in their zone anyway, possibly by as much as 200-300 percent, but also promised to reduce their demands for reparations.\textsuperscript{20}

In light of the intelligence information, this promise by the Soviets is more easily understood. Obviously, if the Soviets were controlling the industrial output of their zone and then exporting it back to Russia, they would want to increase the level of production. By decreasing demands for reparations, they appeared more conciliatory toward the West, all the while removing reparations unilaterally. Of course, this information was not available to the general public at the time, and the Soviet proposal for raising the production level seemed to be popular among some sectors of the American population who wished to have the United States' army of occupation removed.

The intelligence report appeared shortly after the Council of Foreign Ministers' meeting in New York berated the Interallied Reparations Agency for the lack of progress in completing reparations. The Council of Foreign Ministers disagreed with "... the slowness with which German industrial equipment is being made available for distribution ... . The situation resulting therefrom is incompatible with the reparations policy as defined in the Yalta
Communique and the Potsdam Declaration of August 21, 1945."

The Deputies for the Foreign Ministers met in London from 14 January to 25 February 1947 to discuss proposals for the next Council of Foreign Ministers meeting, which was scheduled at Moscow in March. At this meeting negotiations between the four powers began to break down over interpretation of proposals and the agenda for Moscow. On the first day of the meeting all the deputies disagreed on whether Germany or Austria should be discussed first, finally deciding that the deputies for Germany would meet the following day, and if they did not finish planning their agenda for Moscow on that day, they would meet again on 16 January. Clearly, then, problems existed over even the smallest points. On 27 January, Robert Murphy, United States political advisor to Berlin, wrote to the United States Military Governor in Germany, General Lucius D. Clay, complaining that "we have been here exactly two weeks most of which time has been spent in meetings on the subject of procedure, procedure, and procedure!"
The London Meeting continued for several weeks, many of the sessions consisting of hearings for the other Allied States who had fought against Germany and wished to lodge claims against her. On 4 February, Murphy, who participated in the meetings, conveyed his impressions of them in a letter to the State Department saying that affairs had gone on in "a somewhat stilted and perfunctory manner." He said that all the governments who had been invited to make claims against Germany had expected to play a larger role in decisions for the peace, many said they felt as if they had been overlooked in the decision-making. Murphy felt that Britain and France, from their performance at London, were not making any substantial preparations for Moscow, which could be a potential problem. He also complained that the Russians were constantly asking for things, particularly reparations, while "not always seeking political objectives identic [sic] with the United States."\(^{24}\) The New York Times reported that the Deputies adjourned with the impression that little would be accomplished at Moscow. The British and American deputies felt Moscow would not be much more than a preliminary approach to the German problem. A peace treaty appeared to be years distant.\(^{25}\)

Immediately following the meeting, on 26 February, Murphy in a report observed that a divergence between the

\(^{24}\)Murphy to Matthews, 4 February 1947, FRUS, Foreign Ministers, 1947, 24.

"western and eastern states" had emerged early in the meeting, and it had not abated. He stated that the "Soviet Five" -- Czechoslovakia, Poland, Yugoslavia, Byelorussia, and the Ukraine -- had followed Moscow in demanding heavy reparations and in incorporating stringent political and economic restraints, censorship, and prolonged military occupation on their respective countries, in concluding, "the Soviet Deputy worked consistently to restrict Allied participation in the preparation of the German peace settlement."26

While the London meeting was taking place, Murphy received a letter from Berlin which stated the growing military opinion concerning the Russians and the chances of reaching agreement with them through negotiation; "you will have a hellish time in getting the Russian zone out of the hands of the Russians, and it may in the long run be impossible. If you try to set up western Germany as a unit separated from the Russian zone, you will have endless difficulties . . . ."27

At the London Meeting the British proposed a procedure for the preparation of a peace treaty with Germany which was generally accepted by all. It stated that the Council of Foreign Ministers would hear the views of all who bore arms against Germany. When the Council of Foreign Ministers had

26Report on the London Meeting of the Deputies for Germany, 14 January - 25 February 1947, Box 146, RG 43, NA.

27William C. Bullitt to Murphy, Berlin, 20 January 1947, Box 146, RG 43, NA.
agreed upon the general lines of a draft treaty, it would call a conference to discuss it with Germany. If a German government existed which was adequate to accept a treaty, representatives of the German Government would be given an opportunity to express their views. The final text would be signed by representatives of the states at the conference, including Germany. The treaty could then be signed by the members of the United Nations still at war with Germany. This treaty would come into effect when it was ratified by the signatory states. For the most part, this was the procedure adopted to prepare the peace treaty.  

On 20 February the British wrote to the United States asking to postpone the Moscow meeting because the London meeting had not yet been concluded and its report would not be ready in time for adequate study. It is significant that the British wrote the Americans instead of the Soviets, the host country. The British were turning over much of the responsibility for Germany to the United States. As has already been mentioned, Britain was liquidating her empire, mainly for financial reasons, and she was slowly losing her world power status. The Soviet Union and the United States, the new superpowers were clearly becoming dominant in world affairs, and Britain was just as clearly becoming a follower.

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29 British Embassy to Department of State, 20 February 1947, FRUS, Foreign Ministers, 1947, 171.
While the London Meeting was taking place, the Soviets began to be increasingly critical of the British and Americans. On 17 February Pravda accused the formation of Bizonia of pushing Germany toward economic collapse to ease a western takeover and to form a western-oriented German state under their control. On 25 February The New York Times reported that former Nazis had been discovered and arrested in the British zone and a post-war network of subversion had been uncovered. The Soviets accused the British of being lackadaisical in uncovering former Nazis.30

Viewing the lack of progress in the conference, members of the House of Commons debated what should be done about the British zonal problems, one stating that "the situation is grave because we are piling up by our muddle and mismanagement and our good intentions the seeds of another German war."31 On 28 February Bevin told the House of Commons that the Government favored a "federal Germany" with powers in the provinces and only certain powers given to the central government. He also expressed "profound doubts" about the Soviet proposal for a highly centralized Germany. Speaking about Moscow, he said the objective was the

achievement of economic unity, though he warned against the belief that a treaty would be made at the conference.  

In a 27 February meeting with Murphy, the British outlined their plans for the upcoming conference. Strongly opposing any highly centralized government such as that proposed by the Soviets, they rejected federal control over the police or education. They also insisted that the federal bureaucracy be kept to a minimum. They attached much importance to an appointed judiciary, and agreed to accept the economic integration of the Saar into the French system, but refused to include any additional territory. The British also felt that the Russians and French should bear their share of the occupation costs, feeling that the British and the Americans had been providing it. Furthermore, the British were opposed to taking reparations out of current German production, as the Russians desired. They were very firm against the idea of establishing any international control or supervision of the Ruhr at the time, but when and if it was done, wanted the Soviets included but not Soviet troops. These, then, were the positions of the British government concerning the issues likely to be discussed at the Moscow conference, most of which were in accordance with American policy.

32Mr. Ernest Bevin, 28 February 1947, Great Britain, Parliament, Parliamentary Debates (Commons), vol. 432, cols. 2297, 2299.

On 4 March, the United States' representatives met with Bidault before the Moscow Conference to ascertain the French position. The French shared the Anglo-American belief that not much would be accomplished at Moscow, stressing the basic differences between the Soviet position and the United States/British position on reparations, centralization of the German government, and the structure of the provisional German government. The French worried that the Soviet plan for reparations from current production would build up Germany's industrial potential, which was contrary to French security interests. The most important point for the French was coal; they stated they must have some idea of longer-range coal allocations from Germany than just the period of occupation. The French relied heavily upon German coal, which was the reason for their intense interest in the Ruhr, the largest coal-producing area of Germany.34

In the final days of preparation before the conference was scheduled to begin on 10 March, the Western powers, particularly the United States, reviewed all their intelligence and governmental information in an attempt to be prepared for the Soviets, who had an advantage as the host country. In early January, the United States' Ambassador to the Soviet Union, Walter Bedell Smith, offered his impressions of Soviet objectives toward Germany for the State Department. Observing that Germany had always been in the Soviet plans for spreading Communism, and a political

34Ibid., 4 March 1947, 188.
and economic collapse of Germany would make that goal easier to achieve. The Soviets also viewed Germany as their greatest potential threat, and therefore believed that Soviet control over Germany was necessary. Smith also viewed the fate of Eastern Europe as controlled by the end of the German occupation; in view of later events, he was correct. Smith further believed the Soviets would maintain or increase control over their zone, insuring the most favorable conditions for the development of Communism. He also felt the extreme reaction to the unification of the British and American zones would lead the Soviets to demand more reparations, their goal being to retard economic growth in the Western zones. Overall, Smith viewed the upcoming conference as likely to be a stalemate, with the Russians prolonging deliberations to the point of frustration for the West in an attempt to achieve agreements favorable to the Soviet Union.35

In an interview, former Prime Minister Winston Churchill stated that he had not approved the zonal plan for Germany and would not have approved of the zonal barriers. When questioned about the Soviets and their intentions, he stated that "the only way to deal successfully with the USSR . . . is to work from strength and not from weakness." He

also felt very strongly about not allowing Germany any military establishment.\textsuperscript{36}

A memorandum the United States' Office of Military Government for Germany prepared shortly before the meeting also stated possible problems with the Soviets. It stated that the Soviets favored economic unification of Germany accompanied by political unification which would leave substantial powers with the Zone Commander to control the economic resources of his zone. The Soviets would also favor a strong central government, which they had been proposing for some time, but one which would lend itself to single party domination. Concerning reparations, the Soviets would of course demand them and insist that the removals from their zone were not subject to quadripartite review. They would, however, insist on the delivery of reparations before economic unity could be achieved. The Soviets, finally, would charge the West with having taken inadequate measures in demilitarization, denazification, and decartelization, and, ultimately, would repeatedly attack Bizonia. These attacks would be "... primarily a smoke screen behind which the Soviet representatives will press for the acceptance of their views with respect to [a]}

\textsuperscript{36}Memo of Conversation with Mr. Winston Churchill, 20 February 1947, Box 146, RG 43, NA.
central government and to a production program designed to make vast quantities available to reparations.\textsuperscript{37} On 6 March The New York Times published an article concerning life in the Soviet zone. A German cab driver the correspondent interviewed stated that living conditions were better in the Soviet zone than in the others (he had relatives in the Western zones with whom he corresponded), but there was less freedom. "The Russians are hateful," he said. "It is true we make a living, but no credit to them. I don't believe things are as bad in the western zone as I am told. I would prefer to live in the American zone."\textsuperscript{38} The conversation shows, in an unofficial manner, the views of many in the Soviet zone. Communism, for the most part, was not popular. The Soviets, it appeared, had provided for the Germans there better than their Western counterparts, but how much of that would last if Soviet control was there to stay? The cab driver had a point, there was less freedom, but more food, in the Soviet zone.

Immediately following the opening of the Moscow Conference, the Office of the Political Adviser for General Clay completed a more detailed report of possible Soviet intentions for Germany and sent it to the American Embassy in Moscow. The main person responsible for this report is referred to simply as "H" in the cover letter, but the

\textsuperscript{37} Memo Prepared by the Office of Military Government for Germany, 5 March 1947, FRUS, \textit{Foreign Ministers}, 1947, 224-25.

\textsuperscript{38} The New York Times, 6 March 1947, 18.
Embassy was assured that his knowledge of Russia, both pre-revolution and post-revolution, was better than any other European's.39

Regarding the conference, "H" believed the severe criticism of Bizonia was of considerable political importance. For six weeks prior to the conference, this criticism "has been blazing up again intensively. . . ." The accusations concerning denazification, demilitarization, and decartelization of Germany, culminated in the allegation that the United States and Britain pursued selfish aims of militaristic imperialism in several areas of the world, all carried out from Germany. In attempting to explain these attacks, "H" stated that ". . . it must be concluded that all this activity has the sole purpose of preparative tactics to obtain a favorable starting position of the Soviet Union in the forthcoming MOSCOW conference."40

The issues which the Soviets were certain to put forward to the western powers included the definite settlement of the Western Polish boundary on the Oder-Neisse line; the set-up of a central German government; the kind and extent of the German reparations; the status of the Ruhr area; and the denazification, demilitarization, and decartelization of Germany. These all would be presented after the attacks on the West in an attempt to maneuver its

39The Policy of the Soviet Government in the Forthcoming MOSCOW Conference, 12 March 1947, Box 146, RG 43, NA.

40Ibid.
negotiation partners into a wrong, or defensive, position at the beginning. The main task of the Soviets, according to the report, was to prevent a unified stand by the Western powers.41 This would weaken them and, in the event of isolation, the Soviets would appear the stronger.

Concerning each individual goal of the Soviets for the conference, "H" presented his opinion of how the Soviets would propose their views. In the case of the Oder-Neisse boundary, the Soviets would probably not yield. The Soviets had emphasized the creation of a "security zone" of countries along the Soviet boundaries surrounding the USSR in order to prevent attacks on the Soviet Union; Poland was viewed as the most important part of this zone. In addition, the Soviet press commented on the incorporation of Silesia, East Prussia, and Pomerania into Poland and a "return of original Polish territory into the lap of the Polish mother country." "H" stated that there was no doubt that the Soviet government knew that these regions were not "originally Polish" but belonged to Germany for hundreds of years. The Soviet government also knew that Germany could not live without her Eastern areas and because of her potential desperate situation would become an increasingly easy target for Communism.42

Regarding a central German government, the Soviets feared that in the case of a "federation Germany," one of

41Ibid.
42Ibid.
the smaller states might look for support to one of the Western powers and thus would be subjected to their political and economic influence. Also, the economic reconstruction of the Soviet Union depended considerably upon the exploitation of the industrial resources, not only of their zone, which they were obtaining, but also of Western Germany. The policy of the Soviet government at the conference would be concerned with two aims: "one aim will be to strive for economic exploitation of a unified Germany. The other aim is the absolute intolerance of any interference in its endeavor to organize its own zone to become a Soviet fortress."43

In his views of the Ruhr and the Saar, "H" believed the Soviets would adamantly refuse French demands concerning the incorporation of the Ruhr and Saar into her economic influence. Clearly, a separation of these highly industrial areas of Germany from the German economic system would reduce the possibilities of Soviet exploitation. Also, a separation would involve the danger that these areas would be influenced by the West. The Soviet Government, therefore, would desire the Ruhr basin to remain within the German economic system under international administration with a Soviet participation.44

43Ibid.
44Ibid.
In conclusion, "H" held that,

These circumstances make it doubtful as to whether there is a possibility of an agreement between the Western Powers and the Soviet Union at the MOSCOW conference. The failure of such an agreement will increase the insecurity [sic] and the distress in Europe and all over the world. For the present, however, this will not lead to an armored [sic] conflict as the Soviet Union is not able to wage war in its present state of economic exhaustion and with regard to interior tensions within the Soviet union.  

Clearly then, one expert on the Soviet Union believed the conference would be a failure and the Soviets relentless in their demands for concessions to aid themselves. The main concern of the Soviets seemed to be safety from the West, which is evidenced in their demand for the Oder-Neisse line and economic recovery though reparations. Also, bringing communism into other areas, as many of them as possible, would enable the Soviets to retain the control they had already gained in East Germany.

Finally, "H"'s point concerning the Soviets' inability to fight a war with her present economic and political circumstances was a somewhat novel viewpoint. When many of the Western commanders in Germany and Austria were clamoring for more support because of "Soviet aggression," they rarely took into account that the majority of the aggression had already occurred, and it was confined, for the most part, to Eastern Europe. In retrospect, his appraisal of the potential Soviet threat was much more realistic than those prevailing at the time.

45Ibid.
The "H" memorandum pointed to events which would occur at Moscow. Clearly, the overriding theme was a warning that the Soviets would make it difficult to reach any decisions. Bevin also believed the conference would be tiresome. Warning in a 27 February address to the House of Commons, that a treaty with Germany probably would not be reached, he asked the members of the House of Commons to have patience concerning the final settlement of German problems. He added the Ministers had "difficult tasks" ahead of them in Moscow and that he harbored "profound doubts" about the Soviet desires for Germany.46

While the British leaders were attempting to deal effectively with the German situation, the British were also forced to make decisions concerning several trouble spots in their Empire and in the Mediterranean. Because of the acute economic condition in Britain during the winter of 1946-47, the British were searching for a way to reduce their financial obligations. Areas which had become difficult to maintain, particularly India, Greece, and Palestine, were no longer profitable to keep. The problems engendered by these countries produced a strain on Britain which were a distraction to British efforts to prepare for the conference.

World War I and its aftermath had irretrievably weakened the British hold on India. A nationalist movement

in India gained popularity after that war until it was strong enough to demand Indian independence from Britain. Sir Stafford Cripps, head of the Board of Trade, in 1942 offered India full independence, effective immediately after victory, to obtain India's full cooperation in the British war effort. Cripps stated that independence would be granted if a Constituent Assembly, representing both Moslems and Hindus, asked for it when the war ended. Mahatma Gandhi, the nationalist leader in India, refused this proposal and demanded immediate independence.47

When Attlee became Prime Minister in 1945 he proposed another plan, one in which elections to provincial and central legislatures, which had been postponed during the war, would be held. Then a Constituent Assembly would be formed. Neither Moslems nor Hindus would work together, however, and there was little response to this either.48

In 1945 the India Office was transferred to the authority of Lord Frederick Pethwick-Lawrence. He favored granting India her independence, believing that when India became self-governing the country's economic and military ties with Britain would become stronger because they would be voluntary.49

48Ibid., 237.
In early 1946, Britain announced a Cabinet Mission to India which included Cripps, Pethwick-Lawrence, and Albert V. Alexander, First Lord of the Admiralty. When Attlee announced this mission, he stated that the Indians must settle their future for themselves. Clearly, then, the British were beginning to pull out of Indian affairs. The Cripps Mission proposed a plan for dividing India into three sections and giving the central government only minimal powers, and providing for a legislature constituted from both British India and the Indian States. Most of the Indian nationalists supported this plan and arrangements were made to put it into effect.50

On 20 February 1947 Attlee read a declaration in the House of Commons announcing the British "definite intention to take the necessary steps to effect the transferrence of power into Indian hands by a date not later than June 1948." He further stated that if the Cabinet Mission plan failed and a constitution had not been worked out by a fully representative Constituent Assembly by then, the government "would have to consider whether its power should be handed over as a whole to some form of central government, or whether in some areas they should transfer their powers to Provincial Governments."51

50Macmillan, Tides, 238-40.
This announcement produced a debate over whether Britain should leave India. Cripps stated that there were two alternatives to the Indian problem. The first was to remain in India for ten to fifteen years longer and to create a peaceful transfer of power, which he viewed as impossible for three reasons. First, governmental services had been allowed to run down. Second, Britain did not have any military forces available to send to India. Third, he viewed a commitment to India for ten to fifteen years as an intolerable burden on Britain from which it could not easily recover. The second alternative, he said, was to fix a definite term to the British authority in India, by which time the British would leave. This was the plan accepted by the British government.52 This problem was still very much unsettled when the Moscow Conference convened.

In addition to the problems in India, the British were also involved in the Greek Civil War. Greece suffered through four years of German occupation before a civil war erupted and encompassed the small Mediterranean country. The Communist party in Greece, EAM (National Liberation Front), had previously been a small organization whose top leadership accepted directives from Moscow. After the German invasion, instructions from the Comintern in Moscow commanded a policy of popular front action against Fascism, a policy popular in Greece during the occupation. By 1943, British agents in Greece became alarmed at the pro-Russian

52Ibid., 267-68.
position of EAM but accepted the situation while the country was still under occupation.\textsuperscript{53}

When the German forces withdrew in October, 1944, military control of most of Greece rested with EAM's People's Army (ELAS). EAM wanted to take advantage of the German withdrawal since the original government of Greece, a monarchy, remained in its self-imposed exile to which it had fled in the face of the advancing Germans four years earlier. EAM now wanted to consolidate its power throughout the entire country. British suspicion of EAM aims increased, and official policy hardened against handing Greece over to a Communist-led group.\textsuperscript{54}

Churchill was a strong supporter of the exiled king and wanted to return the monarch to power. Though the king was still the legal ruler of Greece, the population, for the most part, favored EAM for its war-time resistance, and the British hesitated to restore the monarchy against the people's wishes.\textsuperscript{55}

An agreement reached between EAM and the monarchy shortly before the Germans left Greece created the Government of National Unity, which had the support of both EAM and the monarchy. The GNU endeavored to include representatives from each of the rival groups in the country.


\textsuperscript{54}Ibid., 69-70.

\textsuperscript{55}Ibid., 70-72.
which only resulted in a Cabinet that then lacked cohesion. The EAM representatives resigned their posts in December 1944, and a civil war erupted in the country shortly thereafter.56

The violence that ensued engulfed the country and began to discredit EAM. By early 1946, the majority of the population, most of whom were still peasants, strongly favored any group that would offer them protection. In September of the same year, the population held a plebiscite which resulted in a 69 percent majority for the monarchy. A referendum then returned the king to his throne.57

By then, world opinion was splitting over the Greek issue. In an August 1946 United Nations speech, Soviet representative Andrei Gromyko called the presence of British troops in Greece "a decisive encouragement for the crushing of democracy and for aggression against neighboring countries." Though the Soviet government was providing little or no support to the EAM, the Soviets, through Gromyko, continued to harangue the West for its support of the monarchy, calling it a government of "aggressive, monarcho-fascist elements."58

56Ibid., 73, 75.


58Ibid., 194.
The United States, as Gromyko had stated, began to back the British in their support of the monarchy. EAM attacks in Greece grew dramatically in January and February 1947. Since 1946, Britain had furnished indispensable aid to Greece, but now began to inform the United States that it could no longer continue to do so. In early February, the British informed the State Department that British troops in Greece were being reduced to one brigade, that last unit being kept in Greece mainly for symbolic reasons owing to the presence of Soviet troops near by in Bulgaria. On 21 February British warnings that it could not continue to support the monarchy increased with two diplomatic dispatches sent to the new Secretary of State, George C. Marshall. The first recalled the similarity of British and United States views on Greece, and the second was an account of Britain's economic plight, stressing that it would be impossible to continue support. The second dispatch said that Greece would need $240-280 million for 1947 alone to continue resistance against EAM. The dispatch concluded by saying that Britain hoped the United States would give this aid after 1 April since Britain could not.\(^59\) Evidently, then, the British economic situation had reached crisis proportions just as the Moscow Conference was ready to convene.

In addition to Greece, Palestine was another area which greatly distressed the British. As a result of the collapse

\(^59\)Ibid., 207.
of the Ottoman Empire during World War I, new states emerged under native dynasties or aristocratic oligarchies but with special ties to Britain or France, who had increased their influence throughout the Arab world. Palestine came under a British mandate from the League of Nations. To obtain Jewish and Arab support against the Central Powers in World War I, Britain had made promises to both. The Balfour Declaration of 1917 promised the Jews a national homeland in Palestine, but the Arabs believed all of Palestine had been promised to them. The Palestine mandate authorized the British to establish a Jewish national home in Palestine, but not a Jewish national state. With the anti-Semitism of Europeans between the two wars and the Nazi atrocities against Jews in World War II, hundreds of thousands of Jews fled to Palestine. When Britain put limits on immigration to Palestine, Jewish terrorist groups resorted to violence in an attempt to obtain higher immigration quotas.

Problems continued to mount in Palestine with both Jews and Arabs clamoring for control of the entire country. Some people in Britain, by late 1946, felt that partition of the state might be the best solution. Within the British government the critical stages in the decisions about Palestine began to develop in December and January of 1946-47 and reached a climax in February.60

Provincial autonomy or partition under British sponsorship would mean British troops of occupation. Though this was at a time when the British were pulling out of Greece and India, there still were not enough troops to be sent to Palestine for an undetermined length of time.61

A conference was called between Arabs and Jews for late 1946, which the Jewish representatives refused to attend. The British government made an effort to consult with Jewish representatives in New York but accomplished little.62 Discussions throughout the fall of 1946 and January 1947 showed that there was no way to resolve the conflict between the parties. The British had no power, under the terms of the mandate, to award the entire country to either. The British had been spending 30-40 million pounds per year and had 100,000 soldiers in occupation, neither of which could continue. By mid-February, then, the British decided to turn the problem over to the United Nations.63

The British, therefore, in early 1947 were concentrating on relinquishing control of their Empire and of trouble spots to provide for better domestic conditions. It was not completed quickly or easily. The British Empire was greatly reduced in the years following World War II. This

61Ibid., 456.
63Ibid., 988-89.
reduced a once powerful country from world to national status.

The British, then, were concerned with many things besides Germany going into the Moscow conference. Reliance on the United States was becoming routine for the British, which the Soviets viewed as the formation of a "western bloc." The reduction of the British Empire signified the end of an era, one which would be replaced by super-powers and nuclear weapons. The British were reduced to a second-rate power, a country which slowly began to follow a United States lead.

The Moscow conference would emphasize this loss of power as the British closely followed their American counterparts through the conference and its aftermath. In spite of the recent cohesiveness between United States and British attitudes toward Germany, the British had to appear as if they were acting alone, to avoid charges of a united front. Due to the many problems within the Empire, the British did not have as strong a negotiating position as they might have had if their full attention had been focused on Germany. Thus, the British left for Moscow with few high hopes of any real issues being settled.
CHAPTER IV

THE CONFERENCE

The Moscow Conference of the Council of Foreign Ministers opened on 10 March 1947 at the Aviation Industry House. General George C. Marshall had replaced Byrnes as Secretary of State in January and had to prepare for the meeting quickly. Hurried and hectic preparations marked the few weeks before he left for Moscow, but another event created havoc within the State Department. Shortly before Marshall left for Moscow, the British requested United States aid in Greece and Turkey, where both countries were fighting a communist infiltration and takeover. The British had been aiding both countries, but due to extreme domestic financial pressures, could not continue doing so.¹ The request arrived at the State Department on 21 February, in the midst of frantic preparations for the conference. Essentially, the British stated that they could no longer aid Greece and Turkey and asked the United States to assume the responsibility. On 25 February President Truman accepted, in principle, the proposal for immediate aid. It

was actually during the conference that this proposal went to the Congress for approval.

Marshall, though hurriedly preparing for the conference, was skeptical of its outcome. He had admitted to members of the Senate Foreign Relations Committee that there was little possibility of drafting a final treaty for Germany at Moscow, but that he hoped at least to get an acceptance "of the principles that would guide the representatives in drafting such a treaty."

The Council of Foreign Ministers, at their meeting the previous December, had set the agenda for the Moscow meeting. Included in the agenda was a report to be given on the work of the Allied Control Council since its creation concerning demilitarization, denazification, democratization, economic principles, reparations, and the establishment of central administrations connected with the political situation of Germany. The report would also include consideration of the form and scope of a provisional political organization for Germany and preparation of a peace treaty. The report of the Deputies for Germany, following their London meeting, would be heard. That report would also cover discussions on future boundaries of Germany and proposals for the Ruhr and Rhineland. These were among the items of discussion for

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2 Executive Sessions of the Senate Foreign Relations Committee (Historical Series), vol. 1, 80th Cong., 1st sess., 1947, 12.
Moscow, after settling the German questions, Austria and its problems would be discussed.³

Each session of the fourth meeting of the Council of Foreign Ministers took place in the Hall of Aviation Industry, the first on 10 March and the last on 25 April. Twenty people were seated at a square table, with the four Foreign Ministers sitting across from each other. Four delegation members sat by each chief and behind each delegation were other tables with advisers. Russian, French, and English were all official languages, and proposals and discussions in one language were translated into the other two. A Special Committee was also established composed of the four delegations to discuss any points of disagreement and to report back to the Ministers.

During the course of the conference over 150 proposals and statements would be presented by the four delegations, many containing material repetitive of previous documents. The Soviet delegation in particular became notorious for presenting an argument on one day and rephrasing the same argument for several days following. By the end of the conference, tempers were flaring, and even delegations with similar interests, such as the British and United States, were thoroughly disgusted with each other. The British proposals are the ones of most importance to this study, and only those proposals made by the other three which

³Agenda for the Council of Foreign Ministers in Moscow on March 10, 1947, Box 146, RG 43, NA.
represented a direct interest to the British will be discussed at length.

The first British document presented two days after the conference began, was a statement by Bevin regarding demilitarization in the British zone. This first British statement was a response to a Soviet attack the day before concerning ex-Wermacht members still in the British zone. When presented with the Soviet accusation that these men were still in military formations under their former officers, Bevin had been unprepared to respond. He had no knowledge of such formations and had to quickly get information on them. In doing so, he discovered that there were 81,000 German prisoners of war in the British zone, and they were indeed working under their own officers on various projects. Bevin quickly cabled Attlee for the authority to say that these groups would be dissolved by the end of the year.4

Bevin, in his statement then, explained that these were not military formations; they were organized in a way that supplemented the British labor force trying to rebuild Germany. They were used to do certain types of work which were dangerous, such as locating mines and disarming them. Until the policy of gradually replacing these prisoners-of-war with ordinary labor under civil contract was completed, the British would, he said, retain those men in the work. He did say, though, that he was willing to present figures

4Bullock, Bevin, 376.
on the number of the various prisoners of war being held in the British zone if his colleagues would do the same.  

Bevin continued his rebuttal by stating that the British had reliable information concerning the number of prisoners of war held by the Soviets in their zone of Germany, and in the Soviet Union itself, and that the numbers ran into the millions. Bevin also referred to many reports that a number of these prisoners had been induced to serve with the Soviet Armed Forces. He concluded by saying that "... I should be glad to have from my Soviet colleagues a categorical assurance that there is no foundation for these reports." This assurance, of course, Molotov readily gave.  

Molotov said he understood these formations to be for labor which the British government did not think British soldiers should do, but asked if it was necessary to retain them two years after the war was over. The British were not above reproach in this point, it has often been alleged that the British retained these German prisoners in formation to repulse a possible attack on western Germany which the western powers believed was quite likely in the first years of the occupation. Churchill even went so far as to keep

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5CFM [Council of Foreign Ministers] (47) [1947] (M) [Moscow Conference], 8, [document # 8], [This format will be used hereafter for all conference documents.], "Demilitarization: Statement by the Head of the United Kingdom Delegation", Box 148, RG 43, NA.

6Ibid.
captured war materials where they were in case of a Soviet advance.\textsuperscript{7}

Molotov then discussed the removal of plants containing war materials which had been ordered by the Control Council early in the occupation. He said that of the 1,554 plants designated for removal to the USSR from the western zones, the equipment of only three plants had been removed. He noted that 676 plants had already been removed from the Soviet zone, though he did not specify how they had been removed or to where they had been removed.\textsuperscript{8}

A telegram sent from the United States to Moscow, which summarized press and radio reports of the meetings thus far, spoke of a "clash" between the Ministers over the demilitarization program. The telegraph also stated that the socialist weekly \textit{New Leader} "... bluntly declares [that] agreement with Russia regarding Germany is possible only if Marshall accepts Soviet demands. Russia [is] not prepared [to] yield an inch on boundaries, or reparations or accept unification unless Communists can play [a] decisive role ... ".\textsuperscript{9} Thus, after only two days of discussion, press and radio reports were pessimistic concerning a favorable outcome of the conference.

\textsuperscript{7}CFM(47)(M) no number, United States Delegation Minutes, 3rd meeting, March 12, 1947, Box 153, NA.

\textsuperscript{8}Ibid.

\textsuperscript{9}Department of State Outgoing Telegram, "US Comment on Moscow Conference," 12 March 1947, Box 148, RG 43, NA.
Despite the British report of the German prisoners-of-war, the very next day Molotov continued his accusation that the West was not carrying out denazification. He named several men employed in the western zones who, he said, were former Nazis. "... Such people make up about 35 percent of the officials working in the court and judicial system in the American zone, up to 43 percent in the British zone, and in the French zone half of the total number of judges consist of former officials of the Hitlerite regime," he said. Molotov continued by stating specific examples of underground Fascist organizations operating in the British and American zones, implying that the West's military governments were being remiss in carrying out denazification. In regard to such examples as these, he concluded that "... one cannot regard the fulfillment of the general denazification program adopted at the Berlin Conference as satisfactory."10

The report in the London Times of this day's meeting, given by the delegations, emphasized these Soviet accusations. It stated that Bevin had said the process of accusation and counter-accusation was pointless and unjustified, but that he would mention Nazis in the Soviet zone, five of them, and said he had "30 or 40 other names if Mr. Molotov wanted them." The Times also reported on a discussion of the future German political basis. Bevin

10CFM(47)(M)9, "The Denazification and Democratization of Germany," Statement by V.M. Molotov", 13 March 1947, Box 148, RG 43, NA.
disagreed with a proposal Molotov made for introducing proportional representation because he believed it was one of the biggest factors in bringing Hitler to power. Bevin's aim was to avoid a resurgence of a totalitarian regime, one that would encourage aggression again, "particularly as some Germans are naturally military animals."

On 14 March Bevin announced that the British still held 435,295 prisoners of war. These men held were being repatriated at a rate of 17,500 per month and the rate would soon be raised to 20,000 per month. This announcement was in response to the Soviet accusations made earlier.

On 15 March Bevin acknowledged receipt of the reports from the other delegations on the prisoners-of-war they held, though he did not comment on the numbers they gave. Reviewing the British rate of repatriation, he stated that he "deplored the lack of indication of the rate of return" to Germany by the other powers.

On 17 March in response to Soviet attacks, Bevin defended the union of the British and American zones, which Marshall had already done repeatedly. Claiming a lack of economic unity as the impetus, he stated that "... until agreement is reached for the economic unification of Germany on conditions which we can accept as satisfactory, the

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12Ibid., 15 March 1947, 4.
arrangement for the fusion of the British and American zones will stand." In discussing the need for a decent level of industry in Germany so that it might be self-sufficient, he added "... it is essential to remove Germany's potential for war, but it is also essential to maintain her potential for peace." 14

Turning to reparations, Bevin said that nobody was satisfied, not even the Germans. The whole process was shrouded in uncertainty about whether Germany was to be treated as an economic whole and about the future frontiers. In addition, there were questions regarding the situation in the eastern zone because no figures had been produced on the extent of the removals from that zone, nor had the Soviet Union given any details regarding the plants which remained there and their ownership. This last point referred, indirectly, to the Soviet cartels. Bevin proposed that the Control Council make a preliminary list of the removals from Germany no later than 1 July 1947 and issue a final list of such removals no later than 15 August 1947. 15

On the following day Molotov charged that the British and Americans had waived reparations payments to the Soviets because the two western powers had already received more than $10 billion in assets by seizing all gold found in the two zones, all German assets in their zones, the German

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14CFM(47)(N)24, "Economic Principles and Reparations," statement by Head of the UK Delegation, 17 March 1947, Box 148, RG 43, NA.

15Ibid.
commercial fleet, and all German patents. Bevin replied that this accusation was based solely on Soviet press reports and that he was prepared to list what the British had received. Molotov continued by saying that J.C. Green, Executive Secretary of the Bureau of Publications, United States Department of Commerce, had recently commented on the immense value to the Americans of seized German patents. At that moment, an aide handed Marshall a prepared memo from Green asking if Marshall could ask whether the Soviets had taken scientific and technical information out of the American zone, and if the Americans could have "access to it on similar terms to which they are acquiring the mass of material released by this office."\textsuperscript{16}

The \textit{New York Times}, reporting on the exchange from a press release by the Ministers, said that "if what was said today represented the last word, then economic unity would certainly not be set up." Also included in the day's discussion was Molotov's reiteration of the Yalta "promise" of $10 billion in reparations for the Soviet Union, a point of contention throughout the occupation and one which the Foreign Ministers never settled.\textsuperscript{17}

On 21 March Bevin presented his proposal for the development of the future political structure of Germany. One of the most important points he made was that all powers would be vested in the Laender except certain important ones

\textsuperscript{16}Pogue, George C. Marshall, 181-82.

\textsuperscript{17}The \textit{New York Times}, 18 March 1947, 14.
such as the implementation of treaties, banking, and certain powers of taxation. The British proposal called for a president and two chambers of government, one representing the nation as a whole and the other the separate Laender. The rights and duties of the president would be limited to those exercised by a constitutional head of state, and he would have no independent executive authority. The chamber representing the nation as a whole would be popularly elected and would be responsible for initiating central legislation and passing it. The chamber representing the Laender would be elected on the basis of equal representation for each Land and its main concern would be to ensure that the legislation took into consideration the interests of the Laender. It would also have powers of absolute veto on constitutional matters and suspensory veto on other legislation. A supreme court would ensure that the constitution be upheld.\(^{18}\)

The proposed constitution would include guarantees for certain rights of the citizens. Those rights would include such matters as freedom of speech, of the press and radio, and of assembly. The constitution would be provisional at first and subject to the approval of the Allied Control Council until it was given a trial for a reasonable period of time, whereupon the German people would draw up and ratify a final constitution. Then the Germans would hold

\(^{18}\)CFM(47)M39, "Suggested Principles for Development of Future Political Structure of Germany", statement by Head of UK Delegation, 21 March 1947, Box 148, RG 43, NA.
new elections to establish the new government which would work under the ratified constitution. The Allied Control Council, though, would continue to reserve to itself such areas as demilitarization, disarmament, security, reparations, war criminals, prisoners of war, and other areas deemed sensitive.19

The British proposal called for a federal system with many powers left to the Laender. While the United States generally agreed with the plan, both the French and Russians opposed it. The French disagreed because they feared a strong German state would emerge if there were any form of central government. When the French presented their plan shortly after the British, they emphasized a very weak central government and strong Laender governments. The Russians opposed the British plan for the opposite reason. They wanted an extremely centralized government, probably similar to the ones they were instituting throughout Eastern Europe, perhaps believing that, in this way, communism would have a better chance of coming to power.20

Also on 21 March Bevin fulfilled his promise to Molotov to tell him what the British had received in reparations. Bevin stated that the value of industrial capital equipment was 4,400,000 Reichsmarks (calculated at 1938 values). Of the industrial capital equipment removed, 1,300 tons had been dispatched from factories in the British zone to

19Ibid.

Britain, and in addition, some machinery, valued at 200,000 pounds, had been removed to Great Britain. The German shipping received was 350,000 gross displacement tons valued at 6,350,000 pounds (calculated at 1938 values). The value of German assets seized in Great Britain was estimated at 15-20 million pounds. Finally, he said, the British had taken no reparations from current production out of Germany, nor had they removed any gold.21 The total value given in this list was a sum far less than that which the West had estimated the Russians had already taken from Germany.

On the following day Bevin presented his proposals for the economic principles to govern Germany, reparations, and level of industry. All the powers would share the cost of the occupation and that the cost would be recovered from Germany once she was more economically stable. He called for the establishment of German central administrations for restructuring the economy, and he asked that the economic barriers between the zones be removed. Bevin wanted to pool resources and develop common policies for the allocation and distribution of those resources. He also called for hastening the breaking up of concentrations of economic power such as cartels (possibly a reference to the Soviets).22

21CFM(47)(M)43, "Reparations Received by the United Kingdom," statement by the Head of the UK Delegation, 21 March 1947, Box 148, RG 43, NA.

Concerning reparations and the future level of industry for Germany, Bevin wanted a new policy for removal, as he had stated before, by not later than 1 July 1947 and a final list of the removals by no later than 15 August 1947. He called for a revision of the March 1946 level of industry plan, which provided for six to seven million tons of steel to be available to Germany for industrial needs. Bevin wanted a higher level of industry, ideally ten million tons, so that the occupying powers could be repaid for their expenses and enough would still be left for the Germans. The final point of his proposal stated that each of the occupying powers would provide the Council of Foreign Ministers information on the type and amount of reparation removals from its zone up to a current date.\(^2\)

On 24 March the deputies presented the various plans already proposed for preparing the peace treaty. Most of the points were still disputed, though a few had been agreed upon. The points agreed to already were the title of the peace treaty, that it would be prepared by the Council of Foreign Ministers, and that four permanent committees would be set up to deal with the four main proposed divisions of the treaty: the political and constitutional structure of Germany, territorial adjustments, economic organization and reparations, and disarmament and demilitarization.\(^2\)

\(^2\) Ibid.

\(^2\) Ibid.

The four powers all had presented proposals, but much was still in dispute. The Soviets and the French wanted Albania to be included in the preparation of the treaty but the United States and Britain disagreed. The United States wanted a committee for discussion of the treaty to be composed of representatives of the four powers with a convenient number of representatives of the Allied states. Britain wanted the four powers with the addition of any Allied states who wanted to send representatives, and the Soviets and French wanted the four powers only. Britain and France desired a conference held when the draft treaty was completed or was "sufficiently advanced," while the Soviet Union wanted to wait until it was completed. There was dispute over how to establish the committees and who would serve on them. There was disagreement on which nations would be included in formulating the treaty, particularly over the role of Albania and China. There was even disagreement over simple points, such as whether the treaty would be presented to Germany before or after her constitution was established.\textsuperscript{25} There were many more disagreements, but, generally, the United States and Britain were in agreement throughout on most of the questions, while the French and Russians alternately disagreed with each other and the others.\textsuperscript{26}

\textsuperscript{25}Ibid.

\textsuperscript{26}Ibid.
Frustrated with the slow advance of negotiations and lack of agreements, Bevin sought a private audience with Stalin and received it on 24 March. To every point Bevin made, Stalin replied noncommittally, and at the end of the meeting stated rather redundantly that all of the problems in Germany needed to be agreed upon. Stalin said nothing further, and Bevin left him with little accomplished.27

On 29 March Bevin replied to Molotov's earlier accusation of former Nazis in prominent positions in the British zone. Molotov had specifically spoken of five men, and it was on these that Bevin reported. Bevin's report included their former positions under the Nazi regime, their status of denazification, and their present positions. One had been removed from his position the previous November, one had been rejected for denazification and was still in an internment camp, one was in a sanatorium, another seriously ill, and the final man had been cleared by the denazification process and was working in the British zone. Bevin appeared to have accurately confronted Molotov's accusation, much to the approval of the other western powers.28

The conference seemed to be reaching a stalemate; the delegates had met for almost three weeks and had reached no agreements. The minutes of the 29 March meeting explain to


28 CFM(47)(M)84, "Denazification: Memorandum by Head of United Kingdom Delegation," 29 March 1947, Box 149, RG 43, NA.
some degree why there was so little progress, because the majority of the minutes were devoted to arguments over the agenda for the day. It appeared to have taken almost two hours to come to agreement about the order of the items for discussion.  

On 31 March Bevin again tackled the problem of economic unity. He stated four requirements the British attached to the proposal for unity. They included freedom of movement in Germany for persons, trade, and ideas, a requirement which had been earlier rejected by both the French and Soviets. The second was that the proceeds of all exports from current production and stocks be devoted to defray the costs of imports into Germany, but the Soviets rejected this point, too. Another requirement was for an equitable sharing of the financial burden already incurred. This, also, the Soviets categorically rejected. The final stipulation was that central German administrations be established with executive powers, a requirement in regard to which the French had reservations. In the eyes of the British, economic unity could not be attained without these four stipulations. "To reject them is to go back on the Potsdam Agreement," Bevin said.

Bevin then went on to explain why he presented these four points and why he rejected proposals by the Soviets,

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29 CFM(47)(M) no number, US Delegation Minutes, 29 March 1947, Box 153, RG 43, NA.

30 CFM(47)(M) no number, United States Delegation Minutes, 31 March 1947, Box 153, RG 43, NA.
who demanded reparations immediately out of current production, four power control of the Ruhr, and an annulment of the fusion agreement. He explained again that Germany could not continue to pay reparations out of current production, and to force them to do it would place an additional burden upon the United Kingdom, which he "categorically refused to do." He also said that he would not single out the Ruhr for four power control while the rest of Germany was still divided into zones. And finally, the fusion agreement had been "forced upon" the British and the United States, and he would continue it. "In general," he said, "I maintain that Mr. Molotov's three conditions have a common feature in that they are not included in the Potsdam Agreement."31

Molotov gave a rebuttal to Bevin's economic arguments. Agreeing that the level of industry should be raised, but to a level which would ensure reparations out of current production, he continued to demand that the fusion of the British and United States's zones be annulled.32

On 1 April Molotov again reiterated the Soviet claim to ten billion dollars and said that he recalled that before the war Germany's steel production had amounted to 25-26 million tons per year. He stated that after making all deductions attributable to bombing, a level of industry

31Ibid.

32CFM(47)(M) no number, British Record of the Eighteenth Meeting of the CFM, 31 March 1947, Box 153, RG 43, NA.
based on 10-12 million tons, slightly higher than the British figure, would leave some plants available for reparations. Bevin disagreed with this figure saying it would still leave little room for recovery in Germany if any removal were made from current production, regardless of the level of industry. The task of the conference, Bevin emphasized, was to put the Potsdam agreement into operation, to establish a level of industry, and to balance the German economy to reintroduce her into the European economy. Bidault disagreed with both the Soviet and British proposals, saying that Germany's economy was a problem for experts. Bidault proposed that a special committee of experts be set up to advise the CFM on economic questions. Molotov then interrupted, saying that he could not agree to the question of reparations being settled only after all the other economic questions in Germany were dealt with. Reparations, he stated, was the most important question to be decided.33

The London Times report for the day said that Bevin, in an effort to produce agreement, would agree to four power control of the Ruhr, only if there were economic unity. He would also support French claims to the Saar, subject to agreement on frontiers and necessary adjustments in reparations. Clearly, little was being accomplished.34

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33CFM(47)(M) no number, British Record of the Nineteenth Meeting of the CFM, 1 April 1947, Box 153, RG 43, NA.

34The (London) Times, 1 April 1947, 4.
On 2 April the ministers heard a report from the Special Committee concerning the points which had been agreed to and those which were still disputed. Concerning denazification, the Ministers agreed to hasten the process of denazification, to agree to a date for the completion of denazification as soon as possible, and to hasten the bringing to trial of war criminals. On democratization the ministers agreed on quadripartite supervision of elections throughout Germany. They agreed that land reform would be completed by the end of the year, and that basic human rights would be required throughout the country. They also agreed that Displaced Persons, persons who had lost their homes in the war and had been shuttled around in camps throughout the early months of the occupation, could be visited by representatives of their home countries when those representatives were accompanied by officers of the occupation forces. The Displaced Persons, the Foreign Ministers agreed, would also have unrestricted use of international communications to correspond with their relatives and acquaintances in their home countries.

The points of disagreement far outnumbered those of agreement. They included items concerning democratization, territorial reorganization, and population transfers. Population transfers included the movement of Displaced Persons, ex-concentration camp inmates, and others to their home territories. Often residents of the eastern portion of Poland or Germany, now under Soviet influence, desired to
remain in the West, but generally the Foreign Ministers wanted to return them to their place of origin for the population in the West had grown too high. The number of persons who had left the Western zones for the Soviet zone to get higher rations had been more than offset by persons fleeing the Soviet zone and other Soviet-occupied areas.35

On 4 April the French offered a counter-proposal to the British one concerning political and economic treatment of Germany. As stated earlier, the French feared a strong central political organization, which might make Germany a threat to France again. The French, therefore, presented a plan for a weak central government with strong powers in the Laender. These state powers would include naturalization for foreigners; immigration, emigration, and extradition, and the negotiation, and conclusion of implementation of international treaties with foreign powers. "At present the acute economic difficulties in Germany make it unavoidable that certain powers in the economic field should be exercised by central governmental machinery under the authority or control of the Control Council." Such powers included control of the food supply, and the distribution of foodstuffs, coal, power, and basic raw materials; the

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Laender would plan industrial production and control wages and prices.\textsuperscript{36}

The French proposal for political organization would comprise a chief of state and a parliament composed of a chamber of states. The chief of state would be elected for one year by the chamber of states from among the members of that chamber. The rights and duties of the chief of state would be limited to those exercised by a constitutional chief of state without independent executive authority. The chamber of states would be established on the basis of equal representation of all states and would sit for a term of four years. During this time, each government would have the power to modify its representation in the chamber of states.\textsuperscript{37} This proposal would ensure a government which had little power. It would render the German government immobile, yet it showed the fear the French felt concerning a revitalized German government.

On 5 April Bevin approached Marshall with the idea of presenting their proposals jointly as a Western proposition. By doing so, Bevin hoped, the other two powers would realize that agreements could be hastened by collaboration on issues. Marshall agreed, saying that it might hasten general agreements, and Bevin, after obtaining Marshall’s

\textsuperscript{36}CFM(47)(M)99, "French counter-proposal to the Memorandum by the United Kingdom Delegation relating to supplementary principles to govern the treatment of Germany," 4 April 1947, Box 149, RG 43, NA.

\textsuperscript{37}Ibid.
approval, then appeared to take a back seat to Marshall. Generally, Bevin waited until Marshall spoke on an issue before he presented his own ideas, which usually backed up Marshall's.38

The London Times reported on 7 April that an agreement on political unity was useless unless it was based on economic unity, and the Russians said they would not accept economic unity unless the Ministers reached a settlement on reparations. "No solution is yet apparent and the Ministers seem almost reconciled to the prospect of trying again at a later conference, although there is the great danger of differences among the zones almost certainly increasing in the meantime."39

On 8 April the ministers again discussed the future German government. Molotov insisted that the Germans be able to vote on the type of government they wanted, but Bevin and Marshall opposed this plan because the Germans had historically twice backed a centralized government. For security reasons, Bevin said, he would not agree to permitting Germans "to decide a question which was the Allies' responsibility to settle." Once again, no decision was reached.40


40 Marshall to Truman, Moscow, 8 April 1947, FRUS, Foreign Ministers, 1947, 314.
During the same session, Molotov returned to accusing Britain and the United States of not carrying out the Potsdam decision concerning their reparations commitment. Bevin replied that the Soviet obligations to the western powers in the Potsdam Agreement had not been fulfilled when they ceased agricultural deliveries, and with Marshall, denied that the United States and Britain were responsible for the failure of the agreement. Bevin concluded by asking Molotov if his tactics of accusation and argument were an attempt to keep the Council of Foreign Ministers from reaching the end of the agenda agreed on for the session.41

A few days later, Molotov continued his attack on the fusion of the two western zones by saying that they had "separated Western Germany from the rest of German territory. . . . Therefore the United Kingdom and the United States had carried into effect the dismemberment of Germany, infringing both her economic and political unity."

Bevin replied that they had been forced to join together because of economic troubles in both zones. There was a clause in the fusion agreement, Bevin continued, that generally was "conveniently forgotten," and that was the extension of the agreement to include France and the Soviet Union at any time.42

41Ibid, 319.

42CFM(47)(M) no number, British Minutes of Twenty-sixth Meeting, 11 April 1947, Box 153, RG 43, NA.
Molotov reiterated his accusation that the fusion represented a division of Germany, which he said was the responsibility of the two western powers, and said that "if some countries ceased to try to establish a monopoly in their own zone, while at the same time trying to secure a share in the other zones; and if the Control Council were allowed to function properly, many of their troubles could be eliminated." Marshall seconded Bevin's point that the fusion was forced on them because the Potsdam agreement had not been carried out, adding that "whose fault that was is a matter of opinion!" This type of altercation continued throughout the day's session.

The following day the Ministers discussed the preparation of the treaty again and deliberated over wording for the text. Several words had different meanings in the different languages and had to be changed, but arguments arose over the changes. For instance, "operational" could not be translated into French and Marshall suggested using "day-to-day operation," to which Bevin sarcastically replied, "what about the night?" Once again, very little was accomplished as the Ministers argued over minute points.

43 Ibid.

44 CFM(47)(M) no number, United States Delegation Minutes, 11 April 1947, Box 153, RG 43, NA.

45 CFM(47)(M) no number, United States Delegation Minutes, 12 April 1947, Box 153, RG 43, NA.
On 15 April Bevin launched a general attack, primarily against the Soviets, for the Foreign Ministers having accomplished so little in five weeks. He suggested that the Foreign Ministers refer all points of disagreement to special committees to report by the next session of the Council, which was scheduled for November in London. Marshall continued the complaint by stating that he was disgusted that the four could not agree on a "simple treaty to keep Germany disarmed . . . . We have indicated to the world a complete lack of unity of purpose in our approach to the German settlement." 46

Several of the next few items discussed reached an impasse over minuscule points and usually were deferred to special committees set up to reach a decision. By the end of the conference, there were few, if any decisions, and special committees had been established for almost every question concerning Germany. 47

On 16 April Bevin sent a memo to Attlee on his impressions of the conference. He said it had been "impossible to reconcile the instructions given to me by the Cabinet with the desires and determination of Russia to loot Germany at our expense." He did not want to commit to anything until he saw the entire problem and could decide whether any decision would cost Britain more, whether it

46 Marshall to Truman, Moscow, 15 April 1947, FRUS, Foreign Ministers, 1947, 335-36.

47 CFM(47)(M) no number, British Record of the Twenty-eighth meeting, 14 April 1947, Box 153, RG 43, NA.
would provide repayment for what Britain had already put into Germany, and whether Britain would be treated fairly in reparations.\textsuperscript{48}

He concluded his report by writing,

You will have seen from the papers to-day that the talks on the Four-Power Treaty have virtually broken down. . . . It looks to me as if we are getting perilously near a position in which a line-up is taking place. I had hoped that when I came to Moscow it could all have been avoided, and I think a little more salutary attitude on the part of the Russians and better methods of handling their problems would have succeeded. . . . I am fed up with this long stay here. There are such little or no results.\textsuperscript{49}

Bevin, obviously then, was discouraged with the lack of results at the conference and blamed the Russians for the situation.

On 19 April Marshall received another telegram concerning the press reports of the conference. In one, Bevin was reported as contradicting himself when discussing the postponement of German elections, making a speech which no one understood and which Bevin admitted he did not quite understand. The balance of the press viewed the conference with deep pessimism, and speculated that it would soon end with no agreements.\textsuperscript{50}

On 23 April the Deputies reported on the agreements and disagreements reached during the conference. The agreements

\textsuperscript{48}Bullock, \textit{Bevin}, 155.

\textsuperscript{49}Ibid., 159.

\textsuperscript{50}Incoming Telegram, Control \#5718, Rome to Marshall, 19 April 1947, Box 146, RG 43, NA.
were to be referred to the Control Council as directives for action, and the disagreements were to be referred to special committees to report in November at the scheduled London conference. On demilitarization, the Foreign Ministers agreed that by 31 December 1948 all Germans would have gone through the demilitarization process in all zones. They also agreed that the process of moving all plants cited for removal would be completed by 30 June 1948. The British accepted the date but reserved the right to ask for an extension should it be needed. The ministers agreed to hasten the process of denazification and to bring war criminals to trial.51

They also agreed that land reform in all zones would be completed in 1947, and that a free exchange of information and democratic ideas by all media would be established in Germany. Also, Displaced Persons would be allowed to receive representatives from their countries when accompanied by officers of the occupation forces. Concerning economic policy, all delegations agreed, in principle, that there should be a sharing of indigenous resources in Germany. Finally, the Ministers agreed to direct the Control Council to determine within three months following the completion of the Plan for Reparations and the Level of Post-war German Economy to establish the list of plants and the amount of

51CFM(47)(M)148, "Report from the Deputies to the Council of Foreign Ministers," 23 April 1947, Box 149, RG 43, NA.
equipment already taken away or to be taken away within the four zones as reparations.52

The disagreements were far more numerous. They included French refusal to agree to any settlement of the economic principles, the level of industry, and Soviet refusal to agree without the prior settlement of reparations. Also, among the economic questions, the export-import plan, financial reform, the occupation forces and their requirements, freedom of movement, control of the Ruhr, and Allied control over internal allocations in Germany, were all still in dispute. All other points dealing with the level of industry and reparations were still in dispute.53

The Council of Foreign Ministers therefore, ended the Moscow Conference with little agreement. Most major topics concerning Germany were left undecided, and only minute portions of other questions were resolved. The Foreign Ministers briefly discussed their next meeting before they adjourned, but they decided little concerning the agenda. The question of continued occupation forces had been raised at the very end of the conference, and it was referred to the Control Council to decide how many troops would be needed in each zone by 1 September. The Soviets had requested that Bizonia be reduced to contain the same number of troops as the Soviet zone, though it was almost twice as

52Ibid.
53Ibid.
large. Bevin replied that the zones were only united for economic purposes, and wanted each of the three largest zones to be reduced to an equal number of 145,000 occupation soldiers.54

Bevin, probably in an effort to be optimistic, stated to the press before leaving Moscow that he had confidence in an eventual agreement, and that they had made more progress toward an agreement than he had hoped. There had been no agreement on an Austrian treaty either, despite a few days' discussion of Austrian problems. Bevin concluded that "I would rather take a long time and produce a good peace in the end than have a loose one, slopping over with false formulas."55

Sir Brian Robertson, Military Governor of the British zone disputed this aura of optimism when he stated to the press several days later that

We may claim that there was a convergence towards the proposals which we put forward . . . [but the] situation in Germany is deteriorating, [the] need for a settlement is urgent, [and] the German people are increasingly depressed by the failure of the Allies to come to decisions. Their depression is liable at any time to result in exasperation and desperation.56

The council thus ended with many questions unresolved and with apparently more animosity among the Foreign Ministers than ever before. This, the most encompassing of the

55Ibid., 26 April 1947, 4.
56Ibid., 30 April 1947, 4.
Foreign Ministers’ conferences thus far held, ended in the fewest agreements.

In Bevin’s view, the more prolonged the western hesitation on German agreements was, the more the Russians would believe that if they held out long enough, the western powers would either capitulate to their demands, or would lose interest and withdraw. He believed that the West could not let Russian refusals to agreements hinder them from acting on their own. As Robert Murphy, State Department advisor to General Clay stated, "it was the Moscow Conference, I believe, that really rang down the Iron Curtain."
CHAPTER V

CONCLUSION

Both Bevin and Marshall reported to their governments when they returned home from the conference. Bevin, speaking to the House of Commons, asked the House to recognize that a final settlement would take a long time, since there was no German government with which to negotiate. He stated, though, that if the questions were not settled soon, the problems would get much worse. Relations between East and West, "if they are not brought to a much more satisfactory conclusion at the London Conference in November, [then] no one can prophesy the course the world will take."¹

Bevin emphasized the accusations the powers made against each other during the conference, saying that they were unwise, since they only wasted time. He did say, though, that the attacks made by him, which had been reported in the papers, were caused by the Soviets, who had prompted him to rebut their attacks. He believed that it would be better to discuss particular matters of contention between two powers, such as the question of the Wermacht

members in the British zone, on a one-to-one basis, rather than bringing it up in a conference, where many other issues get involved.²

Bevin reported that the question of reparation was tied to economic unity, a point the Soviets, he said, had refused to notice. An agreement on reparations had not been reached because there was not a unanimous reaction to any of the proposals presented. Bevin explained that he had no desire to see the Germans escape payment, but that this was a very sensitive area between the Allies and it would take some time to reach an agreement.³

When turning his attention to the political questions of Germany, he stated that there had been no agreement here either, perhaps because the question had not been discussed in detail at Yalta. He explained the various proposals at Moscow and the reasons Britain could not accept them, mainly because he had desired a unification of both the United States and French proposals, which would have resulted in a government with strong Länder influence.⁴

One agreement they did reach, he said, concerned prisoners of war. Repatriation would be completed by 31 December 1948; this had been agreed after each power released figures on prisoners of war held by each of them.

²Ibid., 1720.
³Ibid., 1725.
⁴Ibid., 1727.
This, though, was the only substantial agreement reached at the conference.\(^5\)

Marshall, too, addressed his nation in a speech shortly after his return in which he stated that the Ministers had been faced with "complex" problems. He cited the French insistence on receiving coal before agreeing to any of the proposals presented.\(^6\) Marshall stated that the German people were also disillusioned by the problems facing Germany, and were "bitterly disposed towards the Germany that brought about this disastrous situation."\(^7\)

The critical problems Marshall wanted to deal with in Moscow, he said, were the limits to the powers of the German central government, the character of the German economic system and its relations to all of Europe, the character and extent of reparations, the boundaries for the German state, and the manner in which all Allied states at war with Germany would be represented in the drafting and confirmation of the treaty. Marshall stated that the USSR appeared to favor a strong central government, a point to which the United States and Britain were opposed, thinking it "could be too readily converted to the domination of a

\(^5\)Ibid., 1732.


\(^7\)Ibid., 4.
regime similar to the Nazis." The United States and Britain, therefore, proposed a central government of "carefully limited powers."\(^8\)

When discussing the problems centered around Soviet demands for reparations and its lack of cooperation in dealing with the other zones, Marshall explained that one of the most serious difficulties encountered in the effort to secure economic unity had been the fact that the Soviet-occupied zone has operated practically without regard to the other zones and has made few if any reports of what has been occurring in that zone.\(^9\)

Marshall continued with his explanation, saying that this type of problem resulted in the fusion of the United States and British zones. He also spoke of the Soviet reparations demands, and that both the United States and Britain felt an agreement was never made at Yalta.\(^10\)

He concluded his speech by saying that an agreement had been impossible at Moscow because the Soviet Union had insisted upon proposals which would have formed a centralized government, "adapted to the seizure of absolute control of a country which would be doomed economically through inadequate area and excessive population, and would be mortgaged to turn over a large part of its production as reparations, principally to the Soviet Union."\(^11\)

\(^8\)Ibid., 4-5.

\(^9\)Ibid., 6.

\(^10\)Ibid., 7-8.

\(^11\)Ibid., 15.
The question of aid to Greece and Turkey went to the Congress before the conference convened, and the Senate passed a bill for immediate aid in the form of $400 million on 12 April, with the House of Representatives following on 8 May. Truman signed the bill on 22 May and it became known world-wide as the "Truman Doctrine." This doctrine was seen at the time as an attempt to aid the struggle against communism, and thus the United States was developing a formula to stop communist aggression in the midst of a conference in Moscow.

After the Moscow Conference, the United States and Britain began to discuss ways in which Germany could become self-sufficient if agreements were never reached, a distinct possibility after the failure of the Moscow conference. Early in March, before Marshall left for Moscow, Undersecretary for Economic Affairs, Will Clayton, warned Marshall that hunger and misery undermined any stability attained in democratic countries and foresaw the United States giving emergency support of Europe. Late in April when Marshall learned from Clay and from his own advisers what the political and economic consequences of the failure of the conference could be, he instructed George Kennan to

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13 Ibid., 201, 203.
initiate studies that would look toward a balanced solution of Europe's economic problems.\textsuperscript{14}

The economic situation of Europe was crucial to post-war recovery, the Policy Planning Staff felt. Perhaps the Soviet demand for reparations out of current production, in spite of what it could do to the German economy, led the Policy Planning Staff to believe economic aid to Europe was necessary to keep the area as stable as possible. Also, Communist parties, particularly in France, were becoming an important factor in European politics.

On 5 June, Marshall gave the commencement address at Harvard University. Included in his speech was a reference to the economic plight of Europe and a suggestion that the United States might help through economic aid. There was little initial response in the United States, because it seemed to be just a small part of his overall speech, but Europeans reacted immediately. This aid seemed to be a panacea for their economic problems, and it could also help Europeans recover from the abrupt halt of Lend-lease at the end of the war which had caused many European countries, particularly Britain, to suffer from severe economic strains. Many of those countries, in the two years following the end of Lend-lease, still had not recovered from the war.\textsuperscript{15}


\textsuperscript{15}Ibid., 209, 214.
After hearing the speech, Bevin cabled Bidault and arranged a meeting for 17 June in Paris to which he brought members of the Treasury, the Ministry of Food, the Ministry of Fuel and Power, and the Board of Trade. Bevin also brought a document, embodying the views of the British government, that would provide a basis for discussion. Several of the men who accompanied Bevin feared that by accepting aid from the United States, Britain would initially suffer economically if she were required to use some of her resources for others, which the plan seemed to recommend. Bevin replied that "self-help must be the first principle, afterwards we could reasonably depend on the USA."16

Bevin wanted to form two types of committees for consideration of the plan; an executive steering committee to set policy, and a set of working committees of experts that would handle details of economic data and needs. The Europeans needed to produce a plan for presentation to the United States by the end of the summer, and they had to convince United States businessmen that the proposals "were not a request for charity but a good investment."17

Bevin, when formulating his plans, wanted to bypass the United Nations because "certain countries" might obstruct the plan. The French regarded input from the Soviet Union


17Ibid., 116.
as essential "because of the internal political situation in France," and they believed that "before any definite decisions were taken between us, the French and British, [and] the Russians should be given the opportunity of joining in our deliberations." Bevin and Bidault agreed to issue an invitation to Molotov in two forms; one which the press would see, leaving open the issue of location of the meeting, and the second, which actually was sent to Molotov, suggesting London or Paris but saying that they would meet halfway if necessary.\footnote{Ibid., 120, 122.}

On 24 June, George Kennan and Charles Bohlen of the State Department went to the British Embassy in Washington to meet with British representatives. Kennan stated that he thought the Soviets would relate the idea of European recovery to their own need for reconstruction and be "more interested in seeing what they might extract from the United States than in what they could actually contribute to the program." He emphasized that if the Soviets joined, they would have to contribute and allow their client states to join also. Later, the British sent a secret report to the Foreign Office saying that the Americans were counting on the British to see that the Soviets were knocked out of the plan.\footnote{Ibid., 124-25.}

Late in June, Clayton met with Bevin in London to discuss Britain's role in the plan. Clayton mentioned that
the British methods of industrializing the Ruhr were regretful, calling them "schemes for socialization" of the Ruhr industries. Essentially, Clayton was saying that the United States meant to advise the British to slow down on socialism if they wanted to receive economic aid. Bevin responded quickly, saying that the British and American plans for Germany were "not far apart."\(^{20}\) It seems, then, that the British were quite aware of what the United States was asking: that to participate in any form of aid, the British would have to choose sides between the Soviet Union and the United States.

When this became clear, the United States and Britain reached agreement on a common plan, and then separate agreements with each country that participated. Bevin pointed out that Britain was displeased at having to line up with other nations for aid. He felt the United States should not only bail them out, but give them top priority in doing so, in view of their "close collaboration" on most issues.\(^{21}\) In this agreement, the United States would recognize a "special relationship" with Britain, and Britain would make certain the Soviets were knocked out of the plan.\(^{22}\)

\(^{20}\)Ibid., 126-27.


While the British and French were questioning the State Department about details of the proposed aid, the Soviet Union began lambasting the very idea in the press. *Pravda* on 11 June published an article which stated that

Marshall proposes or rather demands quick formation of [a] notorious western bloc but under unconditional and absolute leadership of American imperialism . . . . From retail purchase of several European countries, Washington has conceived [the] design of wholesale purchase of the whole European continent.23

In spite of this reaction, Bevin, Bidault, and Marshall met in Paris 23 June to discuss details of the plan. Molotov, not attending, demanded to know of "decisions/discussions made behind his back." Molotov also demanded to know a specific sum named, which had not yet been determined, and remained in Moscow since most of the details had not yet been made final. The plan stated that countries desiring aid would list the resources they had available to determine where aid was needed most. Molotov disagreed with this part of the plan, desiring that the countries simply ask for what they needed, and then present the United States with a fixed sum. The United States' representatives refused this proposal, believing that the original plan would produce better results, while also producing a stipulation which the Soviets were sure to refuse.24

In view of these disagreements, the Soviet Union charged early in July that it was faced with "Big Power"

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23Ibid., 220.
24Ibid., 223.
domination of the smaller states and interference with national sovereignty. Molotov warned that the plan would divide Europe into two groups. On 3 July, Marshall sent a message to Bevin and Bidault which said that Truman had approved the arrangements for aid to them because the Soviet attitude was "clarified and no longer uncertain." Clearly, then, aid to Europe was to be given only to Western Europe, for the Soviet Union forbade any of the Eastern European states under her domination to participate. The British had fulfilled their part of the bargain, and economic recovery could begin in Europe, free of Soviet influence.

Was the Moscow conference, or the failure of it, influential in the formation of the Marshall Plan and the beginning of the Cold War? For many historians, the Marshall Plan was established because of an increased threat to economic stability in Europe following the war. Instability can result in radicalism of some sort, generally in the form of military or political dictatorship or oligarchy. In the light of the newly perceived threat of communism following the end of the war, instability was dangerous. The West had always disliked Communism but had not usually feared it to a great extent until the dramatic advance of the Red Army westward in the latter stages of the war. With the advance of the Red Army, followed by the

25 Ibid., 224-25.
Communization of Eastern Europe, came new fears of Soviet intentions.

The Soviet Union was never a very strong nation, militarily or economically, until after the close of the war. Then, suddenly, the ally Britain and the United States had worked with decided to take matters into its own hands, which is shown in the reaction to the Warsaw Uprising of 1944. The Soviet Union became a power with which the rest of the world had to deal on a much different basis. The Soviets, it slowly became clear, had allowed the creation of a coalition of the West and East to defeat a common enemy. Once that enemy had been defeated, they had a new objective: become powerful enough so that an invasion could never happen again.

That the Soviet Union now disposed of this power created a situation that was new for both the Soviet Union and the West. To the Soviets, maintaining this power was more important than agreements with the West, which it did not trust anyway. Through using anything they could obtain from their areas of influence, including their zone in Germany, the Soviets could build a much stronger country. Soviet desires for security are not surprising considering the virtual destruction of the country and the deaths of at least 20 million Russians during the war.

The western Allies, to a great extent, in the early months of the occupation were not aware of this Soviet push for security, nor of the determination of the Soviets to
obtain it, no matter the cost. In the early months of the occupation, the Soviets still appeared to be an ally, albeit a difficult one. From Potsdam on, according to Attlee, it was clear that Stalin would try to block any peace treaty which would create democratically elected governments in liberated Europe and thus reduce the likelihood of communist domination. 26

Beginning in 1946, however, the relationship began to change more dramatically. On 26 January, Bevin complained to Vyshinsky, the director of the Soviet zone, about the habit the Soviet authorities in Berlin had of making allegations against the British commanders. He protested that "it seemed to have become the practice for the Soviet Government to make every important international conference the occasion for vindictive attacks on British policy and British interests." 27 This split between the powers is also seen in the continued Soviet refusal to exchange goods with the western zones. At first, the Soviet excuse of needing to organize its own zone seemed plausible, but when transfers still did not arrive in the West by 1946, the West slowly began to realize that they were not going to. Finally, in mid-1946, the western Allies halted their deliveries, amid a storm of Soviet protest.


By 1946, one author states, the Soviets wanted to inform their people of the "true nature" of the West. Their goal, he says, was to prevent the Russian people from "regarding their late allies with sympathy" and to encourage support for government efforts to rebuild and strengthen the Soviet Union. Because the war had broken the traditional Soviet isolationism, there was a dangerous infusion of western ideas and culture. As the war ended, many in the Soviet Union wanted better relations with the West, and when these relations worsened, the Kremlin needed to reaffirm the Marxist-Leninist ideology and innate hostility of capitalist nations.  

When the United States and British zones were fused in late 1946, the Soviets viewed this as upsetting the balance of the occupation, and thought it was a threat to the Russian zone. In a way, that threat did exist. The western zones were merged, leaving the Russians faced with a much stronger western zone, one with which it had not had good relations since the war ended. The simplest way to handle it, for the Soviets, was to say that it was illegal, that it defied the Potsdam Protocol, which it did.

"By 1947," as one author stated, "the Soviet Union had put its house in order, accepted the unity of the western bloc, and officially announced its view that the world was

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divided into two camps: the democratic and the imperialistic."29 The Moscow conference, then, raised all of the questions facing the Allies yet again, and after relations had worsened. All the Foreign Ministers expected agreements to be difficult to reach, but the demands of the Soviets for reparations and the French for coal made it particularly difficult to accommodate everyone. These problems, combined with the presence of a generally united British and American front on most issues, rendered agreements difficult to obtain. The conference fully defined the problems between the Allies, not only concerning Germany, but in their dealings with each other. The Soviet tactics of delay, accusation, counter-accusation, and hostility emerged at the beginning of the conference, as expected. The fundamental differences between the powers were clearly seen throughout the deliberations.

The Marshall Plan's creation directly following the conference lends credence to the supposition that it was at this conference that the western powers, particular the United States and Britain, finally realized that Moscow would most likely continue to avoid decisions and build the eastern zone of Germany in its own image. Aid to Europe had not been considered on such a large scale until this point; perhaps the failure to agree on most questions presented at the conference showed the West that it would take a long time to reach decisions with the Soviets. Perhaps the

29Ibid., 167.
timing of the Marshall Plan had more to do with the Moscow
Conference than many have previously thought. The timing
alone gives credence to this supposition.

In either event, the Marshall Plan began a more serious
division between the zones in Germany, one that would become
permanent two years later. The Berlin Blockade, begun
essentially in March 1948 and lasting to May 1949, led to
that final division of Germany into West and East.

Many historians have investigated the Cold War and
claimed its origins lie in different sequences of events.
Some believe the Cold War began with the Communist
Revolution of 1917, which those historians assert divided
the world between communist and capitalist interests.30
Others say that the failure of Potsdam marked the beginning
of the Cold War. The powers at Yalta, they say, were
evenly balanced, but by Potsdam, each had determined its own
goals which denied Allied unity.31 Other historians hold
that the Cold War did not begin until the early months of
1946, when the occupation of Germany became entrenched.32

30David Rees, The Age of Containment: The Cold War
1945-1965 (New York: St. Martin's Press, 1968), 9, and
Frederick L. Schuman, The Cold War: Retrospect and Prospect

31Robin W. Winks, The Cold War From Yalta to Cuba (New
York: Macmillan, 1964), 5-6, and Lynn Etheridge Davis, The
Cold War Begins: Soviet-American Conflict Over Eastern
Europe (New Jersey: Princeton University Press, 1974),
395., and Charles S. Maier, Origins of the Cold War, 4.

32Robert A. Divine, Since 1945: Politics and Diplomacy
in Recent American History (New York: John Wiley & Sons,
Inc., 1975), 4., and Hugh Thomas, Armed Truce: The
Beginnings of the Cold War 1945-46 (New York: Atheneum,
1987), 541.
Other historians believe the creation of Bizonia in 1946 or shortly afterward marked the inception of the Cold War. And finally, others view the Cold War as beginning later, with the Soviet refusal of the Marshall Plan or with the Berlin Blockade.

This thesis, though, points out that though relations were bad in 1945-46, they were not yet irreparably broken. The sides could have worked together in Germany. Though East-West relations were bad before the Moscow Conference, events at the conference worsened relations, and led to a perception that no solution was possible.

The Cold War had its origins in Germany shortly after the end of the war. By 1947, which the Moscow Conference demonstrated, the two sides were thoroughly divided, a situation which the de facto creation of two Germanies in 1949, only ratified. The differences between the two sides were clear by 1947, and the Moscow Conference highlighted them.

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